



**AUDIT COMMITTEE
22 JULY 2013**

PRESENT: COUNCILLOR MRS SUSAN RAWLINS (CHAIRMAN)

Councillors Mrs E J Sneath (Vice-Chairman), J W Beaver, N I Jackson, S M Tweedale and W S Webb

Also in attendance: Mr P D Finch (Independent Added Person)

Officers in attendance:-

Tony Crawley (KPMG), David Forbes (Assistant Director Finance and Resources), Glen Garrod (Director of Adult Social Services), Pete Moore (Executive Director Resources and Community Safety), David O'Connor (Executive Director Performance and Governance), Claire Pemberton (Assistant Head of Finance), Lucy Pledge (Head of Audit and Risk Management), Dave Simpson (Head of Finance - Communities and Corporate), John Sketchley (Audit Manager), Janice Spencer, Phil Vickers (Assistant Director Safer Communities) and Mike Wood (KPMG)

9 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor P Wood.

10 DECLARATION OF MEMBERS' INTERESTS

There were no declarations of interest at this point in the meeting.

11 MINUTES OF THE MEETING HELD ON 24 JUNE 2013

RESOLVED

That the minutes of the Audit Committee held on 24 June 2013 be confirmed and signed by the Chairman as a correct record.

12 ASSURANCE STATUS REPORT - ADULT CARE

Consideration was given to a report which provided the Audit Committee with an insight on the assurances across all critical services and key risks in Adult Care. The Director of Adult Social Services was in attendance to provide the Committee with an update on work which was taking place within the directorate.

It was reported that this was the second assurance status report which had been presented to the Audit Committee. The first had been presented in November 2012. The Committee was advised that the general direction of travel was improving, but

there were still a few risks. There were five strategic priorities for Adult Care in 2013/14, which were:

- A balanced budget outturn
- Improved performance
- Integration with health
- Established plans for the delivery of key elements of Adult Care transformation
- A set of quality indicators

The Committee was informed that the position of Adult Care had been improving for the last 6-12 months, and excellent support had been received from finance colleagues, and so had been able to get into a level of detail with spend analysis that had not been able to do before. It was expected that the budgets for Adult Care would balance at the end of the financial year.

Members of the Committee were provided with an opportunity to ask questions to the officers present in relation to the information contained within the report, and some of the points raised during discussion included the following:

- As the public demand for quality care continued, there would be a need to ensure that contractors had staff trained to meet the needs of the people they cared for;
- The Committee was assured that quality had become a priority in Adult Care. Following a review of domiciliary care, Lincolnshire was found to have the highest rate of compliance in the East Midlands. Age UK would also be commissioned to undertake face to face quality checks;
- There were 80,000 domiciliary visits made in Lincolnshire per week;
- It was hoped to introduce an electronic system to monitor visits, this would require staff to call a Freephone number when they arrived at a visit and before they left. They would call from the service users home phone, and this would provide information on how long the visits were, how many visits a person received and how many different staff visited the person, which were all quality markers;
- A degree of assurance could be provided regarding quality of care in residential homes, however the domiciliary care sector was the most diverse as it did not make a distinction between those working in rural areas and those working in more urban areas. The authority was hoping to negotiate with the sector about recognising this;
- It was projected that the budget would just about balance for the year, but for the future there was potential for more funding to be received through health integration;
- It had been agreed with health colleagues that prevention and intervention were important priorities;
- It was thought that the growth in the older population in Lincolnshire over the next 5-10 years would be profound;
- Adult care in the future would no longer be able to exist on its own as it became more interdependent with health, and direct care was not supplied in the majority of cases. A completely new business model would be required for the future;

It was requested that the Director of Adult Social Services come back to the Committee in January 2014 with a further update.

RESOLVED

That the current status of the Adult Care assurance regime be noted;

13 CORPORATE AUDIT PROGRESS REPORT TO 30 JUNE 2013

Consideration was given to a report which provided an update on progress made against the Audit Plan for 2013/14. The Committee was informed that good progress had been made in the first quarter, with 17.8% of the planned work for 2013/14 being completed and closing down audit work which had been carried over from the previous year. It was reported that some staffing issues had been experienced with one person being on long term sick leave which has had an impact on performance, but arrangements were now in place to cover this shortfall for the rest of the year.

