



## AUDIT COMMITTEE 13 JUNE 2022

### **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 A Middleton (Independent Added Member)

Councillor J L King and Mr I Haldenby attended the meeting as observers via Microsoft Teams

Officers in attendance:-

Robert Close (Democratic Services Officer), Andrew Hancy (Head of Business Support), David Ingham (Head of Information Assurance), Shagofta Noreen (Complaints Manager), Lucy Pledge (Head of Internal Audit and Risk Management) and Matthew Waller (Internal Audit Manager)

### **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor J L King and Mr Ian Haldenby who both observed the meeting remotely via Microsoft Teams.

### **2 DECLARATIONS OF MEMBERS' INTERESTS**

In relation to Minute Five on the agenda, Councillor P A Skinner declared he was a member of South East Councils Partnership.

In relation to Minute Four on the agenda, Councillor P E Coupland declared he was a member of Lincolnshire Pension Fund Pension Committee.

### **3 MINUTES OF THE MEETING HELD ON 28 MARCH, 2022**

RESOLVED

That the minutes of the meeting held on 28 March 2022 be confirmed and signed by the Chairman as a correct record.

### **4 INTERNATIONAL AUDIT STANDARD - RESPONSE TO MANAGEMENT PROCESSES QUESTIONS**

Consideration was given to a report produced by the Head of Internal Audit and Risk Management which provided the Committee with an assessment around whether the Council and Pension Fund financial statements may be mis-stated due to fraud or error.

Responses were made to questions from members of the Committee on the following topics:

- Valuation of Highways Assets – Work was ongoing to establish appropriate estimations for Council assets, particularly those of highways infrastructure, which may go on to impact to time scales for accounts sign off. The assets within the Highways network were discrete, thus, future improvements to a local section impacted upon the wider network. However, there was a concern that, as assets were being repaired, the maintained sections were not removed from the accounts. This raised a query from the external auditors that the gross cost may have been overstated within the accounts. While depreciation occurred among highways assets, officers were confident that the network value of the road network was appropriate. CIFA, working with external auditors, issued a short-term consultation as a solution to this financial year's accounts which was due to conclude imminently.
- Anticipated Future Challenges – The Council benefitted from a strong internal control framework which continuously adapted to developing challenges. Moreover, all relevant professional networks were engaged with to promote sharing best practice and undertaking of horizon scanning. The Counter Fraud Plan included national framework benchmarking and exercised a proactive Counter Fraud Strategy.
- The Council's Property Portfolio – Properties were revalued on a five-year rolling programme by the Council's external contractor. Upon revaluation, if material changes were identified, the Council could request a revaluation of all properties. Moreover, the five-year programme was recommended within the CIFA accounting code of practice. A valuation, arising at the close the previous financial year, resulted in an increase to a new asset, the Energy from Waste Plant. Upon this valuation, officers requested that it be revalued.
- Geopolitical Events Impacting on Lincolnshire Pension Fund Valuations – A response would be circulated in writing to the Audit Committee prior to the next meeting.

## RESOLVED

That the Audit Committee endorse the assessment, agreeing that it accurately reflected the Council's management process to minimise the risk of fraud or error in the County Council and Pension Fund financial statements.

5 INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT 2022

Consideration was given to a report produced by the Head of Internal Audit and Risk Management which provided the Committee with information on the result of the external quality assessment undertaken on Assurance Lincolnshire in March 2022.

Members stressed their appreciation of the Council's full conformity to the External Quality Assessment 2022.

Responses were made to questions from members of the Committee on the following topics:

## RESOLVED

- Remote Working – Internal Audit operated in a hybrid manner for a long time, thus complete remote working's during the Covid-19 Pandemic, while challenging, was supported by established precedent and effective technology. Face-to-face engagements and working practices still held a necessary function within the team. New starters in the Audit Teams were invited to spend time in the office five days a week during the beginning of their employment to fully apprise them within internal practices.

- Staffing – The market for professional staff continued to be competitive, particularly as locational demands ceased through remote working arrangements. The Council recently benefitted from several successful recruitment exercises through internal development schemes and external advertisements with broader candidate specifications. It was, however, acknowledged that broader candidate specification resulted in an extended time for effective autonomous development. Apprenticeships were promoted for internal staff seeking to progress through levels six and seven, in addition to entry level three auditors. Members were assured that extensive recruitment enabled effective succession planning for more senior roles.
- Resourcing Demands – The Audit Team operated a business plan stating key strategy, including income generation targets, however prioritised support for internal clients and partners within Lincolnshire. Currently, the Audit Team sought to maintain its current clientele rather than expand operations.
- Assurance Lincolnshire – Assurance Lincolnshire sought to protect the quality of the internal audit function within Lincolnshire. Where Local Councils operated their internal audit function internally, Lincolnshire County Council (LCC) worked collaboratory to share best practice. Currently, LCC was in partnership with East Lindsey and the City of Lincoln District Councils, in addition Nottinghamshire County Council was an affiliate member of Assurance Lincolnshire. Moreover, LCC benefitted from an informal working relationship with North Lincolnshire Council (NLC) and North East Lincolnshire Council (NELC) for audit matters of joint public health.
- Data Analytics – The Council already operated data analytics across its financial systems but hoped to expand this onto its wider transactional systems. In addition, officers were hoping to create a dedicated IT resource while maintaining an expected standard of IT literacy throughout the Audit Team. Bids were being planned for development for workforce development.

