



AUDIT COMMITTEE 30 JANUARY 2017

PRESENT:

Councillors Mrs E J Sneath (Vice-Chairman, in the Chair), N I Jackson, Miss F E E Ransome, S M Tweedale, W S Webb and P Wood.

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

Officers in attendance:-

Rachel Abbott (Audit Team Leader), Debbie Barnes (Executive Director, Children's Services), Debbie Bowring (Principal Risk Officer), John Cornett (External Auditor, KPMG), David Forbes (County Finance Officer), Glen Garrod (Executive Director of Adult Care and Community Wellbeing), Tony McArdle (Chief Executive), Pete Moore (Executive Director, Finance and Public Protection), Mike Norman (External Auditor, KPMG), Lucy Pledge (Audit and Risk Manager), Sophie Reeve (Chief Commercial Officer), Richard Wills (Executive Director, Environment and Economy) and Rachel Wilson (Democratic Services Officer).

44 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mrs S Rawlins.

45 DECLARATION OF MEMBERS' INTEREST

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

46 MINUTES OF THE MEETING HELD ON 21 NOVEMBER 2016

RESOLVED

That the minutes of the meeting held on 21 November 2016 be signed by the Chairman as a correct record.

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

Update from the Chief Executive

The Chief Executive gave the Committee an overview of risks for the Council and advised that the biggest concern was the financial pressures on local government, which were considerable, and most considerable in county council areas. Lincolnshire was one of the 3 most disadvantaged authorities in terms of its financial settlement, as the authority receives so much less per head of population than other areas. However, it was a credit to the authority that it managed to do what it did. The authority continued to deliver strongly across all service areas and with many above average services.

The financial pressures would remain but the authority knew what the outlook would be for the next four years as it had accepted the government's four year deal. Further service reductions would be required, as the financial situation would remain very difficult for the remainder of the decade. The Council would continue to experience cost pressures such as demographic pressures and the back log in terms of road maintenance would continue to grow.

There were also concerns about the Council's lack of resilience, as the authority had little built in resilience, and was operating near its optimum level. When there were unexpected pressures, there was not always the ready capacity to deal with them.

It was also a worry that there were some difficult decisions which would have to be made. It was a concern that the Council was being driven to look short term, as it needed to solve the immediate problems, rather than to focus on schemes/projects which would be of benefit in 10-20 years.

However, members were advised that there were solutions to the issues outlined. The Council would prioritise the services it provided, and may need to make difficult decisions about scaling back some services, and would increasingly seek to work with partners in delivering services, as well as in sharing services.

Savings would also be made through the well-focused nature of the contracts that the council let. There were currently hundreds of contracts in place with a package of measures, which would transfer the risk from the Council. In the majority of cases this worked very well.

In terms of IT, the authority was behind the game. Most of the operational problems had been resolved, but now there would be a need to speed up technology applications so the authority could use more efficient and modern systems.

A lot of what the Council did depended on how it worked with others, but other public sector organisations were struggling as well, most notably health partners. It was acknowledged there were difficulties with relationships in health services, as the structures did not allow for the delivery of the best services for local people. It was believed that the structures which operated in local government and the health services were no longer fit for purpose.

Members were provided with the opportunity to ask questions in relation to the update provided and some of the points raised included the following:

- Members appreciated the open and honest update
- The disadvantages arising from the funding issues were the basis for many of the authority's problems
- It was commented that it was a gloomy picture, and the current situation was not sustainable long term, but it was queried what was meant by long term. Members were advised that the Council had submitted a four year funding agreement to government, so officers knew what funding the authority would receive. It was noted that the reality was that there were a number of authorities at a point where insolvency was something they were actually discussing. However, Lincolnshire was not one of them. The fact that Lincolnshire was disadvantaged in terms of funding, but not heading towards insolvency was a good thing. It was also commented that the planned retention of business rates could go some way towards rebalancing the formula for local government funding. It was possible that there would be a review of local government funding, and it was commented that this was unlikely to be to Lincolnshire's disadvantage.
- With a substantially reduced number of staff, those remaining would be given training and support to do their jobs well. It was preferred that the Council did a few things well than try and continue to do everything, but to a poorer standard.
- It was queried whether there were any areas that the Audit Committee should be looking at in more detail, it was commented that it was thought that the Committee was already doing a good job identifying what should be on its agenda. It did an excellent job of staying focused, and the members asked the right questions.

