

**PRESENT: COUNCILLOR B YOUNG**

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

Also in attendance: Mr P D Finch (Independent Added Person) and Councillor G A Marsh (Executive Councillor for Adult Social Care).

Officers in attendance: Tony Crawley (District Auditor), David Forbes (Assistant Director Finance and Resources), Glen Garrod (Assistant Director Adult Social Care), Lucy Pledge (Head of Audit and Risk Management), Sarah Tennant (Strategic Risk Manager), Mike Wood (Audit Commission) and Rachel Wilson (Democratic Services Officer).

**87. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Mrs S Rawlins.

**88. DECLARATIONS OF MEMBERS' INTERESTS**

Mr P D Finch declared a personal interest as a Non-Executive Director of the Lincolnshire Partnership NHS Foundation Trust.

**89. MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 19 MARCH 2012**

**RESOLVED**

That the minutes of the previous meeting held on 19 March 2012 be confirmed and signed by the Chairman as a correct record.

**90. ADULT SOCIAL CARE UPDATE**

The Committee received a report which provided an update on the progress of the implementation of actions arising from a number of internal reviews within Adult Social Care. In order to provide further information on the implementation of these actions, Glen Garrod, the newly appointed Assistant Director Adult Social Care was in attendance for this item.

The Head of Audit and Risk Management advised the Committee that at their request, Internal Audit had followed up on the outstanding recommendations for adult social care, and since the last meeting of this committee, a lot had happened, starting with the arrival of Glen Garrod to the permanent post of Assistant Director Adult Social Care, and overall, good progress had been made.

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The Assistant Director Adult Social Care informed the Committee that he had started on 19 March 2012, and provided them with background information in relation to his roles at previous authorities.

In terms of the report, it was felt that it reflected much of what had been experienced. However, there was still a lot of work which needed to be done to make the savings in year two in order to get sustainability into the base budget allocation.

Concerns were raised by members in relation to the numbers of backlogs for contacts and referrals in older people assessments, as it was thought that the numbers of backlogs should be more precise. The Committee was assured that there was a commitment to remove the backlog, as a delay in carrying out the assessments could be more costly in the future. The IT systems were being reviewed and some areas were being refreshed, but it was acknowledged that it would take some time to get the IT systems right.

It was commented that there had not been a stable management team in Adult Social Care recently, and it was hoped that the appointment of the new Assistant Director would provide some stability. It was agreed that stability at management level was important, and some management responsibilities would change in order to allow the management team to be as responsive as they needed to be. There were also skills which were outside the directorate which would need to be brought in from time to time.

In relation to contract management, it was queried how rigorous the contracts with providers were now. It was stated that there was still more which could be done in relation to domiciliary care sector.

The issues around Direct Payments were discussed and it was commented that legislation in relation to this had been around for some time. There were now more direct payments being made, however, the system for processing them was considered to be too 'clunky' but discussions had been held with the IT provider about how to make the system much slicker. The frequency with which Direct Payments were audited was also discussed and it was noted that people's needs were rarely consistent, and there was a danger that being too strict would cost more due to the costs of running the system and processes, and so there was a balance that needed to be found. In general, the amount of overpayments was very low, and there was some evidence which showed that people were better at managing personal budgets than the authority was.

In terms of concerns raised around safeguarding issues and the use of agencies as opposed to in house providers, it was commented that the research available indicated the levels of safeguarding concerns between private and public sectors suggested there was little distinction between them. The Committee was assured that the County Council had in place a robust approach if concerns were raised and would get involved when required.

It was highlighted that it appeared that the IT systems were not fit for purpose at the current time, but the Committee was advised by the Executive Councillor for Adult Social Care that new systems were being investigated. It was also noted that discussions were being held with the IT provider regarding improvements which could be made quickly.

It was reported that a programme board had been set up to monitor and track the progress of key priorities and projects for the Transformation of Adult Social Care, and this would have rigorous governance. The Committee was informed that both the Executive Councillor for Adult Social Care and the Assistant Director for Adult Social Care were on the Programme Board, and it was suggested that this should be used to provide assurance.

**RESOLVED**

That the content of the report be noted and that outstanding recommendations/actions relating to Adult Social Care be removed from the routine monitoring arrangements (Audit Tracker) in light of the new assurance arrangements put in place through the Adult Social Care Transformation Programme.

**91. DRAFT INTERNAL AUDIT PLAN 2012/13**

(During discussion of this item, Councillor W Aron declared a personal interest as a member of a community group which had received funding as part of the Big Society)

The Committee received a report which presented the draft Internal Audit Plan 2012/13 for approval. The Plan had been developed through the understanding of Council business, reference to the risk management arrangements of the Council, current assurance arrangements and in consultation with Senior Management.

The Plan set out the proposed work of Internal Audit for 2012/13 and was based on the Council's Internal Audit Strategy which had been agreed with this Committee and the Management Board. During development of the Plan, the Executive Directors and their management teams were consulted with.

The diagram in Figure 1 and the Appendices of the report was highlighted to members as it showed the breakdown of the work by the type of areas covered by the Plan for 2012/13. A schedule of audits would be developed with management and would be shared with the Committee at its next meeting.

Officers responded to queries relating to the areas of contract management and schools which were included on the Audit Plan for 2012/13.

