

Audit Committee Annual Report

August 2012



“Audit Committees are a key component of corporate governance and are an important source of independent assurance about the Organisations arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance”

(Guidance from CIPFA the leading professional accountancy body for public services)

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FOREWORD

Councillor Barry Young
Chairman of the Audit Committee

This report outlines the key activities undertaken by the Audit Committee in delivering its terms of reference.

In summary, the Committee is the Council's vital "watchdog" promoting and ensuring good governance and accountability.

It examines areas such as audit, risk management and measures to tackle fraud, as well as reviewing financial reporting.

In all these areas, the status and independence of the Committee allow it to challenge how things are done and confirm that appropriate processes are in place. Where it identifies shortcomings, it acts swiftly to ensure that they are rectified. This should give confidence to the people of Lincolnshire that the Council's overall governance arrangements and financial stewardship can be relied upon.

I should like to thank my Vice Chairman, other members of the Committee and officers for their contribution to its work. The internal audit team deserves particular mention as the winner of a national award for innovation and excellence in Public Sector Audit.

MEMBERSHIP 2011/12

Members :

Councillor Barry Young
(Chairman)

Councillor Mrs Charlotte Farquharson
(Vice Chairman)

Councillor Christopher Farrar

Councillor Neville Jackson

Councillor Mrs Sue Rawlins

Councillor Mrs Pauline Mathers

Councillor William Aron

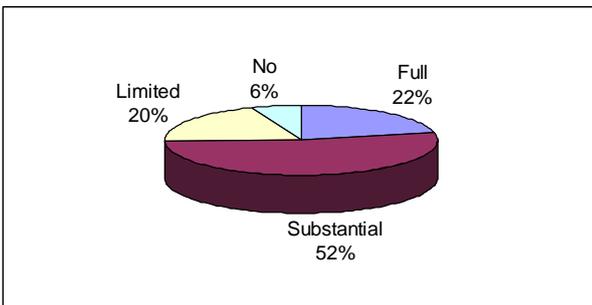
Mr David Finch

REVIEW OF THE YEAR

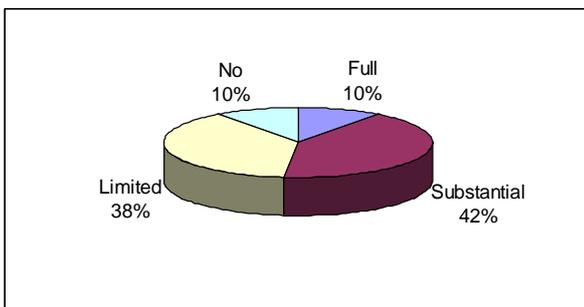
Governance and Internal Control

One of the key ways we obtain assurance on the Council's control environment is through the work undertaken by Internal Audit. We receive copies of all reports on work completed. The graph below shows assurance opinions provided by Internal Audit for 2011/12. Although internal audit looks at different activities each year the assurances given provide an insight on the Councils' control environment. The graph shows a **decrease** of positive assurance by **22%** compared with previous year figures.

Assurance levels 2010/11



Assurance levels 2011/12



Key:

Full assurance – process operating effectively - no significant issues

Substantial assurance – some minor improvements required with medium / low risk issues to be addressed

Limited assurance – process not operating effectively with some medium / high risk issues to be addressed

No assurance – a number of high risk process failures identified to ensure service or system objectives are achieved

As well as internal audit providing us with information during the year we asked officers for further details and planned improvement actions for some key areas of the Council's business and where assurance opinions had worsened.

Assurance levels 2011/12

- Adult Social Care
- Issues arising from the Closure of Accounts 2010-11
- Business continuity management & IT disaster recovery
- Schools control environment
- Children Services – Kinship Care
- Programme Centre & key projects update
- Future of local Public Audit
- Whistle blowing Annual Report

We have the ability to respond proactively to unforeseen events and escalate areas we have identified as a concern to the Executive and / or full Council. During the year Internal Audit work identified areas of high risk around processes within Adult Social Care. As a result the Committee referred this to the Executive to enable them to take

appropriate action and monitor improvement.

We play a key role in the development and approval of the Annual Governance Statement. The information included in this statement is reviewed and challenged by us to ensure that it reflects the current status of the Council's governance and control environment before it is presented to full Council for approval. Areas for improvement identified within the Annual Governance Statement for 2012 are shown in Appendix 2.