Executive Director Adult Care and Community Wellbeing

The media had regularly been reporting on the adult social care pressures, and it was acknowledged that this was probably one of the single largest pressures for the authority, as well as the NHS. However, for five years adult social care had not overspent and had balanced its budget.

It was acknowledged that there was fragility in the social care market, but Lincolnshire had an adult social care model which was almost exclusively commissioned services. The authority carried out 62,000 visits per week to vulnerable adults, and it was noted that adult social care was a demand led service which required continual growth in consequence of local demographics. Travel time was a big challenge in Lincolnshire, not just for the care workers, but also social workers, occupational therapists, practice nurses, physiotherapists etc.

Adult Social Care was also the single largest income generating service in the authority at over £36m and it was able to generate 99% of charges having a highly efficient system for recovering debt.

Joint working with health colleagues was essential. The Better Care Fund (BCF) was an important source of income for the Council and was negotiated with the four

clinical commissioning groups (CCG). There was also an increasing need to negotiate with district councils regarding the disables facilities grant. There was a need for better housing to meet the needs of Lincolnshire residents, but this responsibility sat with the districts.

In terms of ICT, the Mosaic platform had been introduced, but it had not yet delivered the promises that needed to be seen from it. There was a need to evolve the ICT platform so that people could self-serve better, as it would not be possible to employ the number of staff needed to meet demand. The average age of an older person needing adult care services was rising and now stood at 84 years, and people of working age were having increasingly complex needs, needing both health services and care services, which was why integration was a critical component to better meet the needs of this most vulnerable population.

Another pressure was working age adults who required care, as it was not yet understood what would happen when those people reached 60-70 years old. Due to medical advances, people with complex needs were living longer and were transferring from children's services to adult care and Adult Care would support them as best as it could. One assessment could cost the authority between £13m-£15m over 40 - 50 years.

There were 120 over 75's in the county who were looking after an adult with profound disabilities so supporting carers was also important. Colleagues in Public Health would be critical to the future in helping prevent needs arising.

Members were advised that looking ahead, there were 2-3 critical areas which included the need for improved information and technology, which was something that staff would welcome. There was a need for a level of analysis which would help the authority better predict demand, as if NHS colleagues start to suffer, this would have an effect on this Council. Developments with the STP in the next 6 – 12 months would be very interesting, as it would represent a significant shift in how health services work. Working with housing colleagues was also of importance as housing was a key component to meeting needs.

The Committee was provided with the opportunity to ask questions to the officers present in relation to the update provided and some of the points raised included the following;

- The supply chain in social care was one of the key risks, so it was queried what actions were being taken to mitigate this. Members were advised that the council only commissioned on a three year cycle, and had moved away from spot purchasing services. This gave guaranteed income streams for the providers so they were able to recruit staff to meet need. For the last five years, reasonable unit prices which were sustainable had been secured. Petrol prices had also been relatively low over recent years, but were now creeping up which would have a direct effect on the council's ability to procure in excess of 62,000 hours of home visits each week. There would also be pressures from the impact of the national living wage which would continue to cost the council substantial sums of money until the end of the decade.

