

## **AUDIT AND ASSURANCE COMMITTEE**

Minutes of a Meeting of the Audit and Assurance Committee held on Tuesday, 14 September 2021 at 10.30 am at Conference Room A/B, Carlisle

### **PRESENT:**

Mrs HF Carrick (Chair)

Mr NH Marriner  
Mr GD Cook  
Mr SB Collins

Mrs EA Mallinson  
Mr FI Morgan (Vice-Chair)  
Mr J Bell

### **Also in Attendance:-**

Ms P Duke	-	Director of Finance (Section 151 Officer)
Dr D Roberts	-	Executive Director - Corporate, Customer and Community Services
Ms C Whalley	-	Assistant Director - Adults
Ms N Ellement	-	Head of Legal and Democratic Services
Ms H Kirk	-	Senior Risk Officer
Mr P Usher	-	Audit Manager
Mr S Tweedie	-	Information Governance & Risk Manager
Mr D Hamilton	-	Democratic Services Officer

## **PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PUBLIC AND PRESS**

### **144 APOLOGIES FOR ABSENCE**

There were no apologies received on this occasion.

### **145 MEMBERSHIP**

There were no changes in membership made on this occasion.

### **146 DISCLOSURES OF INTEREST**

There were no disclosures of interest made on this occasion.

### **147 EXCLUSION OF PRESS AND PUBLIC**

There were no items on the agenda which required the exclusion of press and public.

## **148 MINUTES**

**RESOLVED** that, the minutes of the previous meeting held on 14 June 2021 be agreed as an accurate and complete record.

## **149 DEEP DIVE RISK ANALYSIS**

The Deep Dive for this meeting was on the topic of Managing the Fragility of Social Care Sector.

The presentation was delivered by the Assistant Director – Adults (Deputy DAS) and covered the following:

- Corporate Risk
  - Health and Social Care System
- Current Situation
- Change to Demand Volumes and Profile
- Capacity Constraints
- Current Key Risk Controls
- Immediate Actions
- Medium to Long Term Actions

Members asked whether issues faced in Cumbria were comparable to other parts of the country with regards to social care providers leaving the market. The Assistant Director – Adults (Deputy DAS) confirmed that what was being experienced locally was indicative of the national picture and there were examples of care providers who were no longer able to deliver care packages due to care staff capacity.

Members asked whether the County would be exposed if a large provider failed. The Assistant Director – Adults (Deputy DAS) stated that whilst there were pressures on the residential care market it was in fact domiciliary care which was seeing the biggest impact. However, the in-house Cumbria Care service meant that the risk of exposure to provider failure was mitigated to a degree which compared favourably to other counties.

Members asked whether there were any difficulties recruiting in certain areas of the county. The Assistant Director – Adults (Deputy DAS) explained that with regards to social work there was more of a challenge recruiting in West Cumbria and Barrow but incentives were being explored to create more interest in those areas.

A detailed discussion took place regarding residential care and the support provided by the Council to residential care providers to ensure financial viability.

The Chair thanked the Assistant Director – Adults (Deputy DAS) for the insightful presentation and providing a degree of assurance at a challenging time. She added that the committee would continue to take a keen interest in this topic.

## **150 2021/22 QUARTER 1 CORPORATE RISK REPORT**

Members considered a report from the Director of Finance (s151 Officer) which provided members with a progress update on the Corporate Risk Register for the first quarter to 30 June 2021.

Members heard from the Senior Risk Officer who explained that activities during the Quarter 1 and early Quarter 2 period had continued apace and that the report sought to provide assurance to members on the effectiveness of the Council's Risk Management arrangements.

Regarding the Quarter 1 corporate risks, the Senior Risk Officer explained that - 12 risks remained on the Q1 Risk Register. There were now 9 high risks, compared to 8 at Q4 and 3 medium risks, compared to 4 at Q4. There was one new corporate risk added to the register which related to the process of Local Government Reform (LGR) and concern over the realisation of its benefits. One corporate risk had also been removed from the register, the risk relating to the impact of exiting the EU transition period without a deal on the provision of Council Services.

With regards to LGR, the Senior Risk Officer explained that the programme of reform is moving at quite a pace and it is anticipated that the LGR programme risk will move across and be adopted or redefined as part of the joint programme arrangements with district councils. It had also been agreed that a County Council LGR Organisational risk will be developed to address the impact of the LGR process on the ongoing delivery of Council statutory services, planned projects and programmes as well as the winding down of the Council prior to vesting day.