Risk Management

The Council has developed a strong risk management framework. Our role is to help it work effectively. To do this we have received and reviewed reports on the progress made in making risk management integral to the Council's business operations.

The past year has been a challenging time for the Council and the Committee has worked with Officers to help review the risk management arrangements to promote and support well measured risk taking. This is vital if the Council is to succeed in the future. One of the key developments undertaken was to articulate the Council's risk appetite. This sets the level of risk the Council is prepared to take and accept on its different service activities. This, in turn, enables decisions to be made with this insight and for various views on risk to be clearly understood.

The risk appetite work has been highly commended in the ALARM Awards 2012 – this recognises innovation and excellence in public risk management.

We have overseen the update of the Council's Strategic Risk Register and

ensured that these key risks are being well managed.

Internal Audit

The Council's Internal Audit service is provided by an in-house team. The performance of Internal Audit is reviewed through an annual assessment and benchmarking exercise.

Performance indicators have been set and these are reviewed on a quarterly basis. They delivered 89% of the revised plan for 2012. Feedback on the service is 'good to excellent'.

The Head of Audit provides us with an annual report each year summarising the outcome of internal audit work and giving an opinion on the Council's control environment. We review this report.

Implementation of agreed Internal Audit recommendations is tracked during the year. This ensures that audit recommendations are being implemented by management.

Over the past year management have implemented **44%** of high priority and **80%** of the medium priority recommendations made by Internal Audit due by 31st March 2012. This shows a reduction compared to last year and is indicative of the challenges being faced by the Council. The Committee will continue to work with Internal Audit to improve implementation of recommendations and, where necessary, request explanations from Directors and Senior Manager on issues and actions being taken.

Internal Audit has developed a combined assurance model that seeks to leverage assurance from all sources of the Council's activities –

management, corporate functions and Internal Audit. This will give greater assurance coverage and insight on the Council's critical systems and key risks. All this work will provide assurance to the Council that its governance framework and assurance arrangements are fit for the future. This work is due to be concluded after the 31st March 2012 and will help focus the Committees work plan. This initiative was the winner of the CIPFA Cliff Nicholson Award 2012 for innovation and excellence in Public Sector Audit.

External Audit

The Council's External Audit provision is provided by the Audit Commission, which assesses and reports on the Council's financial performance and value for money arrangements. They attend all Committee meetings.

We held a private discussion with the Audit Commission (no officers present). This identified that they feel we are effective and focus on some of the key issues facing the Council.

Counter Fraud

We play a key role in the supporting the Councils' commitment to 'fight against fraud' and the implementation of the Council's Counter Fraud strategy. We approved a work plan for 2011/12 designed to reduce the Council's exposure to the risk of fraud. This included:

- Raising awareness
- Providing training for members and staff
- Implementing good practice
- Monitoring delivery of the plan

- Improving systems to minimise and reduce the risk of fraud and error

The Council recovered £851k from fraud and losses in 2011/12.

Councillor Neville Jackson acts as our champion in this area.

Financial Reporting

We reviewed the Council's financial statements for 2010/11 in June and September 2011. We asked questions on the content and format of the statements.

At the same time as we consider the financial statements we receive an Annual Governance report from the External Auditors on the work they carried out during the 2010/11 to discharge their statutory audit. The report also outlines their work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources and the conclusions reached.

External Audit issued an unqualified audit opinion on the financial statements and the Council's arrangements for securing economy, efficiency and effectiveness of its use of resources.

Last year we encountered some problems in the closure of accounts. An improvement plan has been developed to ensure these are not repeated in 2012. We will monitor the implementation of this plan.

IMPACT & EFFECTIVENESS

Our work has resulted in promoting strong governance and internal control arrangements in the Council.

The outcome of our work resulted resources being deployed to improve systems and processes. An example of this is how the Executive responded to our escalating the risks facing Adult Social Care.

Relationships with senior managers and internal audit remain constructive and supportive even when difficult issues have been raised by the Committee. Directors and Senior Management regularly attend the Committee to explain issues and actions to help the Committee to gain assurances around risks. All this helps improve accountability.

Members of the Committee attended training sessions to help support their role – this included meeting with the Chief Executive and other Directors to help clarify expectations and share an understanding of the challenges facing the Council in the future.