- In relation to the quality of housing, there was a need for more training, as a lot of local authorities used to train young people in construction.
- It was queried what the career structure for a young person in the care sector was, and members were informed that the issue of training within the care sector was very important. In February, Lincolnshire would hold the first celebration of care roles, which was a way of giving recognition to the roles. There was also the issue of over professionalization of some roles, meaning that applicants needed to have a degree to apply, and some people suited to the roles were not academic. However, this year Lincolnshire had succeeded in securing associate nurse roles, which did not need a degree, there was also a vocational course. It was noted that Lincolnshire was the only authority to secure 10 associate nurse roles. This was as part of a national pilot scheme to get nurses into care homes.
- In terms of the quality of care homes, it was only the CQC who could de-register a registered provider, and in the past would close only those homes which were inadequate or where the levels of abuse were profound, however, now those providers which were requiring improvement but not improved within 6 months were at risk of closure. In Lincolnshire, the Council took the approach to support those providers that were struggling to improve, as these homes supported some of the most vulnerable people outside of the hospital acute ward. The council would suspend placements in order to prevent a situation getting worse, as if these homes closed the residents could be placed in homes many miles from family.
- It was commented that the biggest risk was that many of the challenges were outside the organisation and so outside the council's control. It was acknowledged that this was an accurate analysis, but the future lay in the quality of relationships and the way that council worked together with both internal and external partners.
- The Executive Director reported that he spent a lot of time with NHS colleagues to ensure that a good relationship was maintained.
- There were a number of things the districts could do to help with housing which included asking developers to build in lifestyle features to new properties such as wider doorways etc., work with the county council regarding growth of disabilities facilities grant, and creating a county-wide register of disability adapted properties.

Executive Director for Children's Services

Children's Services received a significant amount of third party assurance through rigorous inspection regime by Ofsted. Throughout these inspections, Lincolnshire had been found to have a stable and highly competent management team.

In relation to schools, the Council had recently changed the school improvement model, as there were now more academies, less funding and a concern about insufficient progress in improving outcomes, it had been decided to move to a sector led model, and this was beginning to have a positive impact on standards and the number of school exclusions.

Youth Offending had transferred into Children's Services. It was early days but so far was very positive, and there was a strong partnership way of working.

In terms of concerns, this was mainly a demand led service, there were increasing numbers of children coming into the service requiring statutory services and they also had increasingly complex needs. There was continued investment in preventative services which helped to mitigate even further demand on specialist resources. There was an increased demand in terms of older children with challenging behaviour with a pattern of parents who were unable to cope with high risk behaviours, as well increased demand in terms of SEN and children with disability, with the latter being partly due to more advances in hospital care meaning children with severe needs now had higher survival and life expectancy rates.

In terms of recruitment of staff, agency rates were low, as was the vacancy rate. However, it was very difficult to recruit in some areas, especially on the east coast.

There were continued austerity measures, which was having an impact on families and the council's own services. It was positive that mosaic had been implemented but there was not the infrastructure of effective IMT to enable for good quality social work to thrive and maximise opportunities which should be available within a good IMT system. There was still a lot of investment and capacity needed with the Agresso system before it was at the required standard, and some of the processes did not allow for the easy recruitment of staff.

In terms of next steps, there were some significant transformational opportunities and some core projects coming up over the next few months. Lincolnshire Children's Services had been judged by Ofsted as good, and as a result had been identified as a Partner in Practice. The DfE wanted to work with the authority on how it could innovate and improve children's services. There was also a requirement to support other authorities, and so Lincolnshire was currently supporting Rotherham Children's Services.

Public health nursing would be delivered through the Council and there were plans to transform the service through greater integration.

There was a need for demand management around SEN, and to work with schools to help them to be more inclusive to reduce the number of children going out of county for education.

There would continue to be challenges in relation to housing for the most vulnerable young people, as well as care leavers who needed alternative support and accommodation.

Members were provided with the opportunity to ask questions in relation to the update provided and some of the points raised during discussion included the following:

- Concerns were raised regarding supported accommodation and the responsibility for children who were placed in Lincolnshire from out of county, as there were a lot of residences with vulnerable young adults. Members were

advised that a local authority who placed the child/made the child looked after would remain responsible for a young person within its care, wherever the young person was placed. However, if they were resident in Lincolnshire, their education would be the responsibility of the County Council (Higher needs SEN costs could be reclaimed). It was reported that at any given time there were circa 400 young people in Lincolnshire from other local authorities. There was a particular risk in Lincolnshire due to the relatively cheap housing, which made it attractive for other authorities looking to place young people in the south of the county.

