

Appendix A

| Audit Committee Work Plan – 2016/17 | | |
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| 27 March 2017 | Assurances Required/Being Sought | Relevancy – Terms of Reference |
| Core Business | | |
| IMT update | Actions being taken to improve control regime and assurance levels | Role and governance |
| Internal Audit Progress Report | Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why. | <p>To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:</p> <ul style="list-style-type: none"> a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. b) Regular reports on the results of the Quality Assurance and Improvement Programme. c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement. <p>To consider summaries of specific internal audit reports as requested.</p> |
| Draft Internal Audit Plan 2017/18 | That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the | To consider reports dealing with the management and performance of internal audit |

Audit Committee Work Plan – 2016/17

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| | <p>Head of Audit opinion.</p> <p>Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year.</p> <p>Ensure that the Internal Audit Resource has sufficiently capacity and capability to deliver the plan.</p> <p>Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference.</p> | |
| External Audit Progress Report and Plan | <p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down.</p> | To comment on the scope and depth of external audit work and to ensure it gives value for money |
| International Audit Standards on the risks associated with the impact of potential fraud and error on the Financial Statements | Seek assurance that the statements made against the standard accurately reflect the Council's counter fraud arrangements. | To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process. |
| Statement of Accounts 2016/17 | | |
| Review of Accounting Policies, changes to the Code of Practice and Accounts and Audit Regulations. | Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the 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 |

Audit Committee Work Plan – 2016/17

Future meetings

| 26 June 2017 | Assurances Required/Being Sought | Relevancy – Terms of Reference |
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| Approval of Counter Fraud Annual Report 2016/17 reviewing the delivery of the Counter Fraud Work Plan. | On the overall effectiveness of the Authority's arrangements to counter fraud and corruption. | To comment on the scope and depth of external audit work and to ensure it gives value for money |
| Draft Annual Governance Statement 2017 | <p>Confirm that the Annual Governance Statement reflects the Committee's understanding of how the Council is run and that any significant governance issues / risks have been identified / published.</p> <p>Constructively challenge the information and evidence being presented.</p> <p>Ensuring value for money assurance arrangements are reported on and assessing how this features in the Annual Governance Statement.</p> <p>Improving how the Council discharges its responsibilities for public reporting e.g. better targeting at the audience and plain English</p> | <p>To oversee the production of the Council's Annual Governance Statement and to recommend its adoption</p> <p>To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice</p> |
| External Audit Progress Report | Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed | To comment on the scope and depth of external audit work and to ensure it gives value for money |
| Internal Audit Progress Report | <p>Understand the level of assurances being given as a result of audit work and their impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p> | <p>To consider reports dealing with the management and performance of internal audit</p> <p>To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale</p> |

Audit Committee Work Plan – 2016/17

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| | Confirm appropriate progress being made on the delivery of the audit plan and performance targets | |
| Risk Management Progress Report including update of Strategic Risk Register | Gain assurance that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept. That there has been on big surprises for the Council where it suffered significant financial loss or reputational damage. | To monitor the effective development and operation of risk management and corporate governance in the Council |
| Draft Counter Fraud Plan 2017/18 Deferred from March | Gain assurance that the Council has effective arrangements in place to fight fraud locally. Ensure that counter fraud resources are targeted to the Council's key fraud risks. | To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process. |
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| 24 July 2017 | 25 September 2017 | 20 November 2017 |
| Draft Statement of Accounts 2016/17 | To monitor the effective development and operation of risk management and corporate governance in the Council. | Director of Adult Care – update on governance risk and control implications re the integration of Health and Social Care. Including Sustainable Transformation Plan |
| Annual review of the effectiveness of the Council's Internal Audit Function | External Audit's ISA 260 Report to those charged with Governance on Lincolnshire County Council's Statement of Accounts and Lincolnshire Pension Fund Accounts for 2016/17 | Counter Fraud Progress Report |
| Review of Head of Internal Audit's Annual Report and Opinion 2016 | Final Statement of Accounts 2016/17 | Whistleblowing Annual Report |
| Review of draft Annual Report on the work of the Audit Committee | Approval of the Annual Governance Statement 2017 | |
| KPMG – Serco report update | Internal Audit Progress Report | |

Appendix B

| Audit Committee Action Plan 2016/17 | | | |
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| Action | Terms of Reference Outcome | Key Delivery Activities | When |
| 1. Clarify who should attend the Audit Committee and expectations on the information being presented. | <p>Ensure that relevant and focussed reports are presented. Provide more certainty that assurance is relevant and reliable</p> <p>Promote constructive challenge during meetings</p> <p>Strengthen accountability arrangements and the effectiveness of the Audit Committee</p> | Develop reporting protocol | <p>30th September 2016</p> <p>Revised to July 2017 – not started</p> |
| 2. Develop Action plan following self-assessment workshop considering the following: | Improve effectiveness of the committee | Work with Councillor Development Group to develop a person spec with key attributes for people on an Audit Committee | <p>31st January 2017</p> <p>COMPLETE</p> |
| | | Recruit an additional 'independent' member | <p>30th June 2017</p> <p>IN PROGRESS</p> |
| | | Review the meeting cycle and agenda content with Democratic Services and the Chairman | <p>1st March 2017</p> <p>COMPLETE</p> |
| | | Deliver risk management training and awareness for members and staff | <p>Move to after May 2017</p> |
| | | Ensure that there is a private meeting with External Auditor at least once a year. | <p>Agree with KPMG – November or January</p> <p>COMPLETE</p> |
| | | End of meeting debrief / lunch | <p>Noted</p> |

Audit Committee Action Plan 2016/17

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| | | Briefing / update on key risks between meetings | Noted |
| | | Arrange informal meeting with CMB | Completed – formal meeting agreed Chairman – January 2017 COMPLETE |

| Potential Agenda Items | Update |
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| Governance and Control of Trading Companies | Chairman sought assurances & included in 2017/18 Internal Audit Plan |
| Records Management – social care case files | Included in Internal Audit 2017/18 Plan |
| County Farms | Make enquiries of significance & risk associated with County Farms. |
| Joint Commissioning Board - Partnerships | Identify governance arrangements/follow up 2016 report |
| Reviewing and encouraging transparency in partnership decision making | Governance review identifies need for policy and update of Financial Regulation 8, External Funding Including Partnerships, Audit & Risk Manager to do as of September 2017 |
| Understand and seek assurance over the governance and risks associated with our key partners -via Combined Assurance Status Reports | Completed & reported to Committee in January 2017 |
| Compliance with the Transparency Code | Completed as noted governance review – report in IA progress report March 2017 |