



AUDIT COMMITTEE 26 JANUARY 2015

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

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

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

Councillors: C J T H Brewis, M J Hill OBE, Mrs M J Overton MBE, S L W Palmer, Mrs J M Renshaw, R A Renshaw, L Wootten and C N Worth attended the meeting as observers

Officers in attendance:-

Stuart Carlton (Assistant Director Children's Early Help), Tony Crawley (KPMG), David Forbes (County Finance Officer), Glen Garrod (Director of Adult Care), David Hair (Team Leader - Scrutiny and Member Support), Judith Hetherington Smith (Chief Information and Commissioning Officer), Dr Tony Hill (Executive Director of Community Wellbeing and Public Health), Pete Moore (Executive Director of Finance and Public Protection), Mike Norman (KPMG), Lucy Pledge (Audit and Risk Manager), Richard Wills (Executive Director for Environment and Economy) and Rachel Wilson (Democratic Services Officer)

35 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Miss F E E Ransome.

36 DECLARATIONS OF MEMBERS' INTERESTS

Councillor S Tweedale requested that it be noted that in his capacity as Executive Support Councillor for Libraries, Heritage, Culture, Registration and Coroners Service he had not been part of the decision making process for the libraries consultation.

37 MINUTES OF THE MEETING HELD ON 24 NOVEMBER 2014

RESOLVED

That the minutes of the meeting held on 24 November 2014 be signed by the Chairman as a correct record subject to it being noted that Tony Crawley and Mike Norman from KPMG were both in attendance.

38 ORGANISATIONAL LEARNING - LIBRARIES PROJECT

Consideration was given to a report which provided the Committee with independent insight on the facts surrounding the decision making process associated with the Libraries Project and identified suggested areas for improvement.

Members were advised that the report provided a chronology of events and a comprehensive examination of the decision making process throughout the Libraries Project, leading up to the Executive decision in December 2013. It was reported that the review of the Library Service involved a complex range of political, economic and social objectives and that the decision around the future delivery of libraries was sensitive, difficult and multi-faceted and the proposed changes were significant.

Initially it was queried whether it was appropriate to discuss this matter in light of the considerations of the proposals for the library service by the Community and Public Safety Scrutiny Committee the following day, and whether the deliberations at this meeting would have an effect on that meeting? Members were advised that this report would not have an effect as it related to what had already happened, and the Audit Committee was not being asked to determine policies around the library service. It was about the processes that led to the Judicial Review, and to ensure that decision making in the future took account of what had happened. There was a need to examine how the authority could learn from this experience and so make better decisions in the future.

The Chairman stated that the Audit Committee would not be revisiting the decisions which had been made, that was the role of the scrutiny committee. This was a regulatory committee, and needed to be apolitical. The Chairman stated that non-members of the Committee would not be allowed to speak.

Members were advised that the role of internal audit had been to look at the critical systems and processes, not to question the policy or the decisions that were made. This report was based on good governance principles and the recommendations were seeking how governance might be improved following the Library Service review. The lessons learned had been detailed in the report, and it recognises that there was a lot of work done and that there were key improvements for management to consider.

The Executive Director for Environment and Economy was in attendance to address the Committee and respond to questions in relation to this report. It was suggested that instead of Members considering what went wrong in the process and the Judicial Review, it was better to question why the outcome that was anticipated was not achieved. However, the Executive Director welcomed the report. It was noted that the focus for this report was on the process, advice, governance and decision making. It was acknowledged that the authority always expected to be challenged, but this was not something to be afraid of.

The Executive and officers were required to save £1.97m from the libraries budget whilst maintaining an effective and comprehensive library service. However, it was important to note that there was no definition of what this was. It was felt that it was

important that only deliverable options were presented to decision makers, and there were two issues to be resolved – what was a comprehensive and efficient library service, and how should it be delivered. One option proposed by officers firmly rejected: to retain 13 main libraries and close the others.

Consultation would remain as an essential factor in decision making, and in the future would use internal resources and the internal community engagement team.