At the end of Quarter 1, all risk scores had remained the same compared to the Quarter 4 period however, the direction of travel has declined for two corporate risks due to increasing demand and staffing capacity issues affecting the overall resilience of the Health & Social Care System. The status of these specific issues, their causes and mitigating actions were outlined in the subsequent risk deep dive presentation delivered by the Assistant Director – Adults (Deputy DAS) and titled '*Managing the Fragility of the Social Care Sector*' as Item 8 of the agenda.

Regarding evolving areas of risk, the Senior Risk Officer explained that as the LGR programme had started to take shape, service leads had begun to evaluate the impact of the programme and potential work streams on the Council's current commitments and workforce capacity up until vesting day. As mentioned earlier, a new County Council LGR Organisational risk will be developed to address the impact of the LGR process on the ongoing delivery of Council statutory services, planned improvements as well as the winding down of the Council prior to vesting day.

Two other areas of evolving risk will be developed further for the Quarter 2 Corporate Risk Report. A new climate change risk to focus on the Council's ability to meet the net zero carbon target set by central government will be developed. Consideration will also be given to a new Cumbria COVID-19 Recovery risk to focus on the Council leadership role in the delivery of the Cumbria Recovery Strategy.

The Chair recognised that although the actual risk scores had not changed in the last quarter, risk management improvement activity had continued over the period to maintain the risk position and commended all risk owners for their ongoing work.

**RESOLVED** that,

- 1) members note the updates on Corporate Risks for Quarter 1 2021/22 and agree that this report provides sufficient assurance that the current Risk Management arrangements are both robust and effective,
- 2) members receive a presentation relating to the *Health and Social Care Demand and System Failure* risk.

## **151 INTERNAL AUDIT PROGRESS REPORT TO 31 JULY 2021**

Members considered a report from the Group Audit Manager which summarised progress on audit work included within the 2021/22 audit work plan and an update of the completion of outstanding 2020/21 work.

The Audit Manager began by highlighting the audits completed as part of the 2021/22 audit plan. It was explained to members that 6 audits had been completed in respect of the 2021/22 audit plan, in addition there had been one risk-based assurance review completed for 2021/22. This related to 'Trading Standards' and it was given 'Substantial' assurance.

One piece of consultancy / advisory work had also been completed to review the arrangements that management had put in place, at April 2021, in order to provide assurance that the Lateral Flow Testing (LFT) Community Testing Programme, had been carried out appropriately. The key focus of Internal Audit on that occasion had been to provide a forward look and make recommendations on how to improve and enhance current arrangements.

There were 4 audit reviews that had not been expected to be at draft report stage or finalised in 2020/21 and so were rolled forward into the 2021/22 audit plan. However, they had been progressed and were in the Head of Internal Audit Opinion in 2020/21. They all received 'Reasonable' assurance and related to:

- Community Development Centres (CDC) – Governance arrangements
- Child and Family Support Services contract management
- Managing Construction Health & Safety compliance - Building Construction

- Managing Construction Health & Safety compliance - Highways and Construction

The Audit Manager explained that in addition to those 6 reviews, 2 further audit reviews were finalised in the period. They had been expected to have been finalised in 2020/21 so were not included in the 2021/22 audit plan. They related to Data Protection Compliance (Partial) and Schools deficit recovery plans (Reasonable). These were included in the 2020/21 Head of Internal Audit Opinion.

The Audit Manager then provided a summary of the other work completed by Internal Audit during the period. He stated that the service had undertaken significantly more work over the last year relating to certifying grant claims due to the increase in various funding streams from the Government to support the Council's response to the Coronavirus pandemic. In addition, Internal Audit had produced a presentation as part of their bid for the provision of internal audit services to the Police and Crime Commissioner for Cumbria (and the Chief Constable for Cumbria Constabulary) from 1 April 2022. The current Cumbria Shared Internal Audit Service agreement would come to an end on 31 March 2022 and the PCC for Cumbria had undertaken an exercise to procure internal audit services for itself and the Chief Constable from 1 April 2022. Although the council's proposal was seen as a safe, compliant and professional it was unfortunately not successful and therefore the current shared service arrangement would cease on 31 March 2022.