- In relation to academies and the increasing numbers of schools who had converted to an academy, concerns were expressed in relation to SEN. It was also commented that there had been some good integration in terms of children where English was not their first language. It was reported that the authority had influence rather than control over the academies, and had constructive and positive relationships with many academies and academy trusts.
- It was queried what risks there were with the insourcing of public health nursing. Members were advised that there were both long term and short terms risks, in the long term it was mainly around the recruitment of staff. However, it had been agreed to appoint a Lead Nurse who would have responsibility for the professional development of staff, officers were also working with public health to set up clinical governance arrangements.

Executive Director Finance and Public Protection

In terms of financial resilience, a debate was going on at a national level around business rates retention, but this would not be implemented until April 2020. However, a more important piece of work was the needs based review, which would be a formula based on future need and one that the Council and the County Council Network were lobbying hard on.

The Council's main revenue support grant had reduced from around £200m in 2010 to an expected £20m in 2020. The Council was only setting a one year budget for 2017/18, partly to reflect that there would be a new council elected in May 2017, and this would allow the new council to make decisions around priorities for future years. The use of reserves would still be required for the coming year. Savings of around £30m would be required beyond 2017/18.

Work was ongoing to ensure that a more resilient framework was in place going forward. Overall assurance was moving forward in a positive way, and there was a positive direction of travel, but there was still some work to do around Agresso and associated processes.

Work in the property area was a good news story, as performance in the Partnership with Vinci Mouchel had been good, and it had a very important part to play in helping the council to move forward in an efficient and flexible way.

Key issues were still around residual Agresso issues and the introduction of a new insurance administration system. Because of the former and the delayed introduction

of Mosaic some of the planned savings in Business Support had been delayed, and all of the savings for 2017/18 had not yet been identified.

The Coroners Service was going through some change, and was moving towards a single coroner's jurisdiction. Business support would also need to be reconfigured as part of that process.

The business continuity capacity in Emergency Planning was being extended by training more officers in this area. Work would also be undertaken with service managers over the next 12 months to refresh business continuity plans and test a sample of them.

Members were provided with the opportunity to ask questions in relation to the update provided and some of the points raised during discussion included the following:

- Thanks and congratulations were extended for the way the Council had performed in relation to potential wider IT issues. It was acknowledged that there was still a need for some improved IT systems and some individual staffing changes had been made which had removed some weaknesses.
- There was increased need for emergency planning across the whole authority with other agencies. For example, trading standards had dealt with 3 avian flu outbreaks recently. Staff had been taken offline so they could deal with the emergency and so their ability to do their day jobs had reduced. This was inevitable as built in capacity had been reduced as a result of Government grant and budget cuts.
- All areas had faced budget reductions, and all discretionary Council funding for PCSO's had been removed. There were still some key discussions which needed to be held over the next few months in relation to partnership funding. One of the Council's biggest critical partners was the Police and Crime Commissioner in determining those partnership priorities.
- In relation to the Coroners Service, it was noted that there were some cost factors that could affect the service which could not be controlled, for example high profile inquests, and it was queried whether there was any way that national government would be able to assist with these costs, particularly when expert witnesses were required. Members were advised that the Council had lobbied government on this issue. Also, the authority was trying to introduce new business support systems.
- In relation to the future need for different levels of risk management, it was noted that it was good to have different levels of appetite and thresholds for different types of risk, and this reflected the fact that budget cuts had meant management capacity had had to be focused on more critical risks. It was noted that a lot of work had taken place during the year to minimise the risks of closedown in payroll.

Executive Director Environment and Economy

The main issues for environment and economy were around skills and partnerships. As there was less money, some of the services were reducing considerably, and so

there was a focus on doing fewer things well. In terms of skills, recruitment and retention was not too much of an issue at the moment, but it could be harder in the near future.