The report would be carefully considered by the Executive Director and his colleagues, as well as by the Audit Committee, Executive and other councillors. In the future the authority would be faced with a succession of complex changes with fewer resources to plan and implement them. It was important that the authority did not become risk averse and so make little change. It must consult fairly and be open to valid alternatives and not mislead the public by offering choices that were not affordable or deliverable. Lincolnshire County Council must continue to be a learning organisation that was willing to undergo transformational change.

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:

- It was noted that there was a typographical error at point 3.32 of the report, and the date should have read 22 November 2013, not 2011;
- One member expressed disappointment that non-members were not able to speak at this Committee;
- It was suggested that when scrutiny committees did not support recommendations, it was good practice for them to suggest alternatives;
- The Greenwich Leisure Ltd (GLL) proposal was received on the last day of the consultation and it was not perceived as a 'Community Right to Challenge'. The proposal was still considered despite the limited information which had been included with the submission. The rationale for not considering this proposal further was outlined in paragraph 3.28 of the report;
- The judgement suggested that if there had been more input from Legal Services, it may have highlighted some of the issues that the Consultation Institute was not qualified to have picked up on;
- The Consultation Institute had been approached in order to give a degree of independence to the consultation, and to ensure that it was prepared in a transparent way;
- Concerns were raised regarding the timeframe, and it was queried whether it was felt that due to the timing of the submission from GLL, there was a tendency to look for reasons why the proposal was not suitable? Members were advised that all proposals were considered by the Panel that was set up to consider all expressions of interest. It was commented that it was felt as though there was enough time to consider the submissions;
- It was queried whether the timing of the election in May 2013 had had an effect on the process, as a lot of scrutiny experience was lost in the election. Some of the new councillors may not have been scrutinising at the level that they should have been;

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- It was recognised that the proposal submitted by a member of the public (Proposal X) was a genuine attempt to find another delivery model;
- It had not been recognised that GLL could be classed as a 'relevant body' under the Localism Act;
- From a governance point of view, the Council chose not to take a controversial decision before an election, and there was no right or wrong way in this approach. One issue for a council when taking decisions such as these before an election, was that one council would set the budget, and the new council would need to implement it;
- One of the issues picked up by the report was the vast amount of paperwork which was circulated as part of this process. It was commented that it was difficult to get the balance right between providing members with every piece of information or just giving them the relevant information;
- It was queried what the role of scrutiny was; what powers the scrutiny committees had; and what could be asked of the Committees;
- It was observed that the Judicial Review was critical of the consultation process, not the decision;
- It was commented that a presentation was made to one political group, and queried whether this was offered to any of the other groups;
- Concerns were highlighted regarding the document that was provided to the Scrutiny Committee by Sheffield Hallam University 15 minutes prior to the start of the meeting. It was queried when this document was received by officers, and if anyone had had prior sight of the report? It was considered important that Scrutiny Committees were fully informed. It was reported that generally members would receive papers five working days prior to the meeting. Members were advised that the report which had been circulated on the day of the scrutiny committee had only been completed that day, and was intended as background material to the presentation which was given to the Committee by Sheffield Hallam University;
- Members were advised that it was appropriate and normal for any report coming from external organisations to be analysed by officers. It was also mentioned that officers should be able to comment on any report prepared by a consultant (however, the comments did not have to be included within the report). Only the author was able to amend a report, and authors would only allow others to change the content of their report when they agreed with the comments;
- In relation to the timing of the report presented to the scrutiny committee, it was noted that it would have been possible for officers to suggest to the Chairman of the meeting that it be deferred until members had had an opportunity to fully consider the report. The amount of time members were given to consider this report was identified as a key pressure point;
- Representatives from Sheffield Hallam University were in attendance at the scrutiny committee and presented their report and gave a presentation to the Committee. The scrutiny committee did not make the request to defer the report;
- In relation to risk assessment and management, it was queried whether there was executive oversight of the individual operating boards and workstreams and also if there was a risk management framework in place?