Members heard that there were also 6 reviews at draft report stage as well as the two reviews relating to High Needs Block (Partial) and Operator's Licence (Reasonable) which would contribute to the assurance rating for 2021/22.

The Audit Manager explained that the overall position on plan progress for 2021/22 reflected a total of 57 planned reviews with 10 (18%) completed to at least draft stage with a further 19 (33%) having started / fieldwork stage.

It was explained to members that when drafting the 2021/22 plan, 115 days of unallocated time relating specifically to the 'People' and 'Corporate, Customer & Community Services' Directorates had been included. This reflected the fact that key directorate staff had to prioritise responding to the COVID-19 pandemic at that time.

As a result, the 2021/22 audit plan would need to remain fluid in light of any ongoing impact of COVID-19 and the work required as part of local government re-organisation. The Internal Audit team would continue to closely monitor progress towards the delivery of the 2021/22 audit plan and provide the Committee with an update at its meeting on 3 December 2021 including any changes to the plan and any potential impact on the delivery of the 2021/22 Head of Internal Audit Opinion.

A Member raised concerns relating to a finding in the Data Protection Compliance audit review which had identified that members had not received regular enough training on data protection compliance requirements. The Executive Director – Corporate, Customer and Community Services explained that as the director

responsible she took the audit findings very seriously. It was explained to members that the recommendations set out in the audit report had now received significant discussion and the clear actions required were now embedded into the Legal and Democratic Services service plan. Specific data compliance issues and member training plans would be picked up by relevant groups within the Council such as the Member Development Group.

A discussion then took place regarding the accessibility of the full audit report to both members of the Committee as well as members of the public. A Member was concerned that the summary only set out the findings from the audit but did not include any details of what action management had agreed or any timescale for this. It was clarified that full audit reports were available to members of the Committee on request and that the summaries provided within the Internal Audit Progress Report set out to condense the findings and reflect the key outcomes and recommendations.

The Director of Finance (s151 Officer) stated that the recommendations made by Internal Audit are implemented and monitored by the relevant Directorate and this was a vital part of the effectiveness of any audit. The Audit Manager then explained that if an audit review results in a 'partial' or 'limited' assurance opinion, then a follow up audit would be carried out - usually within 6 months or at a time when all the agreed actions were planned to be completed. A summary of findings from follow-up reviews are always brought back to the Audit and Assurance Committee and this would apply for this audit.

It was **AGREED** that the full audit report on Data Protection Compliance be shared with the Committee

The question was raised regarding whether Internal Audit Reports which had received 'limited/partial' assurance opinions should be included in full as part of the agenda papers. The Chair commented on the importance of finding a balance between providing enough information so as to provide assurance and providing an excess of information. The Director of Finance (s151 Officer) confirmed she would review this issue so as to decide upon a path going forward.

Members asked for clarity on the scope of the Information Asset Register and that a full asset list be made to support the process of Local Government Reorganisation. It was **AGREED** that further details regarding the scope of assets included as part of the Information Asset Register be circulated to the Committee before the next meeting.

The Chair commended the Internal Audit team for their flexibility of approach to the annual plan, in particular through the COVID-19 pandemic. The Chair stated that achieving sufficiency of coverage whilst remaining sensitive to the needs of the directorates must have been challenging and was commendable.

**RESOLVED** that,

- 1) members note the progress and the outcomes of internal audit work,
- 2) members note the ending of the Cumbria Internal Audit Shared Service on 31 March 2022.

## **152 LOCAL GOVERNMENT SOCIAL CARE OMBUDSMAN ANNUAL REVIEW LETTER**

Members considered a report from the Executive Director – Corporate, Customer and Community Services which provided the Committee with information relating to complaints made to the Local Government & Social Care Ombudsman (LG&SCO) regarding Cumbria County Council for the year ended March 2021.

The Head of Legal and Democratic Services provided a summary of the report explaining that there were 46 complaints made to the Ombudsman but decisions on 50 complaints were received as there was a holdover of complaints from the previous year. Of those 50 complaints, 21 detailed investigations were carried out and 14 complaints were upheld. 7 cases were not upheld which is resulted in a 67% rate of upheld cases and 33% rate of cases not upheld. Members heard that compared to the previous year, the percentage of cases upheld had decreased from 75% to 67% which fell below the average rate for similar authorities which was 71%. Further to that, 1 complaint was satisfactorily resolved before the Ombudsman received the complaint, but this was still recorded by the Ombudsman as an upheld complaint.

