

PRESENT: COUNCILLOR B YOUNG (CHAIRMAN)

Councillors W J Aron, Mrs C M H Farquharson, C Farrar, N I Jackson and Mrs P A Mathers.

Mr D Finch (Added Independent Person).

Officers in attendance: Peter Duxbury (Executive Director of Adults and Children), Pete Gittins (Assistant Director for Adult Social Care Operations), Leesa Murray (Programme Manager - Adult Services Transformation Programme), David O'Connor (Executive Director of Performance and Governance), Claire Pemberton (Assistant Head of Finance (Corporate)), Lucy Pledge (Head of Corporate Audit and Risk Management), Dave Simpson (Head of Finance - Development and Corporate), Helen Storr (Audit Manager (Communities / Development)) Mike Wood and Louise Stables (District Audit) and Salina West (Democratic Services Officer).

42. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mrs S Rawlins and Mr T Cawley (District Audit).

43. DECLARATIONS OF MEMBERS' INTERESTS

Mr D Finch declared a personal interest in item 9 – Adult Services Transformation Programme, as a non Executive Member of the Lincolnshire Partnership Foundation Trust.

44. MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 8 NOVEMBER 2010

RESOLVED

That the Minutes of the previous meeting of the Audit Committee held on 8 November 2010 be confirmed and signed by the Chairman as a correct record.

45. AUDIT INVESTIGATION – GAINSBOROUGH LEARNING DISABILITY SERVICE

Pursuant to Minute No. 23 of 12 July 2010, consideration was given to a progress report by the Head of Corporate Audit and Risk Management which updated the Committee on the implementation of management actions following the audit investigation at Gainsborough Adult Learning Disability Services.

Members were informed that although all staff had been invited to a meeting on 7 December 2010 to discuss changes made, and to ascertain if they were happy with the new processes, as a result of adverse weather conditions the meeting had been cancelled. A further date had been arranged for the New Year.

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It was emphasised in the findings that a governance structure was in place and that all agreed actions had been addressed and plans delivered by each of the groups. Discussions with staff had found evidence of the following:-

- Process to allow regular staff feedback
- Scheduled and structured staff meetings
- Policies and guidance updated and issued to everyone, time made available for explanation and discussion
- Making information clear, visible and available to staff working away from base
- Additional resources made available
- Managers working together to give staff consistent messages

The Committee noted that the evidence of improvement had shown that the recommendations from the original investigation had been acted upon. It was also acknowledged by Members that progress had been maintained and that a further report should be provided to update the Committee on the outcomes of the re-scheduled staff meeting.

RESOLVED

1. That the report be noted.
2. That a further progress report be submitted to the next meeting on 31 January 2011 to provide feedback from the re-scheduled staff meeting arranged for 17 January 2011.

46. UPDATE ON PROGRAMME CENTRE

Further to Minute No. 63 of 26 April 2010, Members considered a report by the Head of Corporate Audit and Risk Management which updated the Committee on the Council's operation of its Programme Centre, in terms of progress made to implement changes.

Details relating to the Internal Audit Report were presented, from which it was noted that significant progress had been made towards the delivery of the project management programme. It was also reported that the Programme Centre and Information Hub were now established and that the programme management methodology was ready for use by project management staff on completion of planned development and training.

Members acknowledged that greater clarity was required regarding governance processes in order to provide the Council with assurance of compliance with agreed management procedures.

During discussion concern was expressed by a Member as to how the Council could motivate partners who did not comply with the programme delivery. In response to this it was agreed robust planning was needed to achieve improvement. It was also felt that given the transition from the community strategy to the community budget, a firmer approach was needed with partners to ensure that community projects delivered on time.

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RESOLVED

That an interim report be submitted to the Committee at its meeting on 26 April 2011.

47. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED

That under Section 100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business at minute nos. 48 and 49 on the grounds that they involves the likely disclosure of exempt information as defined in Paragraph 3, of Schedule 12A of the Act, as amended.

48. IT FAILURE INCIDENT

A verbal update was provided by the Executive Director of Performance and Governance regarding the recent failure of the County Council's Information Technology systems.

It was reported that the National Computing Centre were conducting an independent investigation into the reasons for the failure and would be evaluating those findings shortly.

A discussion also ensued regarding recent press reports in relation to the decline in Mouchel's share price. The Executive Director responded to questions raised.

RESOLVED

1. That a further report be presented to the Committee at its meeting on 31 January 2011 regarding the findings of the independent report.
2. That the Executive Director (Resources and Community Safety) to attend the next meeting of the Committee on 31 January 2011 regarding Mouchel.