- One of the risks highlighted did include the timetable for the consultation process due to waiting until after the election and then having to work to a compressed timescale. However, it was felt that there was sufficient engagement to ensure that these risks were understood;
- There was a Programme Team whose purpose was to support the different projects within the Council, and people within this team had been offered to the Libraries Review Project;
- At the Budget setting meeting of Full Council in February 2013, officers were directed to put more money into the budget to take account of the process being extended;
- It was acknowledged that the Executive did have oversight of the risk assessment;
- It was suggested that there was a need for the advice to have been more robust, for example regarding not recognising GLL's proposal under the Localism Act;
- It was suggested that some controversial issues may require more time to go through the scrutiny process. The Executive listened very carefully to what was said by the scrutiny committees;
- It was said that the proposals for the library service were judged to be legal by the High Court, but it was the consultation process which was flawed, as well as not considering the GLL proposal under the Localism Act. However, it had been felt at the time that localism referred to people in the local area;
- Members were advised that the authority had been very keen to keep the Library Service in-house, rather than handing it over to an external organisation, such as GLL, who would take control of the whole service;
- It was noted that this interpretation of the Localism Act could affect other services, as at any point an authority could receive a challenge from another relevant body to take over a service;
- There had been some very positive discussions around the areas for improvement, and it had become clear that it was very important to look carefully at options appraisals and the consultation process;
- It was commented that the report was very good, but was queried whether audit had become involved at the right time, or should this have come to the Audit Committee earlier? Members were advised that this had been the right time for Audit to be involved, as the role of audit was to ensure that good governance was maintained. It was right and appropriate that Audit examined the lessons learned and that an action plan was developed and implemented;
- There was a need to examine how the Audit Committee and Scrutiny Committees could work better together;

It was proposed that the Committee should accept the suggested areas for improvement in the report and that officers be directed to address them and bring the findings back to this Committee. It was also suggested that the action plan should be considered by the Executive and Corporate Management Board and a report brought back to the meeting in March.

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RESOLVED

1. That the Committee accept the suggested areas for improvement outlined in the report and officers be directed to address them and bring the findings back to a future meeting of this Committee;
2. That the action plan be considered by Executive and Corporate Management Board and a report brought back to the meeting in March.

39 COMBINED ASSURANCE STATUS REPORTS

Consideration was given to a report which provided the Audit Committee with an insight on the assurances across all the Council's critical services, key risks and projects.

The Executive Directors were in attendance to present their Combined Assurance report and answer any questions from members of the Committee.

Public Health

The Executive Director Community Wellbeing and Public Health presented the Combined Assurance report for Public Health to the Committee. The Committee was informed that the areas the Executive Director was responsible had changed quite considerably following the senior management review and now included libraries.

It was reported that the risk had not changed from last year, but there were some particularly risky areas under the core statutory business of public health, such as outbreaks, education etc. However, there was a lot of expertise which could be used to mitigate these risks. There were now some areas which were not related to core public health business such as libraries.

Members 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:

- It was noted that these reports were a 'snapshot' of the assurances in place which looked at both critical systems and strategic risks, as well as emerging risks;
- It was acknowledged that one of the highest risks at this time was that a number of services would be re-procured in the near future;
- The Coroners Officers were paid for by the Police Force, and there was very little impact the authority could have on this service;
- It was noted that in relation to the Coroners Service, it had been reduced from four districts to two three years ago. The system was currently working as well as it could, but both coroners were due to retire in two years. There would be a need to look at what the Coroners Service would look like in the future;
- Nationally, there was a preference for one coroner per county, but Lincolnshire had pushed to have two;