We have discharged our role as set out in our terms of reference. We believe that there is a greater understanding throughout the Council of this role and how we have helped improve openness and transparency.

We support the Audit Lincolnshire partnership formed between the County and City of Lincoln Internal Audit services. We are delighted in their success in winning the CIPFA Cliff Nicholson Award 2012 - for Innovation and Excellence in Public Sector Audit.

The work on risk management also acknowledges how we are striving to support the Council as it responds to transforming its services to meet the challenges of the future. There is a greater understanding throughout the Council of assessment and management of strategic risks.

As already mentioned the Council's External Auditor attends meetings. This annual report has been shared with them.

LOOKING AHEAD

In 2012/13 the Committee aims to continue to build on its role and will:

- Review the Council's risk management strategy and continue make good risk management integral to the way the Council conducts its business.
- Review our governance framework and assurance arrangements to assess if they need to adapt and respond to the major changes being faced and different ways of working - less prescriptive in style, with the balancing of risk & accountability.
- Assess the results of the Combined Assurance Model for the Council and how this may impact on our work plan.
- Seek assurance that significant issues identified in the Annual Governance Statement are being addressed by management.
- Review the Committees terms of reference
- Review our work plan and identify ways we can work with other organisations in the Lincolnshire Audit Committee Forum.
- Continue with our training programme to help with the Committee effectiveness – including sharing good practice through the Audit Committee forum.
- Seek assurance that action is being taken on risks identified by auditors and inspectors.
- Focus on risk management arrangements on our strategic risks
- Produce the Council's annual governance statement for 2013.
- Seek to support sharing of counter fraud good practice and joint working with other public sector bodies.

APPENDIX 1 - Role of the Audit Committee – Terms of Reference

7.06 Audit Committee

There will be an Audit Committee consisting of 8 members. 7 of the members will be Non-Executive Councillors and 1 member shall be an independent person who is not a Councillor or Officer of the Council.

Role:

- To fulfil the role of an Audit Committee in respect of the work of the Council

Functions:

Audit Activity

- to consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements
- to consider summaries of specific internal audit reports of significance or as requested
- to consider reports dealing with the management and performance of internal audit
- to consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale
- to consider the external auditor's annual letter, relevant reports, and the report to those charged with governance
- to consider specific reports as agreed with the external auditor
- to comment on the scope and depth of external audit work and to ensure it gives value for money
- to liaise with the Audit Commission over the appointment of the council's external auditor

Regulatory Framework

- to maintain an overview of the council's constitution in respect of contract and financial regulations and codes of conduct and behaviour relating to employees of the Council

- to review any issues referred to it by the chief executive, director, or any council body
- to monitor the effective development and operation of risk management and corporate governance in the council
- to monitor council policies on confidential reporting code, anti-fraud and anti-corruption policy and council's complaint process
- to oversee the production of the council's Annual Governance Statement and to recommend its adoption
- to consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice
- to consider the council's compliance with its own and other published standards and controls

Accounts

- to review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the council
- to consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts

Appendix 2

Annual Governance Statement for Lincolnshire County Council 2012

Scope of Responsibility

- 1.1 Lincolnshire County Council is responsible for making sure that its business is conducted in a lawful and proper way. Public money needs to be protected and properly used economically, efficiently and effectively. We therefore have a duty under the Local Government Act 1999 to ensure secure continuous improvement in the way our role is carried out, having regard to economy, efficiency and the effectiveness of what we do.
- 1.2 As we carry out this overall responsibility, we need to put in place good arrangements to manage our business effectively to deliver services to the people of Lincolnshire. This includes arrangements for the management of any risks we may face.
- 1.3 To help with these responsibilities we have put together and adopted a governance and assurance structure which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how we have followed the code and also meets the requirements of the latest Accounts and Audit Regulations in relation to the publication of a statement of internal control.

2 The purpose of the governance framework

- 2.1 Each local government body operates through a Governance Framework which brings together a set of legislative requirements. As we follow the framework it helps us to ensure accountability for the proper conduct of our business, through the publication of an annual governance statement.
- 2.2 The Framework consists of the systems and processes, cultures and values by which the Council is directed and controlled. It sets out how we account to and engage with the people of Lincolnshire. It's about **Community Leadership**. It helps us monitor our progress in achieving our goals and whether or not those goals are leading to effective and top quality services.