As the council had less money, there would be a need to do things differently, and completely re-think the way that things were done. It had taken a year to remodel, but the new service would start in February and the council would be treating the highway network as a transport system.

Partnerships were increasingly common, and the authority no longer did things on its own, for example, working with district council colleagues in areas such as waste and health. There would be a lot of work on heritage over the next couple of years. There were also issues around waste, and the authority was struggling in its partnership with districts as each authority was autonomous in its own area.

Members were provided with the opportunity to ask questions to the officers present in relation to the update provided and some of the points raised included the following:

- Concerns were raised that if the Council starting losing heritage assets, there would be fewer people coming into towns. Members were advised that the heritage service would be moving to a more business/commercial model. The risk would be that it would simply be balancing the books and there were wider economic and social advantages which were important. There were already around 800 volunteers in heritage areas. It was acknowledged that sometimes the authority got it wrong when looking at smaller budgets, as small budgets did not really make a difference in whether the authority balanced its books.
- There would be a need to look at how the Castle could be used to help and develop heritage across the whole of the county.
- In terms of development, most of the planning work was done by districts and highways and it was queried whether the feedback from the county council as a statutory consultee could be improved. It was noted that the vast majority of advice given to districts was accepted. The directorate had re-organised and centralised some services to maximise its ability to advise on planning matter, however, as a result some of the nuances of the locality may be missed.
- There was a need for progress in relation to a food hub in Spalding which would be used for food distribution to recommence as if it became operational it would increase employment and reduce traffic on the county's roads. Members were advised that this was a private sector development outside the control of the Council, however, the authority could help in terms of giving advice and obtaining planning consent.
- It was suggested whether the charges for the court in the Castle could be increased. It was noted that the authority had spent a lot of money designing a new building for the court service, but they had decided to stay where they were. It was acknowledged that this was a risk which sometimes had to be taken. The authority would not be able to move forward if it did not take some risks. There may be a need to be more rigorous in the future in deciding what risks to take, and there will be increasing due diligence work undertaken.

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- It was queried what connection the Council had with North Hampshire, and members were advised that it was an income stream that was recovered in relation to the matrix booking system.
- In relation to building better roads for the County, it was commented that the DfT did not seem to recognise the fact that some of Lincolnshire's roads were busier than some of the strategic road network, and it was queried whether it would take responsibility for them or give the Council the additional funding which was needed to maintain them to the required standard. It was noted that Lincolnshire was part of the Midlands network so there should be some recognition of regional and local transport pressures. There was a need to be in the right place to be able to influence.
- It was noted that red and amber assurances had increased since the previous year. However, it was reported that there were some things in 2015/16 which were not under this area.
- It was suggested that there was a need to learn to live with higher risks, and how much risk the council was willing to take.
- It was queried whether risks around partnerships should be on the strategic risk register, and it was noted that discussions had commenced with audit regarding which partnerships the authority should be engaged in.

Chief Commercial Officer

There were two teams within the Commercial Team which delivered contract management, procurement and commercial activity as well as a Project and Performance Team which carried out project management for high risk projects. On average, around 50 procurements were delivered or supported at any one time by the team.

It was reported that the Public Health procurement and contract management functions were integrated into the Commercial Team from 31 October 2016. Review work was currently underway to understand the different service requirements, learn from what was working well and to identify any areas for improvement.

It was commented that more time than originally planned had been spent monitoring the Serco contract, and the team had worked alongside the service leads and the Council would continue to put pressure on Serco in relation to delivery, particularly in relation to the IMT transformation plan.

There was a need to find ways of further managing procurement risk down.

Internal audit showed good knowledge of the procurement regulations across the authority.

Another risk was capacity within the adult care market which the team would continue to support to reach the required standard. It was noted that the relationship with the market had improved and the authority was now having constructive dialogue.