- It was queried, in relation to mental health issues, how certain the authority was that it could offer services that could prevent people from becoming acute cases. Members were advised that a lot of work was taking place around mental health prevention. This was a joint approach and work was underway on preventing mental health problems from getting worse or developing and the authority was working with a whole range of organisations in order to better support people. There were a variety of schemes in place including a number of schemes that supported people and the community to give people mental health resilience;
- It was noted that the Integration with Health and Social Care was a newly recorded risk, and there would be large numbers of organisations involved in this process. There was not yet a completed plan on how this process would happen. It was expected that this plan would be ready by the summer. The programme of work had its own risk register and risk arrangements. The Executive Director reported that discussions had taken place with external audit on this issue;
- The potential for a second judicial review into the libraries review was recognised, and officers had put in a lot of work to ensure that the authority could respond in a more successful way;

Finance and Public Protection

The Executive Director for Finance and Public Protection presented the Combined Assurance report for Finance and Public Protection to the Committee. It was reported that this was an assessment of risks and how the authority was dealing with them. It was noted that some areas had moved from being completely green, into amber, such as the Youth Offending Service, this was mainly due to changes to the way that the service was managed, and a move to more pro-active work.

The Committee was advised that one risk which needed to be managed corporately was the budget. It was reported that the Council would only be publishing a one year budget due to the uncertainty in a number of different areas. It was also noted that the government had only published a one year spending review due to the general election taking place in May 2015, and it was expected that the new government would publish a spending review in the autumn of 2015. There would need to be a national discussion on what the role of a local authority was in providing services.

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

- Concerns were raised regarding the police non-emergency number and how long people were waiting to get through, and how long they should then have to wait for action. The Executive Director agreed to raise this issue with the Police, but certain issues would be of lower priority than others;
- The areas with large budgets such as adult care were most sensitive, in terms of the role of local government, and it would need to be determined whether the existing model was sustainable in the future – both locally and nationally;
- In relation to the issue of Lincoln being labelled as a 'hot spot' for so called legal highs, this was due to an FOI request, and a lot of counties did not

respond. Lincolnshire also had a good recording system for incidents. It was noted that officers were developing a good database of information and were working with the Police;

- There was a government commitment in 2014 to introduce new legislation in relation to legal highs which would seek to make them illegal. The authority was working on a partnership approach, as there were issues around them being used by young people in care;
- It was commented that often, other authorities had placed difficult young people in private establishments in Lincolnshire, particularly in the south of the county, and so plans had not been able to be put in place soon enough. Officers were working with colleagues in the police on this issue as well.

Children's Services

The Assistant Director – Children's Services presented the Combined Assurance Report for Children's Services to the Committee. It was reported that there had been an Ofsted inspection of the authority in November 2014, and the outcome was very positive, and Lincolnshire received the second best report for a local authority in the country.

It was noted that the children's scrutiny committee played a significant role, and had held a task and finish group on safeguarding. The authority also had a very active Corporate Parenting Panel. The authority also participated in peer reviews and had a comprehensive performance regime which was reported through the Lead member to the DMT group and to the scrutiny committee on a regular basis. Members were advised that this year officers would be examining several areas that were showing as amber.

The Committee was 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:

- Members were advised that there was regular sufficiency reporting in terms of provision, from all aspects of education, but particularly in the primary sector. There was also regular reporting through the Children and Young People Scrutiny Committee;
- The government expected any new provision to be either free schools or academies;
- Home Start was very active in the south of the county. However, it was noted that this was one of the authority's commissioned activities, but due to budget restrictions it may not be commissioned in the future;
- The authority was successful at maintaining SEN provision within the county, and this provision was constantly reviewed. The provision in special schools would be reviewed in the future to determine whether there would be sufficient places for the future;
- Additional grants had been received for 2015 and 2016 to enable the authority to transition through the SEND reforms;

- There had not been a reduction in the cost of home to school transport due to reduction of the price of fuel. It was likely that this was because it was a fixed price contract;
- There were aspects of the home to school transport policy which were reviewed every year. However, the last fundamental review was approximately six years ago. The authority would be looking at new ways to bring in efficiencies and officers would be looking very closely at services related to children's transport;

Adult Care

The Director of Adult Care was in attendance to present the Combined Assurance report on Adult Care to the Committee. It was reported that this report showed an improving performance and a strengthening of budget management.