3 The governance framework

- 3.1 We have put in place assurance arrangements that help us test and gain confidence that the governance framework is operating as intended and that we are:

“doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner”

- 3.2 The Executive and senior managers have approved the governance framework and they have accepted responsibility for its implementation.
- 3.3 An officer governance group is in place that is responsible for monitoring the framework’s effectiveness and make sure that any concerns raised during the year are acted upon.
- 3.4 Through the Audit Committee, elected Members oversee our financial processes, audit and risk management including the effectiveness of the corporate governance framework.
- 3.5 Our Governance Framework is defined by the six principles of good governance as shown below:
- 3.6 **Engaging with local people to raise the profile of the Council and demonstrate public accountability.**
- We continue to put the public first in how we work, looking and seeking their views to help determine decisions on how we use public money, demonstrating clear accountability to the public. [The Constitution](#) gives clarity to all staff and the community to whom we are accountable and what for.
 - Clear communication and consultation is in place with all sections of the community and operates effectively. The outcomes of inspections are published on our website <http://www.lincolnshire.gov.uk/>

- We have built and will continue to build strong relationships with our partners. Our long term vision sets out the overall strategic direction for the economic, social and environmental wellbeing of Lincolnshire. This demonstrates strong collaboration in delivering services to the County and our priority to build and maintain strong, good relationships.
- We have responded to the requirements to deliver significant funding reductions and continue to deliver a high quality of service by reviewing how we manage ourselves and provide services to the citizens of Lincolnshire.
- We comply with the transparency initiative promoted by Government and publish details of relevant salaries and expenses together with all payments of £500 or more. This commenced in January 2011.

3.7 **Focusing on the purpose of the Council and improving future outcomes for the whole county.**

- Our [Organisational Strategy](#) sets out the principles upon which our future development of services and operations should be based.
- We communicate the vision and purpose of the authority to the public by setting out our objectives and priorities for the year within our [Business Plan](#).
- We make sure the public receive high quality services by measuring our success and publically reporting our overall financial position in our [Statement of Accounts](#). We

continually seeking to provide world class customer service learning from what our customers tell us as shown by our [Community Engagement Strategy](#) and our [Customer Service Charter](#).

- We will continue to make sure the Council delivers excellent value for money as we review our [Financial Strategy](#) and by using our Financial Strategy to set out how we will respond to the economic challenges we are facing whilst ensuring top rate services.

3.8 **Members and officers working together to achieve a shared purpose and being clear about roles and responsibilities**

- We make roles and responsibilities within the Council clear to ensure effective leadership through showing how the Council operates and how decisions are made to make sure we are accountable to local people. The following all help us to achieve this:
 - [The Constitution](#)
 - [Code of Conduct](#)
 - [Role of Standards Committee](#)
 - [Codes and Protocols](#)
- Roles of staff are set out in our [Employment manual](#) along with conditions of employment including [Members Allowance](#) in order to make sure that strong working relationships exist between elected Members and Officers.

- Ensuring that relationships between the authority and the public are clear is vital to us and helps us to establish what to expect from each other. In order to do this we open [Council Meetings](#) to the public and effectively monitor the way services are delivered as shown in the [Role of Monitoring Officer](#). The Council also has a [Consultation Strategy](#) which we use to ensure that the Council's vision, aims, and priorities are carried out in consultation with the public.

3.9 **Demonstrating the values of the Council through excellent standards of conduct and behaviour**

- We have a commitment to making sure that both our members and our officers display the highest possible standards of behaviour and conduct. A [Code of Conduct](#) has been adopted to ensure and promote good conduct in officers.
- We are dedicated to promoting a strong culture to prevent and detect fraud. This is supported by our [Counter Fraud Policy](#) and our [Whistleblowing Policy](#).
- If for any reason someone feels that the Council has failed to do something that should have been done or has done something badly or feel that they have been treated unfairly we have a [Complaints Policy](#) to proactively deal with complaints and learn from our mistakes. Our Complaints policy is being reviewed in 2012/13.
- Our [Standards Committee](#) was set up in 2002 to make sure that the Council's leadership sets a tone for the organisation

by creating an atmosphere of respect, openness and support. The Committee makes sure that the Council promotes good ethical conduct of Councillors and non elected staff and also ensures we maintain a commitment to [Equality and Diversity](#) when making decisions to help develop positive, trusting relationships. The way we deal with formal complaints about members will change from 1st July 2012.

