



**AUDIT COMMITTEE
25 SEPTEMBER 2023**

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

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

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

Officers in attendance:-

Andrew Crookham (Deputy Chief Executive & Executive Director - Resources), Glen Garrod (Executive Director of Adult Care and Community Wellbeing), Michelle Grady (Assistant Director - Finance), Sue Maycock (Strategic Finance Lead - Technical), Clair Goodenough (Head of Audit and Risk Management), Amanda Reid (Strategic Finance Manager), Mandy Knowlton-Rayner (Insurance and Risk Lead), Kevin Lane (Principal Risk Officer) and Thomas Crofts (Democratic Services Officer)

Others in attendance:-

Jennie Norman (Mazars), John Presley (Mazars), Mark SurrIDGE (Mazars) and Varsha Sharma (Mazars)

19 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor J King.

20 DECLARATIONS OF MEMBERS' INTEREST

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

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

RESOLVED

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

22 MARKET SUPPLY

For openness and transparency, Glen Garrod, Executive Director of Adult Care and Community Wellbeing, declared that his spouse was a General Practitioner.

Consideration was given to a report from Glen Garrod, Executive Director of Adult Care and Community Wellbeing, which set out gave an update on market supply in the adult social care sector, as requested by the Committee. The following matters were highlighted:

- Adult social care markets consistently presented a risk to the Council largely due to labour supply.
- The market was dominated by commercial care providers, with some provision delivered in house by the Council.
- Some remote localities within the county suffered from shortages in care provision due to the impact of commercial viability – with the south of the county especially difficult to resource.
- The home care market had stabilised this year with a consistent workforce despite continued staff turnover.
- Lincolnshire was oversupplied in terms of its residential care provision.

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

- The sector was subject to limited funding and stretched resources in a large, dispersed county like Lincolnshire. To manage this, capacity was boosted when required; however, this was a resource intensive and offered only a short-term solution.
- Recent industrial action in the NHS and health and social care sectors had created a pinch point in the flow of patients and care users.
- There was a shortage of primary care colleagues and district nurses across Lincolnshire, and as care users more frequently presented with complex needs, with five or more long term illnesses, this element of care was increasingly in demand.
- Lincolnshire's adult social care was performing when benchmarked against similar authorities. This was in part due to the well managed joint working between the Council and the NHS and other health and social care colleagues.
- The Council received market reports on a weekly basis in order to monitor care provision across the county.
- The Council was currently investing in alternative forms of housing for increased need care users to ensure complex needs were not exacerbated by inappropriate living conditions.
- It was paramount that a balanced budget was maintained so that the Council could commit to long-term contracts and contracts with independent providers, which often gave best value for money.
- A graduated approach to care was being pursued, which prioritised quality housing and greater health and social care outreach. Use of technology to promote virtual home visits and remote calls from care providers were being explored where appropriate.
- More efficient and effective care depended upon better joint working between health care and social care colleagues in Lincolnshire.
- The social care market was growing, which meant that overall capacity was becoming less of a concern.

RESOLVED

That the report and comments made be noted.

23 UPDATE ON STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT OF ACCOUNTS FOR LINCOLNSHIRE COUNTY COUNCIL AND LINCOLNSHIRE PENSION FUND

Consideration was given to a report from Michelle Grady, Assistant Director – Finance, which provided an update to the Committee regarding the Council’s statutory Accounts for 2020/21, 2021/22 and 2022/23 and progress made by the external auditor. It was reported that the Council had completed the statement of accounts for 2020/21, 2021/22 and 2022/23 and deadlines had now been firmed up with the external auditor for their sign off.

Mark Sturridge, representing the external auditor, Mazars, reported that two lingering issues had had delayed the sign off of the outstanding statements of accounts. These issues concerned the accounting valuation of infrastructure assets and the triennial pensions review, which were issues that were being faced by many councils across the country. However, these issues had now been resolved and the external auditor was working to finalise their sign off.

Mazars stated that Lincolnshire County Council was ahead of many other authorities in progressing their statements of accounts and that the Council showed value for money in its accounts.

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

- The outstanding closure of the statement of accounts had not impacted the quality of the Council’s decision making, as budget monitoring was reported separately, and decisions were subject to the overview and scrutiny process.
- The external auditor’s audit opinion was expected to be ready by the end of the week for the 2021/22 accounts and by December 2023 for the 2022/23 accounts.
- Financial issues similar to those face by Birmingham City Council would be flagged if they were present in the level of reserves risk reporting.
- It was not anticipated that the financial resilience of the Council would change over the coming years and no stresses had been discernible over the past recent years.