Members were advised that there had been two internal audit reports around key areas which included contracting which provided significant management assurance.

The Committee was 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:

- It was queried whether there was a need for a minimum standard for carers? It had been discussed whether apprenticeships could be developed which had an opportunity to progress to qualify as a nurse. It was noted that a similar issue had been raised at a recent meeting at East Lindsey District Council in relation to standards across domiciliary and residential care. Members were advised that within Adult Care was a Quality Assurance Team and contract officers would undertake quality checks when they went out to check providers;
- It was reported that there were over 60,000 visits per week in Lincolnshire, and the authority had six quality assurance officers and the CQC would visit once or twice a year. Therefore it was difficult to quality assure every visit. However, a sample of 300 people who received the home care service was carried out, and it was found that the most important thing to the people receiving the service was the quality of the relationship with the carer and that the scheduled visits took place on time. The length of the visit was found to be irrelevant;
- The area of most concern was domiciliary care in terms of securing better standards of employment and increased rates of pay;
- Clinical staff and carers were both difficult to recruit;
- The LEP had also looked at the health and care sector, and considered it one of the key sectors for the areas. One of the issues was the relatively low pay, and this was also an issue in the food sector;
- Concerns were also raised regarding the need for standardisation of travel costs for those staff who carried out home visits;

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Information and Commissioning

The Chief Information and Commissioning Officer was in attendance to present the Combined Assurance report for Information and Commissioning to the Committee. Members were advised that as this was a new area, this was the first combined assurance report that had been produced.

It was reported that the contract with Mouchel would be ending on 31 March 2015 and staff would be transferred to the new providers or brought back in-house. It was also noted that there were a lot of system changes taking place, including the implementation of the Agresso and Mosaic systems. This was a relatively high risk period due to the volume and complexity of the changes, and was being very closely managed.

There was a lot of uncertainty for staff at this time and the authority was currently in a TUPE consultation period with staff. Regular newsletters were circulated and there was a lot of staff engagement both directly and with the trade unions. The engagement was positive and it hoped that there would be a successful transfer.

In relation to the technology issues, the implementation of the Mosaic system would be a substantial move away from the Northgate system. It was noted that data from 18 different systems would be moved across, and some of the data from different systems would relate to the same client. It was intended that the new system would go live on 30 March 2015. The new Mosaic system would interface with the Agresso system.

Under the new property contract, Vinci Mouchel would be implementing a new system – Concerto – on 1 April 2015, which will also be integrated with the Agresso system.

All new IT systems were in the final stages of testing.

The Committee was advised that there had been a large restructure of Commissioning, and there were still a few vacant posts to be filled. Commissioning Leads would be remaining in each department. Officers were looking with each commissioning area to improve contract management as there were a range of different contract management arrangements in place. Some arrangements worked well and some required improvement, there was a need to share best practice within the authority.

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:

- It was acknowledged that all new staff transferring into the authority would be made aware of the whistleblowing and counter fraud policies;
- In relation to the new arrangements for a more robust 24/7 out of hours communications service, it was noted that an out of hours service had been in place for a number of years on a good will basis. More robust arrangements were being put in place;

- Regular meetings took place with the suppliers of the new IT systems to ensure that the accommodation was ready and that IT equipment would be available. HR was also working closely with the suppliers;
- There was time within the hand over process to get to know the staff and help them with the transition process into their new roles;
- The biggest risk was that the Agresso system or Mosaic system were not operational on time. This risk was being managed very closely in order to mitigate the risk;
- Departments would constantly have new IT requirements, such as office moves or legislative changes. Members were assured that the new systems would be able to meet these requirements as and when they arose.

Environment and Economy

The Executive Director for Environment and Economy was in attendance to present the Combined Assurance report for Environment and Economy to the Committee. It was reported that the directorate's highest rated strategic risks were Resilience (Business Continuity) and Projects as with fewer people there would be a need to think differently as the organisation shrinks. There would be a need to build into the structures sufficient people who could cover the specialisms. Projects were a high profile risk, and the authority did not always get the result it wanted. This also carried a reputational risk.