The Head of Legal and Democratic Services then highlighted that 56 % of logged complaints were closed after inquiries found them to be incomplete or invalid. Members were informed that the Ombudsman had reported that all recommendations made to the Council were implemented.

The Head of Legal and Democratic Services provided an update on the pilot initiative and quoted the feedback received from Alan Park, the LG&SCO which detailed the pro-active work carried out by the Council and its Extended Leadership Team.

Members discussed the importance of understanding the full picture regarding complaints raised which never reach the ombudsman. The Information Governance & Risk Manager responded by explaining that the report which focused upon the Ombudsman's Annual Letter meant that it did not present a full picture of cases that go through the Children's Services process or Adult Social Care process for example.

There was a suggestion that training for members be provided on how to approach statistics so as to ensure that the statistics used in reports were meaningful and helpful. The Chair followed this by commenting on the result of the pilot initiative, it was stated that the process of dealing with complaints appeared to be improving as a result of this work. However, the Chair observed that there may be trends and

themes to issues which then go on to become complaints and it would be interesting to be presented with an analysis of these trends. The Information Governance & Risk Manager provided assurance to the Committee and detailed the process followed by the Information Governance team to respond to complaints in a timely manner.

The Executive Director – Corporate, Customer and Community Services provided a word of caution with regards to drawing conclusions from percentages when dealing with such small numbers. Members heard that improvements in this area had been a focus for the organisation over the last 3 years alongside work to improve the overall experience of the customer.

**RESOLVED** that, members note the contents of the report.

### **153 2020/21 SENIOR INFORMATION RISK OWNER (SIRO) AND INFORMATION GOVERNANCE ANNUAL REPORT**

Members considered a report from the Executive Director – Corporate, Customer and Community Services which sought to provide the Committee with a summary of activity and performance related information with falls within the responsibility of the Senior Information Risk Owner (SIRO).

Members heard that ICT security and cyber risks continued to present an increasing challenge to all organisations and the Council was no different. Arrangements to manage these risks were contained in the report with a summary included to list action already undertaken to maintain and strengthen defences and enhance corporate resilience.

The Information Governance & Risk Manager highlighted the new approach made in respect of Freedom of Information (FOI) requests. The implementation of the new system to handle Freedom of Information requests (FOIs) resulted in an increased level of performance. The rate of responses being provided within 20 working days had increased to 83% when compared to the previous year rate of 72%. A review of the approach to handling subject access requests (SARs) had similarly seen an increase in performance to 67% of cases handled within one calendar month compared to the previous year's rate of 56%.

Members commented on the increase in incidents of unlawful disclosure of sensitive or personal data and asked whether there was a trend identified to explain this increase. The Executive Director – Corporate, Customer and Community Services explained that as a result of remote working there had been a notable increase in incidents which likely would not have happened otherwise. Members heard that this could have been because controls were not being applied in the same way during the early stages of the COVID-19 pandemic. A detailed investigation had taken place into these issues and controls reinstated to prevent any significant breaches in the future.



## **154 (GRANT THORNTON ITEMS)**

### **a External Audit Progress Verbal Update 2021/22**

A verbal report was provided by the Engagement Lead – Grant Thornton which gave an update to the Committee on the progress of the External Audit. Members were reminded that there was a new framework for the Value for Money judgement which meant it would be reported as part of a separate annual report by the revised deadline of 8 December 2021. Members heard that both the Audit Findings report for Cumbria County Council accounts and the Audit Findings report for Cumbria LGPS accounts were progressing well. The Engagement Lead highlighted the one issue raised which related to a significant difference on level 3 investments between the estimates featured in the accounts and estimates provided subsequently by the investment managers. The External Auditor had received a robust response from management and this would be drawn out in the External Audit Findings Report at the next meeting.

## **155 FORWARD PLAN - AUDIT AND ASSURANCE COMMITTEE**

The Chair highlighted the Deep Dives listed for upcoming meetings but no changes were made to the Forward Plan.

## **156 DATE & TIME OF NEXT MEETING**

The next meeting of the Audit and Assurance Committee is due to take place on 27 September 2021 at 10:30am in Conference Room A/B, Cumbria House.

The meeting ended at 13:30 pm