The Committee was informed that 22 school audits had been completed as well as finalised 16 County Council audits since the previous progress report, 5 of these had resulted in limited assurance. A further 19 County Council audits were in progress, and draft reports had been issued for the majority of them.

Members of the Committee were provided with the opportunity to ask questions to the officers present in relation to the information contained within the report, and some of the points raised during discussion included the following:

Adult Services Project Risk Management

- On smaller projects it was important to recognise that the risk had been considered and managed;
- In Adult Care there was a targeted approach to risk, as some could be left with individual managers to manage;
- It was clarified that detailed information was generally provided for those areas which were given 'limited' assurance, as a focus for the Committee;

Coroners

- The audit for the Coroners was requested as management had identified a number of areas which were not working as well as they should. A number of new processes had now been put in place;
- The direction of travel for the Coroners Service was improving, and the action plan was quite comprehensive, with all actions being put in place except for those with a completion date of 1 August or 1 September 2013, but they were on track;
- An internal health check was carried out with full assurance being given;
- The main change which had occurred was in relation to the production of invoices;
- There was a need to be able to respond to new legislation;
- There were proposals for the introduction of medical examiners, but officers were still awaiting further details of this, and it was expected that this would have an impact on the service;

Child Protection Plans

- An audit was undertaken which looked at children's safeguarding, and a number of areas of good practice were identified. Child protection plans were found to be detailed. Limited assurance was given due to concerns that information was not always clearly evidenced on the central record. A contract for a new IT system was currently out to tender, and officers were contributing to the design and procurement of the system. The recommendations from the audit were being taken very seriously and new processes were being put in place to ensure implementation of the actions;
- One of the challenges of keeping paper records was around indexing. Business Support had now taken over the indexing of records;
- The authority had invested heavily in the frontline staff being involved in the procurement of the system to ensure that it was fit for purpose. This system was approximately 18 months away from implementation;
- Limited assurance was given as officers recognised the importance of recording the information;
- There were several similar systems which had been implemented in other authorities;
- There were five tenders which were being looked at in detail, and each would be coming to spend a day at the authority, and staff would be involved in this as well;
- Children's Services had significant quality assurance processes, but the recording system was a strategic risk, and so officers were disappointed that substantial assurance could not be given;

General

- It was important that directors provided the resources and commitment to implement actions identified on action plans;
- In relation to Fire and Rescue, the Committee was informed that follow up work had been undertaken and all recommendations had now been implemented;

RESOLVED

That the outcomes of the Corporate Audit work be noted.

14 EXTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report which provided the Committee with an update on the work performed by the Council's external auditors, KPMG, during the interim audit stage including the County Council and Pension Fund audits, as well as work planned for the next quarter.

It was reported that all of the interim work had now been completed.

RESOLVED

That the progress report be noted.

15 DRAFT STATEMENT OF ACCOUNTS 2012/13

Consideration was given to a report which contained the draft Statement of Accounts for Lincolnshire County Council for the financial year 2012/13. The annual Statement of Accounts were prepared in line with the proper accounting practices required by section 21 (2) of the Local Government Act 2003 and set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice (SeRCoP).

The Committee was guided through the draft Statement of Accounts and provided with the opportunity to ask questions to the officers present and some of the points raised during discussion included:

- Note 10 - Clarification was given in relation to the amount of the Council's reserves which were usable, as much of the reserve was allocated to various projects, included schools balances, health and wellbeing funding. There was only about £30m of the reserve which could be used flexibly;
- The reserves that were held for schools were handed over to the school when they became academies;
- It was important to emphasise that the reserves were 'one off money' and they could only be spent once, and should not be used to fund ongoing issues;
- If there was a scheme which required a compulsory purchase order (CPO) the funding required would come from the capital budget;
- Note 12 – the movements were on pensions costs/assets and carrying the value of investment properties;
- Note 33 - The change which would be seen in the next year would be inclusion of the public health funding which would be approximately £28m;
- Note 33 – once there were two years of figures for Civil Parking Enforcement, it would only appear on the service plan. It was only highlighted as the County Council had acquired the operation in 2012/13;
- In relation to the Energy from waste facility, four waste transfer stations had been built and would be responsible for delivery of the waste to the EfW. There was an obligation for the County Council to fill its quota for the EfW, and if it could not be met from residual waste, then it would need to be found from other sources;
- Note 15 – the castle carried a historic cost, and was not subject to revaluations as a value could not accurately be put on it. It was listed under 'other historic buildings', and £1.3m had been added to its value due to the work which had been carried out at the site;
- In terms of academies, the school had responsibility for the buildings, but the Authority still owned the land, and the land value would transfer back to the County Council at the end of the 125 year lease. If the school ceased to operate then the land and buildings would revert back to the County Council. At this point in time the asset would come back into the County Council's balance sheet and would be re-valued. Whilst the buildings were being used by the academy they could be used however the school wished, but they would not be able to sell off the land;