RESOLVED

That the Committee note the current status of the Executive Directors' assurance regime.

40 INTERNAL AUDIT PROGRESS REPORT TO 31 DECEMBER 2014

Consideration was given to a report which provided the Committee with an update on progress made against the Audit Plan 2014/15 and provided summaries of all audits completed within the period September to December 2014.

A progress update on the Agresso implementation was also provided by the Chief Information and Commissioning Officer as the project was moving so dynamically, and it was felt that this was an appropriate time to update the committee.

Members were advised that the project had now entered a very intense stage, as the project was in the second round of integration and system testing. This stage involved officers ensuring that the system did do what it was expected to do. It was noted that problems had been encountered in terms of resources, as it had been difficult to secure sufficiently experienced payroll staff to carry out the very high number of payroll tests which were necessary. Getting the payroll aspect right was a key activity. The first end to end test of the full payroll was due to be carried on the coming weeks, which would give a very good indication of whether the system was working correctly.

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Training for staff would be in a number of different formats, and a lot of it could be carried out online, for example time sheets, annual leave and placing orders. There would more detailed face to face training for staff using it in relation to HR and finance.

Members were provided with the opportunity to ask questions to the officers present in relation to the information presented and some of the issues raised during discussion included the following:

- It was explained that the User Acceptance Training (UAT) which was due to take place was an opportunity for the future users of the system to go through a set of tests and see whether the system works. If the system did not work as it should then that issue would be documented and addressed;
- The final sign off of the system would be at the end of June 2015;
- It was acknowledged that there were still risks with payroll, however, the absolute worst case scenario was that the March payroll would need to be re-run, meaning that people would be paid the same amount in April as they were in March. Any corrections would then be made as necessary by Serco;
- Members were assured by the Serco Partnership Director that Serco understood their responsibilities in relation to this contract;
- It was reported that all invoices in the old system would be paid by 31 March;
- Risks in terms of data protection were being well managed during this process;
- Very detailed plans were being developed for the transportation of the physical files. The Information Governance Team was closely involved in this process;
- It was requested that a further update on the Agresso and Mosaic implementation be brought to the March meeting of the Committee.

It was reported that 11 audits had been completed between September and December 2014, and there were 13 in progress. Members were advised that since the last progress report, there were two audits with an opinion of 'Major Improvement Required' which were substance mis-use and Contract management – provision of wheeled loading shovels. It was noted that the audit of contract management within Environment and Economy had resulted in a three way assurance split.

Simon Gladwin from Public Health was in attendance to answer questions from the Committee in relation to the Substance Misuse audit. It was reported that when the audit was carried out Public Health was in a process of transition, and there was a governance process in place to govern the joint partnership group.

In relation to misuse services, it was reported that the Joint Commissioning Group (JCG) had now been disbanded and a new delivery group was being developed and a Strategy Co-ordinator had been employed.

There were issues around the Terms of Reference, and this was the only area not completed. However, they were being reviewed and revised to remove the JCG and replace with the new delivery group.

In relation to the performance targets, there was some very detailed reports and very specific reports being produced, and there was still exception reporting taking place.

In terms of the audit of Contract Management in Environment and Economy, it was reported that an update had been provided from Environmental Services. It was reported that this was a five year contract and was worth £800,000. Management had provided assurance that the actions relating to procurement had been implemented. It was also noted that the usage of the loading shovels was expected to increase from 1 April 2015 with the increased use of the Waste Transfer Stations due to the new countywide recycling contract.

Members were advised that it was right for them to challenge when audits had been cancelled, but were reminded that the Committee did not direct the work of internal audit. However, the Committee needed to be comfortable that there was a reasonable reason why an audit had been deferred or cancelled, so there may be a need for more rationale to be included in the report on these occasions.