**RESOLVED**

That the draft internal audit plan be approved.

**92. INTERNATIONAL AUDIT STANDARDS – RESPONSE TO MANAGEMENT PROCESSES QUESTIONS**

Consideration was given to a report which provided the Committee with an assessment around whether the Council's financial statements may be mis-stated due to fraud or error.

It was reported that External Auditors were required to obtain an understanding of the Council's management processes in a number of areas. The International Auditing Standards specified the areas concerned, and were set out in the report, along with details of the current processes.

It was commented that the report received demonstrated how much progress had been made in this area.

**RESOLVED**

That the assessment accurately reflects the Council's management processes to minimise the risk of fraud and error in the financial statements.

**93. UPDATE OF RISK MANAGEMENT STRATEGY**

The Committee received a report which set out the proposed priorities for 2012-15 in the updated Risk Management Strategy. It was noted that one of the key roles of the Audit Committee was to ensure that the Council had effective risk management arrangements in place.

It was acknowledged that some risks would disappear or become minimised, but that new ones would take their place.

It was suggested that one of the major risks was the reliance on IT systems, and ensuring that there were in processes in place so that business could continue in the event of an IT failure.

**RESOLVED**

That the proposed risk management priorities be approved.

**94. RISK APPETITE AND UPDATED STRATEGIC RISK REGISTER**

Consideration was given to a report presented by the Strategic Risk Manager which provided the Committee with an update on the outcomes of the work in 'testing out' the organisations appetite for risk and the updated Strategic Risk Register.

Members were reminded of the report which was presented at the meeting on 19 December 2011, which provided details of progress made in testing out the Council's appetite for risk and updating the Strategic Risk Register. This work had now been completed and the summary of findings was presented to the Committee.

The Committee was advised that there were some expected messages which came out of the testing, but there were some surprises, for example, in relation to Reputation/Public Confidence where the authority was classed as 'Hungry' meaning it was eager to be innovative and to choose options which offered potentially higher business rewards, despite greater inherent risk, as it was thought the authority would have had a more cautious approach.

The format of the Strategic Risk Register had changed and now included an indication of the risk appetite and management assurance on the risk - this would enable a more constructive challenge to how risks were managed. Each risk had a named risk owner and they would meet with the Strategic Risk Manager on a quarterly basis to provide an update.

It was noted that the responses to the updated Strategic Risk Register had given a true picture and acknowledgement of the risks facing the Council.

The Committee was advised that the updated Strategic Risk Register was presented to the Informal Executive and Corporate Management Board at their meeting on 21 February 2012, the next step was to undertake a review of the Risk Management Strategy and associated Policy and Toolkit.

A discussion took place regarding the frequency with which the Strategic Risk Register would be presented to the Audit Committee, following the proposal for it to be considered twice yearly. It was queried whether considering the Register twice yearly would be often enough, but the Committee was assured that that it would be monitored through the Corporate Risk and Safety Steering Group, and anything of concern would be brought back to the Committee.

It was noted that the definitions of assurance (limited, substantial, full) which were provided by the risk owners were the same as those used by internal audit, in order to ensure consistency. However, if internal audit 'disagreed' with the level of assurance stated then this would be noted in the 'Comments' column, highlighting the difference to Senior Managers and the Audit Committee. It was emphasised that accountability rested with management and it was important that they had ownership of the risk and overall assurances being given.

There were concerns that if the Strategic Risk Register was presented to the Committee more frequently, such as on a quarterly basis, it would become more about the process, which was why half yearly had been recommended.

Concerns were raised regarding item 10 on the Register - 'We do not have an agile, skilled or motivated workforce' as it did not seem that there was enough emphasis placed on ensuring suitable training budgets. However, Members were assured that work was taking place to support people management and HR. It was thought that there was a need to equip people to be more flexible within the workplace. The new People Strategy recognised that the Council had changed in the last 12 months, and the way people worked had also changed. It was going through the management structure at the moment, but would be published after this.

## RESOLVED

1. That the outcomes of the work from 'testing out' the Councils appetite for risk be noted;
2. That the contents of the updated Strategic Risk Register as endorsed by the Informal Executive and Corporate Management Board at their meeting on 21 February 2012 be noted;
3. That the proposal to receive twice yearly updates on the Strategic Risk Register be approved, subject to the agreement that anything which required further consideration by the Committee be brought as necessary on an ad hoc basis.

95. WORK PLAN

Consideration was given to a report presented by the Head of Audit which outlined progress on agreed actions and the Committee's work plan up to November 2012. The Committee was referred to Appendix A of the report which set out its Action Plan.

It was proposed that the frequency of meetings should be looked at for 2012/13, and whether the Committee still wanted 8 meetings per year. It was suggested that the meeting scheduled for 17 December 2012 be cancelled as it very close to the January 2013 meeting.

It was thought that quarterly meetings should be sufficient for the regular business of the Committee and extraordinary meetings could be held when necessary.

It was suggested that the Chairman and Vice-Chairman should meet with the Head of Audit and Risk Management to discuss the frequency of meetings in more detail and report back to the rest of the Committee.

## RESOLVED

1. That the action plan and work plan be agreed;
2. That the changes identified be agreed.

The meeting closed at 11.25am