3.10 **Taking informed transparent decisions and demonstrating clear accountability**

- As a local authority we must be clear about how decisions are taken and also listen and act upon constructive scrutiny. The Audit Committee was established in 2006. It promotes and maintains high standards of good governance including making sure an adequate risk management and control environment exist and that financial performance and accounting is properly and lawfully monitored. Reports and minutes of the Audit Committee meetings are available on [Audit Committee Records](#).
- Our [Overview and Scrutiny](#) Management Committee exists to review and scrutinize any decision made by the Executive, Executive Councilor or key decision made by an officer. It examines the County Council's overall performance and advises our Overview and Scrutiny Committees of any areas of performance requiring detailed consideration.
- The Executive Director – Performance and Governance is the designated Monitoring Officer with the responsibility for

ensuring the lawfulness of decisions taken by us as detailed in the [Constitution part3](#).

- The Executive Director – Resources and Community Safety leads and directs the Financial Strategy of the Council. They are a member of the Council's Management Board and have a key responsibility to ensure that the Council controls and manages its money well. To show that they are able to operate effectively and perform their core duties we comply with the CIPFA Statement on the role of the Chief Financial Officer.
- Risk Management is about taking measured risks when making decisions or where we need to encourage innovation in times of major change. This will put us in a stronger position to deliver our goals and provide excellent services. Our risk management process is well established in the way we work. The Audit Committee is responsible for reviewing how effective our risk management procedures are. Our Corporate Risk Register is regularly reviewed and more details can be found in our [Risk Management Strategy](#)

3.11 **Developing the capability of members and officers to be effective in their work**

- Making sure that members and officers have the skills, training, experience and support to perform well is one of our key priorities. Our [People Strategy](#) helps us to achieve this. The People Strategy is one of our most important strategies as it helps us to effectively engage with our staff and ensure their commitment to achieving our vision, aims and values.

- We ensure that skills required by Members and staff are assessed and developed to enable roles to be carried out more effectively through our [Competency Framework](#) and our [Competency Policy](#)
- The Councillor Learning and Development Group co-ordinates activities and training for our members to ensure they are effective in their roles.
- In recognition to our commitment as an employer that achieves the most by getting the best from its people we attained the [Investors in People](#) award
- During the year the Council has undertaken significant workforce change. Our employment policies have supported our staff through these difficult times.

4 Review of Effectiveness

- 4.1 The County Council should carry out an annual review of how effective its governance framework is. This is informed by the:
- Executive managers
 - Head of Internal Audit's annual report
 - Strategic Risk Management arrangements
 - Combined Assurance Model
 - By comments made by external auditors and other agencies.

5 Our Assurance Arrangements

There are a number of ways we assess if our governance arrangements are working. These are:

5.1 Corporate Governance Group

The Corporate Governance Officer group was set up to help ensure the Council adopts good governance in running it's business and making sure we are '*doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner*'.

5.2 Internal Audit

Internal Audit exists to provide assurance that the Council maintains an effective control environment that enables it to manage its business well and deliver effective services to the public. It helps the Council achieves its objectives, ensure that effective and efficient operations are maintained, and it safeguards its resources. It provides constructive and independent challenge to management on the way things are done.

5.3 External Audit

The Council's financial statements and annual governance statement are an important way we account for our stewardship of Public funds.

The Audit Commission, our External Auditors, audit our financial statements and gives an opinion on these.

They also assess how well we manage our resources and deliver value for money to the people of Lincolnshire.

5.4 **Audit Committee**

The Audit Committee is a vital overseeing group that promotes good governance, ensures accountability and reviews the way things are done. The Audit Committee examines areas such as audit, risk management, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and making sure the right processes are in place. It works closely with our Internal Audit team.

Our External Auditors attend Audit Committee meetings. At least once a year a private meeting is held with them to help provide the Audit Committee with independent insight on key issues facing the Council and how well its' governance arrangements are working.

We have appointed a non-elected member to the Committee. The ability of an independent member to offer different perspectives and constructive suggestions will improve the way we work. For more information go to: [Audit Committee Records](#)

5.5 **Risk Management**

Good risk management is part of the way we work. Our strategic risk management team supports management to help them take measured risks and create an environment of 'no surprises'.