- If an school was PFI funded before it became an academy the liability was with the County Council, but it was the responsibility of the academy to pay the PFI credits;
- There had been a reduction in value of short term investments, but the authority was using this to fund capital expenditure rather than external borrowing;
- The value of the county farms estate was only amassing on the balance sheet, and the value would only be realised if the land was sold. If the land was sold it would be classed as a capital receipt and could only be used on capital projects;
- The authority had been very careful in the land which had been disposed of from the county farms estate as it was one of the best ways of investing money;
- Cashflow Statement – Any cash movements in or out of the authority would be shown as cash flow;

The accounts for the Lincolnshire County Council Pension fund were also considered and it was noted that it was important for new members to join. In relation to the investment manager expenses which seemed to have risen since the previous year, it was noted that this could be seen as a positive thing as a proportion of the expenses were performance linked.

It was noted that all audit work was on schedule to be completed on time, and the Statement of Accounts were available through the Council's website.

RESOLVED

That the comments made in relation to the draft Statement of Accounts be noted.

16 REVIEW OF GOVERNANCE FRAMEWORK & DEVELOPMENT OF ANNUAL GOVERNANCE STATEMENT 2013

Consideration was given to a report which sought the views of the Committee in relation to the development and approval of the Council's Annual Governance Statement and whether the areas of concern identified adequately reflected the Council's governance and assurance framework for 2013.

The Committee were guided through the draft Annual Governance Statement for 2013 by the Executive Director Performance and Governance, and the main governance issues were explained along with the key delivery milestones. The Annual Governance Statement outlined the areas which had been identified where further work was required to improve systems or monitor how the key risks facing the Council were being managed.

It was reported that following the peer review, the authority had been put on alert that if an authority with poor governance was found, officers could be called on to share some of the good practices which had been highlighted in Lincolnshire.

Members of the Committee were provided with the opportunity to ask questions to the officers present in relation to the information contained within the report, and some of the points raised during discussion included the following;

- The safeguarding issue went beyond children's services. A MASH (Multi agency information sharing hub) was intended to provide a way to share intelligence on high risk adults as well as children;
- There could be up to 25 cases on a MARAC agenda. Safeguarding could be looked at in more detail if the Committee felt it was necessary;
- The authority would be informed of domestic violence cases through its police representative. Information sharing was a very important practice;
- The ability to retain suitably qualified staff in service areas when there was better paid work available elsewhere would continue to be a high risk factor within the Council;
- It could be more difficult to recruit high level and senior officers;
- The biggest risk to ICT resilience was having a single data centre;
- The funding had been granted for a second data centre, but this had now been moved to the following year, as other options were being pursued and there was a possibility it may not be required;
- ICT resilience was far more resilient now than it had ever been;
- There was a need for contracts to be more flexible if they were going to be for more than one year;
- Lincolnshire was better placed than some large authorities in terms of governance;

RESOLVED

That the Committee delegate approval of the Annual Governance Statement to the governance group and pass on any additional comments to the Chairman and Vice-Chairman of this Committee.

17 WORK PLAN

The Committee received a report which provided information on progress on agreed actions and its work plan up to November 2013.

It was suggested that the assurance around emergency planning could be broadened to include flooding, and would come back to a meeting of the Committee after October 2013.

RESOLVED

1. That progress of agreed actions be noted;
2. That the work plan be noted;

The meeting closed at 5.00 pm

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