RESOLVED

That the report and comments made be noted.

24 EXTERNAL AUDIT STRATEGY MEMORANDA - LINCOLNSHIRE COUNTY COUNCIL AND LINCOLNSHIRE PENSION FUND 2022/23

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Consideration was given to a report from Michelle Grady, Assistant Director – Finance, which introduced the external auditor’s 2022/23 Audit Strategy Memoranda for Lincolnshire County Council and the Lincolnshire Pension Fund.

Mark SurrIDGE, John Presley and Varsha Sharma from the external auditor, Mazars, presented the Memoranda and guided the Committee through the audit scopes, audit approaches, timelines, risks, and key judgement areas.

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

- The Committee noted that the accounts were stable and that there were no large movements regarding the value of investments.
- The Committee welcomed the additional resourcing undertaken by the external auditor to process the backlog of work, which was thought to be completed by December 2023.

RESOLVED

That the Committee note the two external audit documents and comments made.

25 RISK MANAGEMENT PROGRESS REPORT - QUARTER 2 2023/24

Consideration was given to a report from Mandy Knowlton-Rayner, Insurance and Risk Lead, and Kevin Lane, Principal Risk Officer, which provided an update on how well the Council's strategic risks were being managed. The following matters were highlighted:

- The strategic risks continued to be managed and monitored pro-actively and key messages from the strategic risk reviews were highlighted, which included risks concerning recruitment, budgets, debts, and transformation.
- The assurance level for recruitment had been updated to substantial with an improving direction of travel, thanks to the current stable attrition rate and improved recruitment across the Council.

The Committee was advised that a new deep dive topic needed to be considered and it was suggested that the next topic should concern a risk with limited assurance, with recommendation that IT infrastructure be considered.

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

- The Committee welcomed the improved staffing situation and noted that IT infrastructure presented a continued risk to all organisations.
- Staffing was a primary risk and it was necessary to understand the reasons for why staff left the Council.
- Work had been underway to make the Council an employer of choice and recent questionnaires had found that employees considered Lincolnshire County Council to

be a place where people want to work. Benefits, such as hybrid working and wellbeing offers, had been developed to make the Council a more attractive employer.

- Hybrid working under Smarter Working had proven successful, and performance had been maintained. A formal evaluation was due to be undertaken and findings would be presented to the Committee in the Combined Assurance report.

The Committee felt that a deep dive into risks associated with IT was necessary.

RESOLVED

1. That Committee note the current status of the strategic risks facing the Council.
2. That the next scheduled deep dive report focus on IT infrastructure risks.

26 ANNUAL GOVERNANCE STATEMENT 2022/23

Consideration was given to a report from Claire Goodenough, The Head of Internal Audit and Risk Management, which presented the Council's Annual Governance Statement (AGS) to the Committee. It was clarified that there had been minimal changes from the draft version of the AGS and that the final version now included the latest performance data and links to approved supportive reports.

The Committee considered the report, and received assurance from officers that the Council was operating under a good system of governance and that work was under way to encourage further collaborative working between departments.

RESOLVED

1. That the Committee agree that the Annual Governance statement accurately reflects how the Council is run.
2. That the statement included the significant governance issues/key risks it would have expected to be published.
3. That the statement be approved by the Committee and its adoption is recommended for approval by Council.

27 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 a review of the Work Programme had been undertaken to better distribute items and afford greater time for discussion. The following changes had been made:

- Counter Fraud Progress Reports would feature two times a year and include increased detail.

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- Risk Management Progress Reports would feature three times a year, supporting the annual combine risk report (previously combined assurance).
- 2024/25 would be subject to changes regarding financial reporting in order to accommodate delays to account sign offs, but would return to normal in 2024/25.

The Committee were also advised to appoint a Counter Fraud Champion from their membership to lead on and develop an expertise in fraud related matters.

The Committee supported Ian Haldenby to be appointed their Counter Fraud Champion.

RESOLVED

1. That the work programme be approved.
2. That Ian Haldenby, Independent Added Member, be appointed as the Audit Committee's Counter Fraud Champion.

The meeting closed at 11.35 am