Wellbeing re-procurement and preventative services would be vital and it was very important that people were supported to live independently for as long as possible.

There had been assurance activity across the work of the commercial team from internal audit, through the KPMG review of Serco and the Adult Social Care peer review. It was noted that the service had no red risks, the amber ratings were around the ongoing issues with Serco.

Members were provided with the opportunity to ask questions in relation to the update provided and some of the points raised during discussion included the following:

- Additional activities were carried out with all contract management activity to ensure that different aspects of the contract fitted together sensibly. The team would try to mould the procurement to give the best chance of a successful delivery.
- Service credits were applied to contracts which were not performing as well as they should where the contract provided for that. Part of contract management activity was to raise the standards.
- It was highlighted that there were no numbers on the strategic risk register in relation to projects, and members were advised that this was due to a need to provide an overview of what the programme of projects would look like, and there was still more work to do on this before a score could be given.

(Note: Councillor S Tweedale left the meeting at 12.00 noon)

- It was commented that it was thought that the assurance which had been given had been very open and honest.
- It was commented that supporting evidence was also needed as well as taking what was reported by managers on trust.
- A concern was expressed that if there was a change in the economy and growth took place, key individuals may decide that it was time to move from the public sector to the private sector. It was queried whether the authority would be able to compete with this.

RESOLVED

That the Audit Committee receives the combined assurance reports as presented by the Executive Directors in relation to the adequacy of the Council's governance, risk and control environment.

48 IT ASSURANCE

Consideration was given to a report which provided the Committee with an insight into the assurance status for Information Management Technology. There were well established assurance maps which helped to focus work plans on the risks which would affect the successful delivery of the services and strategic objectives.

In relation to Information Management, these services were either rated green or trending to green. Those that weren't were where the Council was relying on an outsourced provider for services.

Maturity assessments had been undertaken, and IT services had been reviewed from a customer perspective and from an internal point of view. These assessments demonstrated that the IT Service Provider was not fulfilling the contractual commitments in many areas.

There was a requirement for IT to deliver a different way of working, and it was currently unable to get those initiatives delivered in a timely manner. The solutions which were being presented fell short of what was needed to bring the services to adequate levels, regardless of the levels committed to within the contract.

In terms of service delivery, there were a number of initiatives which should prevent outages, which impact day to day service delivery. The IT Service Provider was operating a reactive rather than pro-active service, which was against the standard industry methodologies which were contracted for.

One of the strategic risks was the risk of cyber attacks. This was also an ongoing national risk. There were thousands of attempted malware attacks every day, and there was a need to ensure that the authority had the right skills available to identify and manage this risk, and had systems in place to minimise the risk. It had been difficult for the Council to gain proposals for key technology solutions to mitigate the risks, as identified before and after two malware outages.

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:

- There was a need for the Audit Committee to have sight of the high level action plan which was in place to bring this risk under control.
- It was noted that the authority was struggling to get a level of commitment from Serco to address the issues.
- There was a need for the Executive to work to ensure that key members of IMT team staff were retained. It was noted that workloads were excessive and there was a lack of capacity within the team due to the need to manage the IT Service Provider to ensure service levels did not worsen.
- It was reported that there had been assurance from Serco that they would appoint an IT director.
- One member commented that they sat on the Recovery Group, which did see the programmes and timescales for addressing the issues. However, it was noted that the information presented to the Recovery Group had not been qualified by the IMT service.
- It was reported that the authority had achieved recognised international standard ISO 27001:13 in November 2016 for cyber security, but the Council was unable to gain assurance that activities committed to were being undertaken. This heightened the risk to Cyber Security.
- The Committee would be kept informed of progress, but there may be a need for a confidential session so the issues could be explored fully.