49. CORPORATE AUDIT PROGRESS REPORT TO 31 OCTOBER 2010

A report was submitted by the Head of Corporate Audit and Risk Management which updated Members on progress of the Audit Plan 2010/2011.

Details relating to the audit reports issued since 31 July 2010 were presented, together with information on the current position following agreed management actions in respect of previously issued reports.

It was highlighted to Members that from 1 April 2011 the statutory duty to administer the English National Concessionary Fares Scheme would transfer from District Councils to the County Council, and a review of preparations to deliver this scheme had been undertaken. Although good progress had been made in developing the

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mechanics for delivery, significant risk in terms of funding and managing service delivery by operators were acknowledged.

Mention was also made of the proposed amendments to the audit plan 2010/2011, whereby approval to delete a number of audits was sought due to the current period of uncertainty and change.

During discussion a request for further information was made with regard to the Children's Services Group, from which it was reported that the Head of Regulatory Services would be asked to provide this.

It was also deemed important for the comments and status of the audit plan to be expanded upon for future reference.

RESOLVED

1. That the outcomes of the Corporate Audit work be noted.
2. That the following audits from the 2010/2011 audit plan be deleted:-

Local Area Agreement
Sustainable Community Strategy
County Performance Framework
Strategic Service Reviews
Learning and Development
ICT Managed Service
Directorate Risk Management
Economic Infrastructure and Regeneration

**50. ANALYSIS OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AT
31 OCTOBER 2010**

Consideration was given to a report of the Head of Corporate Audit and Risk Management which provided the Committee with an analysis of the high priority audit recommendations which were outstanding as at 31 October 2010, together with a suggestion as to how they should be managed.

RESOLVED

1. That the content of the report be noted.
2. That the suggested actions contained in the report be approved.
3. That where appropriate, the relevant lead officers be requested to provide the Audit Committee with further information on actions.

51. ADULT SERVICES TRANSFORMATION PROGRAMME

The Head of Corporate Audit and Risk Management presented a report regarding the Adult Services Transformation Programme. Members were informed that assurance work had commenced in respect of the following areas:-

- Governance
- Programme tools and processes
- Progress on delivery of savings for 2010/2011
- Three year savings plan
- Risk management

It was considered that the transformation programme team was working well with the service to establish a robust base for the value for money projects over the next two years. Members noted that by undertaking a review of risk management processes across the programme would ensure consistency and ensure effective management of all risks. It was also reported that once the challenge process on savings had been completed, assurance on future delivery of the savings through the transformation programme would be obtained.

Concern was expressed regarding risk management issues, from which it was felt that the arrangements were not sufficiently robust.

In response to the above, the Executive Director of Adults and Children stated that the Government would force Local Authorities and the National Health Service to work together and assess how the funding was to be used.

RESOLVED

That the content of the report be noted.

52. EXTERNAL AUDIT – ANNUAL AUDIT LETTER 2009/2010

A report by External Audit was submitted which detailed the findings contained within the Annual Audit letter following the 2009/2010 audit.

It was reported that an unqualified opinion on the Council's financial statements, including the Pension Fund, had been given. Members were also informed that adequate arrangements had also been put in place for securing economy, efficiency and effectiveness for the use of resources.

RESOLVED

That the content of the report be noted.

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53. INTERNATIONAL FINANCIAL REPORTING STANDARDS – PROGRESS REPORT AND ACCOUNTING POLICIES

The Committee were presented with a report by the Head of Finance – Development and Corporate regarding the implementation of the International Financial Reporting Standards (IFRS) for the 2010/2011 financial year.

It was highlighted that the change was being incorporated across the public sector in the UK, with all Local Government bodies, Central Government and health bodies moving to IFRS accounting.

Details relating to progress of IFRS implementation, together with the accounting policies were presented. It was acknowledged that the Council was on target for achieving these deadlines.

RESOLVED

1. That the progress to date on the implementation of the International Financial Reporting Standards and future targets be noted.
2. That the accounting policies to be applied under International Financial Reporting Standards be noted.

54. WORK PLAN

Members were presented with a report which provided information on progress of agreed actions and its work plan for the period up to March 2011.

RESOLVED

1. That the progress of agreed actions as set out in Appendix A attached to the report, be noted.
2. That subject to the following amendments, the work plan as set out in Appendix B attached to the report, be approved:-
 - Schools Financial Control Environment – Consider on 21 March 2011
 - IT Update – 31 January 2011
 - Mouchel Update – 31 January 2011
 - Further Information on Analysis of High Priority Recommendations at 31 October 2010 – 31 January 2011
 - Update from Executive Directors on Emerging Risks – 31 January 2011

The meeting closed at 12.20pm.