RESOLVED

That the outcomes of the Internal Audit work be noted.

41 FUTURE WORKING BETWEEN OVERVIEW AND SCRUTINY AND AUDIT

Consideration was given to a report which provided the Committee with the opportunity to consider the role of Overview and Scrutiny at Lincolnshire County Council and how the Audit Committee and Overview and Scrutiny function might work together in the future. Members were advised that it was felt that there could be some value in working more closely together, but whilst still respecting the boundaries of the committees.

Members 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:

- Members were cautious about rushing into anything and it was queried whether there was a possibility of an overlap of the business of Audit and scrutiny;
- The independent added member of the committee commented that they were not sure if there was any overlap, but thought it would be useful to see the Terms of Reference for both the scrutiny committees and the Audit Committee, and it would need to be known whether there was any overlap;
- It was noted that there was a separation between governance and assurance and quality and performance, and it was important that members were able to explore all issues;
- Members of Scrutiny Committees were kept informed of the discussions of the Audit Committee through the visibility of the work programme, the minutes of the meetings and officers;
- There was a need to build an understanding of each others roles and the conversations taking place;

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- One issue to be addressed was how could the audit committee get assurance that the scrutiny function was working effectively?
- Suggestions on how assurance arrangements could be improved could be included within the Annual Governance Statement;
- It was not appropriate for Audit Committee to set recommendations for other bodies;
- It was good practice to bring officers to the audit committee when limited assurance was reported;
- It was important to make best use of resources;
- It was important that appropriate information was provided to members when they were making decisions or recommendations;
- There was a need for caution in that the Audit Committee did not become involved in the governance process, for example examining recommendations;
- It was suggested that Democratic Services examine the Terms of Reference for the three committees which were most likely to overlap – the Audit Committee, Overview and Scrutiny Management Committee and Value for Money Scrutiny Committee;
- There was a need for a further discussion regarding the number of scrutiny committees and their roles and whether there was a need for this to change;
- It was important that the informal governance processes worked properly;
- The questions for the Audit Committee were whether the risks were being managed and what boundaries were being worked within, and were the systems and processes supporting the governance framework.

It was suggested that further informal discussions on this issue take place during the Committee's training session which was scheduled for 30 March 2015.

RESOLVED

1. That the role of Overview and Scrutiny at Lincolnshire County Council be noted;
2. That how the Audit Committee and Overview and Scrutiny Function might co-operate further be discussed during the Committee Training scheduled for 30 March 2015.

42 EXTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report from the Council's External Auditors, KPMG, which provided the Committee with an update on the 2014/15 deliverables.

The Members of the Committee were guided through the report, and the following points were highlighted:

- KPMG's detailed audit plan would be presented to the Committee in March 2015, and would highlight the key risks to their audit at the planning stage. A significant area of focus would continue to be the work required to give the audit opinion on the accounts for the Authority and Pension Fund;
- The proposed audit fee remained the same as that notified to the authority in April 2014, which was £143,100 for the Council's audit and £24,350 for the

Pension Fund. The amount of this fee would be confirmed in the Audit Plan presented at the March meeting;

- The Independent Accountant's 'Reasonableness Assurance Report' in relation to the Teachers' Pensions 2013/14 return was issued in December 2014. This work was agreed as a separate audit as the return no longer falls within the Audit Commission's Grant Certification Regime. The fee for this work was £3,000;

Queries were raised regarding the new Pension Boards which were to be set up and it was noted that they would report to the Pensions Committee. It was commented that when carrying out audit work there was a need to have regard for the work of the Pensions Committee.

RESOLVED

That the content of the progress report be noted.

43 WORK PLAN

Consideration was given to a report which provided the Committee with information relevant to the core assurance activities scheduled for the 2014/15 work plan.

It was agreed that the following be added to the work plan:

- Wider assurance around the organisational learning action plan in relation to the Libraries Review;
- Further assurance regarding the Agresso and Mosaic IT systems;

The meeting closed at 2.30 pm

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