- It was noted that the inability to deliver transformational change, and the inability for Serco to provide accurate data was a risk, but it was not a strategic risk.
- It was queried whether the public sector was able to manage these risks as stringently as the private sector would. Members were advised that Lincolnshire had stronger IMT than other authorities in the country.
- It was requested that the action plan was brought to the next meeting of the Audit Committee.
- It was queried whether if continued poor delivery was an operational risk, was it a threat to other parts of the Council, and it was suggested that therefore this would be a major risk. Members were advised that this was included in the Annual Governance Statement as a significant governance issue, and officers were currently working on updating the strategic risk register.
- The contract did allow for the recovery of additional spend where Serco was in breach of contract and the additional Council spend was as a result of that breach.
- The situation with IT had been raised by all directors as an issue.

RESOLVED

The Committee requested that the action plan to manage the areas of low assurance, indicated in the Combined Assurance report be brought back to the next meeting of the Audit Committee.

49 INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report which provided an update on internal audit work undertaken in the period 12 September 2016 to 12 February 2017. It was reported that 15 final reports had been issued, as well as 3 reported to schools. 7 audits were at draft stage, and there were many others in progress.

It was reported that there were 5 reports with high or substantial assurance, and five with limited or low assurance.

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 commented that it seemed disappointing that only 65% of recommendations had been implemented. Members were advised that in the majority of cases, there would be a closure meeting which would finalise timescales for the implementation of actions. It was noted that the majority of outstanding recommendations related to two pieces of work on payroll and pensions, and the initial timescales may have been ambitious. However, officers were keeping a close eye on how they were progressing.
- It was queried what incentives were available to encourage service areas to ensure actions were implemented. Members were advised that this was more about the time scales to fully implement changes, and many of the actions were partially completed.

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- It was noted that some actions were dependent on the implementation of other initiatives.
- Pressure would be kept on the service areas with outstanding actions through the tracking process.

RESOLVED

That the Committee note the outcomes of the Internal Audit work.

50 EXTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report from KPMG, the County Council's External Auditors, which gave an update on the 2016/17 Audit deliverables.

Members were guided through the External Audit Progress Report and Technical Update and 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;

- Planning work for the 2016/17 audit had commenced and it was queried whether it was expected that there would be extra work required for this year's audit. It was confirmed that this was likely, however, it was expected to be less than was required last year.
- It was noted that the external auditors attended a meeting of the Pensions Board as they were asked to do so, and if they were asked to attend Pensions Committee they would attend.
- Reference was made to organised crime and it was noted that KPMG would be meeting with the Police, and work was also ongoing with Trading Standards.

RESOLVED

That the Committee receive the progress report.

51 RISK MANAGEMENT PROGRESS REPORT - JANUARY 2017

Consideration was given to a report which would assist the Committee in its role to gain assurance that the Council was effectively managing its key risks and had good risk management systems and processes in place that enabled decision makers to understand the level of risk being taken that the Council was prepared to accept. The report also provided an update on how well the Council's biggest risks were being managed as well as reporting on the progress made in assisting the Council to adapt and change the way it 'thinks' about risk. It was reported that overall, the Council's strategic risks continued to be managed well.

In relation to projects, members were advised that they had not been given a level of assurance as a piece of work was being undertaken with the relevant programme/project leads to establish how risk management was applied and to ensure that the risks had been identified.

RESOLVED

That the Committee note the current status of the strategic risks facing the Council.

52 WORK PLAN

Consideration was given to a report which provided the Committee with information on the core assurance activities currently scheduled for the 2016/17 work plan.

It was noted that further items to be added to the work plan included the Strategic Risk Register and an IMT action plan. It was requested that the action plan be brought to the next meeting of the Committee in March.

Members were advised that the training on risk management had been delayed until the new Committee was in place after the election. It was noted that there would be a traditional induction session as part of the Councillor Induction Programme, but there would also be some additional risk management training.

RESOLVED

That the above changes to the work plan be noted.

53 DATA PROTECTION AUDIT BY THE INFORMATION COMMISSIONER'S OFFICE

Received for information.

54 KPMG ANNUAL AUDIT LETTER

Received for information.

The meeting closed at 12.55 pm

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