For more information go to: [Risk Management Strategy](#)

5.6 **Standards Committee**

The Standards Committee maintains high standards of conduct by councilors and non-elected members. The Committee seeks to promote an open and honest system of Local Government by making sure members follow their Code of Conduct.

Our independent non-elected members offer different perspectives and constructive suggestions to the way we work. For more information go to: [Standards Committee](#)

5.7 **Performance Management and Data Quality**

The Council is committed to continuously improving the way we work and the services we provide for the people of Lincolnshire. Each year we set out plans for improvement in the Council's Business Plan, Statement of Accounts and Best Value Performance Plan.

For more information go to: [Performance](#)

6 Governance Issues

As a result of our review we have identified the following areas where further work is required to improve systems or monitor how the key risks facing the Council are being managed. These are:

Governance Issue	Lead Officer(s)	Key Delivery Milestones	Date
<p>Adult Social Care It is acknowledged that there is still a lot of work to do in this area to achieve the vision – ‘Our primary purpose is to work with vulnerable adults, to help them achieve more, stay at home and keep them safe from abuse. We understand the value of working together with the people who need our advice and support, their families, their wider community, statutory partners and organisations providing support. The resources we have including our people and money will be directed to achieving this.’</p> <p>We have strengthened our programme and project arrangements in this area to help achieve success with our focus being on the following four principles:</p> <ul style="list-style-type: none"> ▪ Personalisation ▪ Alignment with Health ▪ Integrity of our operational processes ▪ Balanced budget 	<p>Tony McArdle Glen Garrod Kirsteen Murray</p>	<p>Adult Social Care continues to face a substantial change programme grouped here into 3 headings. Each has relevance to the 4 priorities identified for the Department.</p> <ol style="list-style-type: none"> 1. Transformation Programme – led by Kirsteen Murray (Strategic Advisor) and reports to the Transformation Board and the Portfolio Holders for Resources and Adult Social Care. This programme seeks to design a new blueprint for the department. 2. Performance Improvement Projects – led by Glen Garrod (Assistant Director) there are a number of these all of which are intended to enhance performance or deliver savings but cross over several years worth of activity. Each has a programme based analysis with target dates. Reports as above. 3. Adult Social Care organisational realignment – led by Glen Garrod. This is intended to deliver closer alignment to the 4 Clinical Commissioning Groups. 	<p>Preliminary date of Autumn 2012</p> <p>September 2012</p>

Governance Issue	Lead Officer(s)	Key Delivery Milestones	Date
<p>Health and Wellbeing Working with Primary Care Trusts to lead and deliver the new integrated public health system to improve the health and well being of the people of Lincolnshire.</p> <p>Taking the opportunity to transform our service, ensuring that there is a robust transition plan in place which includes delegated responsibilities for delivery, sign off of financial plans, understanding of transition and delivery risks and working with partners for the best realignment of services.</p>	<p>Tony Hill</p>	<p>Agree transition plan with NHS and LCC bodies.</p> <p>Develop project infrastructure and plans.</p> <p>Deliver draft and final finance and performance plans for 2013/4 to LCC</p> <p>Deliver successful consultation and transfer of NHS Staff into LCC</p>	<p>Done</p> <p>Done</p> <p>November 2012</p> <p>March 2013</p>
<p>Commissioning Organisation Working to influence and support sustainability and resilience of our providers – suppliers, partnerships and voluntary sector.</p> <p>We recognise that our commissioning and contract management skills need strengthening across the Council as we move to different delivery models. We need to improve our management oversight and rigour over our commercial relationships.</p> <p>Further work and resources are needed to ensure that we develop and implement an integrated commissioning strategy across public sector bodies in Lincolnshire.</p>	<p>David O’Conner</p>	<p>The Council has expressed an intention to ‘become a commissioning council’. A project (Phase 1) has been set up to define and design the Council’s approach to Commissioning, securing buy-in from key stakeholders and appropriate informal and formal decisions. The key deliverables of this project are:</p> <ul style="list-style-type: none"> ■ Definition for Commissioning in Lincolnshire ■ Core process for Commissioning with opportunities for outcome specific shaping ■ Clear accountability framework ■ Understanding of new payment models and when to use them 	<ul style="list-style-type: none"> ■ Report for Informal Exec in July 2012 ■ Recommendations on deliverables available for Exec by 31 December 2012 ■ Implementation plan to ensure commissioning approach starts to inform the budget from autumn 2013 onwards with full

