



**AUDIT COMMITTEE
24 JULY 2023**

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

Councillors M G Allan (Vice-Chairman), S Bunney and P E Coupland

Also in attendance: Mr I Haldenby (Independent Added Member) and Mr A Middleton (Independent Added Member)

Officers in attendance:-

David Coleman (Monitoring Officer), Michelle Grady (Assistant Director – Finance), Claire Goodenough (Head of Audit and Risk Management), Dianne Downs (Audit Manager) and Thomas Crofts (Democratic Services Officer)

Others in attendance remotely via teams:-

Tom Foster (Grant Thornton)

10 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A Stokes and J King.

11 DECLARATIONS OF MEMBERS' INTEREST

There were no declarations of interest made at this point in proceedings.

12 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 19 JUNE 2023

RESOLVED

That the minutes of the meeting held on 19 June 2023 be signed by the Chairman as a correct record.

13 MONITORING OFFICER ANNUAL REPORT

Consideration was given to a report presented by the Monitoring Officer, which set out the Annual Report for the period 1 April 2022 to 31 March 2023. It was highlighted that the report formatting had changed from previous years to give a clearer presentation and comparison of the data.

The Committee considered the report, and the following comments were raised:

- The Committee welcomed the move towards more data driven performance reporting with the inclusion of benchmarking.

- The low number of complaints reflected the Council's organisational culture – with fewer complaints raised between Members than other authorities.
- The Council was looking to raise greater awareness of its complaints process to ensure relevant matters were dealt with in the correct manner and were captured in reporting.
- The Committee felt that an analysis of what complaints had not been reported in comparison to other authorities should also be reported to allow greater scrutiny of the complaints process.
- It was identified that complaints concerning education and young people reoccurred each year. Officers clarified that this was due to the scale of the service area and because complaints were often emotive in nature. Members felt that a benchmarked approach would give further context.
- Complaints also featured in relation to transport provision for SEND children, which was a difficult service for the Council to meet expectations due to the scale of the matter and the lack of funding.
- Regarding trading standards matters identified on social media, the Trading Standards team largely pursued these cases online.
- Members were advised that the Executive Director of Children's Services would be able to provide further information on the collaboration between educational health and children's care plans.

RESOLVED

That the report and comments made be noted.

14 UPDATE ON THE CIPFA FINANCIAL MANAGEMENT CODE AND FINANCIAL RESILIENCE

Consideration was given to a report presented by the Assistant Director – Finance, which provided an update on progress so far against the Council's action plans for implementing the requirements of the CIPFA Financial Management Code. It was reported that there had been some slippages in timescales due to pressures on staff resourcing and the roll out of the new Business World system. As part of the action plan, the Council was to undertake an external review, which was conducted by Grant Thornton.

Tom Foster from Grant Thornton reported the findings of their review, as set out within the report. The following was highlighted:

- The Council was meeting the CIPFA Financial Management Code and assurance standards. It was recognised the Council was also maintaining excellent business partnering arrangements.
- Further areas of development had been identified:
 1. Greater and more consistent use of service level benchmarking
 2. Strategic views should be emphasised in relation to decisions pertaining to long term financial planning

3. Other means of engagement should be explored regarding the consultation processes
4. Key decisions should emphasise options considered in report recommendations.

The Committee considered the report, and the following comments were raised:

- The Committee welcomed the positive report and agreed that a greater emphasis on options considered and value for money was needed in the decision making process.
- Following changes to personnel and the implementation of the new Business World system, the Council was now able to prioritise meeting the timescales of the action plan.
- Draft guidance on best value had recently been published by the Government for consultation.
- Public consultation regarding the Council's finances had seen little engagement in part due to the fact that there had been no contentious budget setting, as such. Highways were now pursuing face-to-face engagement strategies to improve consultation activities.
- The Council's long term planning had given large allowances for rising inflation and the financial volatility reserve had remained untouched as yet.
- To improve the accuracy of the Council's long term planning, work was underway to calculate necessary council tax rises as well as any additional funding that could be anticipated from central government.
- The skills survey of staff was subject to moderation from Human Resources and external agents to ensure accuracy.

Overall, the Committee was assured that the Council was maintaining a strong grip on finances and that a culture of financial prudence was evident and should be encouraged amongst all Members of the Council. The Committee also noted that a devolution deal for Lincolnshire would help bolster financial security.

RESOLVED

1. That the Committee note the report and comments made.
2. That the Committee be assured that the Council is meeting its CIPFA Financial Management Code Action Plan.
3. That the Committee be assured by the findings of the Grant Thornton independent review of Lincolnshire County Council's compliance with the CIPFA Financial Management Code.

15 INTERNAL AUDIT PROGRESS REPORT 2023/2024

Consideration was given to a report presented by the Head of Internal Audit & Risk, which set details of the audit work completed to 1st July 2023. It was highlighted that there had

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been changes to assurance ratings and that the report provided an update on performance against the Audit Plan, training activity, and audits in progress over the next two years.

The Committee considered the report and welcomed the new formatting of the information for its clarity.

RESOLVED

1. That the Committee note the July progress report for its revised format and content.
2. That the Committee note internal audit progress and delivery.

16 INTERNAL AUDIT PLAN 2023/2024

Consideration was given to a report presented by the Head of Internal Audit & Risk, which presented the Internal Audit Plan for 2023/2024 for approval. It was reported that the Audit team was on track to deliver on the objectives of the Plan and that new audit areas, timescales and scopes had been identified for future audits.

The Committee considered the report, and the following comments were raised:

- The funding of adult care plans required monitoring, as it presented a potential financial threat to the Council.
- It was important to ensure well set scopes were developed in the first instance when working towards the objectives of the Plan so as to make sure that no undue strain was placed on staffing resources.

RESOLVED

That the 2023/2024 Internal Audit Plan (IAP) be approved.

17 COUNTER FRAUD WORK PLAN 2023/24

Consideration was given to a report presented by the Audit Manager, which provided the Committee with information on the proposed counter fraud activities for 2023/24 and the draft Counter Fraud Work Plan. The Committee were advised that work largely focused on recognisable risk areas and strategic views aimed at safeguarding best practice and the Council's needs, and that work was underway to recruit skilled staff and improve the service.

The Committee considered the report, and the following comments were raised:

- The new counter fraud posts would ensure cost savings to the Council by foiling fraudulent activity and any costs that this would otherwise incur. The new posts would also grant extra capacity to existing posts by taking on the responsibility for pursuing fraud matters. However, it was recognised that it was difficult to measure the benefits of fraud prevention in purely financial terms.
- Fraud prevention was above all the best way to mitigate the associated risks.

- Risk assessments drove the planning of effective fraud prevention.
- Fraud prevention links between the Council and the police had been established and older cases of fraud were being progressed.
- The primary measure in addressing fraud activity within the Council was immediate disciplinary action.
- Cyber fraud was an ever-growing risk and was often very difficult to prosecute. It remained that the Information Governance team oversaw this aspect of counter fraud.

RESOLVED

1. That the Committee note the report and comments made.
2. That the Committee approve the Counter Fraud Work Plan for 2023/24.

18 AUDIT COMMITTEE WORK PROGRAMME

The Head of Internal Audit and Risk Management introduced the Work Programme which provided the Committee with core assurance activities currently scheduled for the year.

It was advised that the Executive Director of Adult Care and Community Wellbeing would be in attendance at the meeting on 25 September 2023 to answer any questions on adult social care markets' risk on the strategic risk register report.

It was also advised that the work program was under review to ensure a better distribution of items were scheduled for each meeting.

RESOLVED

That the work programme as amended above be approved.

The meeting closed at 11.20 am

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