#### RESOLVED

The Audit Committee noted the positive outcome of the External Quality Assessment for Assurance Lincolnshire and were assured over the quality and effectiveness of the Council's Internal Audit Function.

#### 6 CORPORATE AND STATUTORY ANNUAL COMPLAINTS REPORT 2021/22

Consideration was given to a report produced by the Complaints Manager - Business Support which provided the Committee with analysis of corporate and statutory complaints received by Lincolnshire County Council during the year 2021/2022.

Members of the Committee felt that they would appreciate an update report six months after the annual report.

Responses were made to questions from members of the Committee on the following topics:

- Complaint Actions – Quarterly reports were produced for directorates enabling them to create actions plans to reduce customer dissatisfaction particularly exploring opportunities for staff training. The increase in overall contacts, officers felt, was indicative of an accessible and robust complaints process.

- Highways Complaints – A significant project was ongoing to improve services through keeping customers up to date of defect status and planned future developments through Fix My Street. An increasing number of complaints were being resolved in favour of the complainant resulting in early resolution of customer dissatisfaction.
- Presentational concerns – Officers acknowledged Members' presentational concerns in relation to the omission of 2020/21 total contacts from the 'Comparison of Contacts and Complaints' chart. It was clarified that, in relation to the Reasons for 'Complaint where Fault was Found' chart, Lack of Service and Lack of Communication, listed within the key, represented a nominal figure. Officers however appreciated that, in future, inclusion of comparative data for the former chart and a numerical breakdown of the latter chart would be beneficial to Members.
- Seriousness of Complaints – The reasons for, and action arising from, complaints, remained consistent with previous years. In instances of acutely serious complaints immediate prioritisation was initiated to ensure the appropriate steps were taken.
- Misdirected Complaints – The complaints process contained a facility for redirecting complaints to different council's or bodies. Moreover, where a complaint was received from another council or body, these were logged with the respective area and in the body they came from.
- Adult Social Care – Complaints of timescale deficiencies were mitigated through appropriate expectations being set and effective communicating, this had been fed back to all service areas. There was no significant increase in upheld complaints that were escalated to the Parliamentary Health Services Ombudsman or the Local Government Social Care Ombudsman and, generally, their investigation conclusion reflected that of the Council.
- Household Waste Recycling Centres – Complaints relating to restrictions on material relate, mainly, to the first quarter due to limited booking arrangements still being in place. These complaints had been relayed to relevant service areas.
- Heads of Service Actions – In addition to reporting to Directorate Leadership Teams, complaints formed part of the Corporate Dashboard and fed through to Corporate Leadership Team and subsequently Directorate Leadership Teams. Officers were confident that they had a robust system which promoted effective action against complaints.

## RESOLVED

1. That the findings of the Corporate and Statutory Annual Complaints Report 2021/22 be acknowledged to enable them to be published externally.
2. That the Audit Committee receive an update following six months of this meeting.

7 INFORMATION ASSURANCE ANNUAL REPORT 2021/22

Consideration was given to a report produced by the Head of Information Assurance which summarised key activity undertaken by the Information Assurance (IA) team during 2021/22.

Responses were made to questions from members of the Committee on the following topics:

- Data Breach Complaints – If a member of the public issued a complaint through the Information Commissioner's Office (ICO), the Council may not be made aware until a number of months passed since the first contact, thus, there may be a backlog still to be revealed.

However, officers were confident that the number of complaints remained lower than last year.

- Core information assurance E-Learning – While only 82 per cent of staff had completed the E-Learning training per annum, the figure was taken from all employees of the Council. Some of whom joined, or departed, from the organisation within that annual period. Officers were working with HR to develop a greater breakdown of information. Moreover, staff were encouraged to undertake training throughout the year with strong support from senior management. The ICO were satisfied from all staff to be trained over a two-year period.
- Accessible Language – Officers, appreciating their technical language may not be accessible to the wider staffing of the Council, undertook an exercise with a test group to communicate their message in plain English.

**RESOLVED**

1. That the information assurance activity for 2021/22 be noted.
2. That the key activity demonstrating that the IA function remains effective and is relevant to the council's needs be noted.

**8      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 2021 work programme.

The Committee requested that the Complaints' report come back to the committee after six months of this meeting.

Members asked when the Integration of Health and Social Care system would be brought to the Committee while acknowledging that the system, to be implemented in July, would need time to embed as to effectively analysis assurance.

**RESOLVED**

That the work programme as amended above be approved.

The meeting closed at 11.38 am

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