Appendix 2

Governance Issue	Lead Officer(s)	Key Delivery Milestones	Date
		<ul style="list-style-type: none"> ■ Skills needed / skills in place / gap analysis and plan to address gaps ■ Information / technology requirements to facilitate the approach. ■ Costed Implementation / transition plan (taking account of work in progress and Members priorities) 	adoption by autumn 2014 for the 2015-16 budget. (Timetable to enable advance preparation for next Comprehensive Spending Review)
<p>Working with our Communities We will update our engagement strategy with customers, consumers and stakeholders to ensure that we listen and act on what we are being told.</p> <p>This will include clarifying how we will get the best value for services in an environment of reduced resources.</p>	Richard Wills	<p>Introduce mechanisms for testing citizens' opinions.</p> <p>Publish Corporate Communities' Engagement Strategy</p>	<p>Commence Summer 2012</p> <p>December 2012</p>
<p>Working with our Communities Our commitment to providing good public services – locally - is set out in our Big Society Strategy. We will continue to work with our communities to empower them to do things their way whilst looking at different delivery models for our services.</p> <p>We will seek to strengthen existing Councillor routes to raising and resolving issues whilst balancing local</p>	Tony Hill	<p>Agree strategy for external consultation with Executive.</p> <p>Consult widely on consultation draft and return final version to Executive.</p> <p>Develop detailed joint action plans with key partners.</p>	<p>Done</p> <p>September 2012</p> <p>December 2012</p>

Governance Issue	Lead Officer(s)	Key Delivery Milestones	Date
aspirations with our Business Plan Strategies.			
<p>Reviewing our Governance and Assurance Arrangements</p> <p>The people of Lincolnshire need to have confidence in the way we work, we need to show high standards in public life. It's about how we do business – it's about good governance.</p> <p>The Council continues to face some significant challenges – how we deliver services to the people of Lincolnshire will change. The Councils governance framework and assurance arrangements will need to adapt and respond to these changes and different ways of working - less prescriptive in style, with balancing of risk & accountability. Good progress has been made on our Combined Assurance Model which provides assurance and insight on the operation of our critical activities and key risks. The outcome of which needs to be assessed by the Management Board and Audit Committee for any gaps.</p> <p>There continues to be some uncertainty over our accountability framework given the changes in Senior Management.</p>	David O'Connor	<p>We will assess our Governance and Assurance arrangements against the latest best practice, including:</p> <ul style="list-style-type: none"> ■ CIPFA / SOLACE Delivering Good Governance in Local Government ■ Grant Thornton Survey of Local Government governance arrangements ■ Centre of Public Scrutiny 	February 2013
<p>Maintaining Financial Resilience</p> <p>We have been successful in delivering our savings agenda for 2010/11. However, we recognise that more still needs to be done to ensure we have the capability and capacity required to ensure this</p>	Pete Moore	The Council is likely to undertake a further fundamental review of its budget during 2013/14 in anticipation of the outcome of the next Spending Review. Implementation of actions arising from that work will be largely determined	Autumn 2013

Governance Issue	Lead Officer(s)	Key Delivery Milestones	Date
<p>momentum is maintained to meet our medium and long term financial strategy.</p> <p>There are indications for further reductions in local government spending beyond the current Spending Review period of March 2015.</p> <p>In addition, a new funding regime based upon localisation of both business rate income and support for the Council Tax is due to commence from April 2013. These changes will introduce new levels of annual volatility into the income base of the Council.</p> <p>We are therefore making prudent provision in the reserves of the Council at this stage and are attempting to model the financial impact of both increased volatile and reduced funding as details emerge from Government over the coming months. We are also working constructively with our partner public bodies in the County to optimise the impact of these changes on the wider County.</p>		<p>by the timing of the next Spending Review which may be in autumn 2013 or autumn 2014.</p> <p>The 2011/12 outturn position has allowed the Council to make another substantial contribution to its Financial Volatility Reserve (£4.4m) which provides a temporary buffer to any adverse impact on the funding position of the Council.</p> <p>Constructive dialogue is underway with the Lincolnshire Districts to development appropriate policies that will minimise the impact on all Lincolnshire authorities of currently planned changes to the funding for local government in England. In that context the minimisation of funding gaps arising from the new system of support for the council tax from April 2013 is critical. Local scheme will be approved in autumn 2012.</p>	<p>Autumn 2012</p>