

# Public Document Pack

Audit Committee

31 March 2022

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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,  
HELD ON THURSDAY, 31ST MARCH, 2022 AT 10.30 AM  
IN THE COMMITTEE ROOM, AT THE TOWN HALL, STATION ROAD, CLACTON-  
ON-SEA, CO15 1SE**

<b>Present:</b>	Councillors Coley (Chairman), Alexander (Vice-Chairman), Miles, Placey and Steady
<b>In Attendance:</b>	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Mark Westall (Head of Customer and Commercial Services), Keith Simmons (Head of Democratic Services and Elections), Carol Magnus (Organisational Development Manager), Craig Clawson (Internal Audit Manager), Karen Townshend (Executive Projects Manager (Governance)), Debiannne Messenger (Work Based Learning Manager) and Matt Cattermole (Communications Assistant)

[Note: Anastasia Simpson (Assistant Director (Partnerships) was able to contribute to the meeting remotely through the use of the Microsoft Teams platform]

**27. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies for absence were submitted on behalf of Councillors Fairley and King. No substitutes were appointed. Councillor Miles also apologised for being unable to attend the meeting until 11.10am.

**28. MINUTES OF THE LAST MEETING**

The Minutes of the last meeting of the Committee held on Thursday 27 January 2022 were approved as a correct record and signed by the Chairman.

In response to questions, the Committee was advised that an update on the implementation of the new Planning Enforcement Policy (Minute 25 of 27 January 2022 refers) would be part of the follow up work by Internal Audit and reported to a future meeting of this Committee. The Committee was further advised that the Council had opted in to the appointed person arrangements made by the Public Sector Audit Appointments following the recommendation of this Committee (Minute 26 of 27 January 2022 refers) and the approval of Council.

**29. DECLARATIONS OF INTEREST**

There were no declarations of interest made on this occasion.

**30. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38**

There were no Questions on Notice on this occasion.

**31. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - INTERNAL AUDIT PLAN 2022/2023**

The Committee considered a report of the Internal Audit Manager (report A.1) which sought its approval of the 2022/23 Internal Audit Plan, as required by the Public Sector Internal Audit Standards.

It was reported that the 2022/23 Internal Audit Plan had been developed using a risk based approach, taking account of the Council's Corporate Objectives, Corporate Risks and Emerging Risks. The plan had been collated based on the information gained from liaising with Directors, Heads of Service and departments in order to target those areas that could benefit from an independent review of processes and procedures to determine potential efficiency gains and improved technology/software requirements or if the function had not been audited for a substantial period of time due to it being considered of lower risk historically. .

Members were made aware that the establishment for the Internal Audit function was currently four full time equivalents (fte) as a recent restructure now meant there were four full time members of staff with the part time Audit Technician post having being changed to a full time post. That post was due to be advertised and, all being well, subsequently appointed to. In response to questions, the Internal Audit Manager advised that he considered the total direct budget for the service for 2022/23 (in the sum of £178,930) was sufficient and that he hoped the vacancy referred to would be filled by the time of this Committee's meeting in June 2022.

The level and range of coverage was considered sufficient for the Internal Audit Manager to be able to provide an annual opinion on the Council's assurance framework.

The Committee was informed that the proposed plan had been developed based on the current resource available and the team's adaptation to innovative and leaner ways of working. The number of audit days proposed was 450 which remained unchanged from the 2021/22 audit plan. The plan had been created with the following in mind:-

- *a leaner more practical audit plan had been developed using a risk based approach, knowledge of all operational processes within service areas, historical assurance opinions and an understanding of where procedural changes had occurred around the Council;*
- *a hybrid structure of both internal and external resource would provide additional resilience within the team as well as provide different experience, skills transfer for more junior staff and access to a hub of audit resource; and*
- *the impact of COVID-19 would be assessed within all auditable areas identified to ensure a consistent level of assurance could be provided.*

A detailed breakdown of the proposed Audit Plan was included in Appendix A to the report. The plan provided an outline of the work currently proposed to be undertaken during the 2022/23 financial year. In order to continue to provide a proactive and flexible approach, the Plan was considered to be 'indicative' of the work currently intended. The Internal Audit Plan needed to be flexible in order to ensure that Internal Audit resources were directed where they were most needed, and to add as much value as possible to the organisation.

The plan would be kept under review during the year, in consultation with the Council's senior management, and taking account of changes to the Council's priorities, operations and risk. Changes to the plan would be brought to the attention of the Committee for its approval.

Therefore the Plan was considered to be, in effect, a rolling programme of work, rather than being specific to one year, whereby any audits scheduled, but incomplete at the end of any financial year would roll forward and be completed in the new financial year.

In reviewing the allocation in the Internal Audit Plan to “Partnerships –External Health Funding”, the Assistant Director (Partnerships) advised the Committee that a number of Health Memoranda of Understanding (MOUs) had been agreed with the NHS North East Essex Clinical Commissioning Group (CCG) to support activity to address the wider determinants of health. Cabinet have given approval to enter into these MOUs. In summary, the following had been agreed:

£900K Healthy Housing  
£750K Physical Activity  
£200K Health Inequalities  
£43K Community Safety

At this stage the acceptance of the above funding has been agreed and details of individual projects to be charged against those sums was still to be agreed with the CCG.

The Internal Audit Manager also advised that, from the range of internal audit work being undertaken, and which the impact of COVID on that service would form part of that audit, an overall report would be possible capturing the impact of COVID on the Council. This was welcomed by Members of the Committee. They also welcomed the opportunity for Internal Audit to consider the impact of changes in legislation on the Council and the assessment of risks; and how to mitigate those risks.

**RESOLVED** that –

- (a) the Internal Audit Plan for 2022/23 be approved; and
- (b) the existing arrangements for updating the Plan during the year, where necessary to reflect changing Authority activity and operational needs and to provide flexibility of service delivery, be continued, with any significant amendments reported to the Committee as part of the periodic Internal Audit reporting arrangements.

**32. REPORT OF ASSISTANT DIRECTOR (PARTNERSHIPS) - A.2 - RESPONSE TO REPORT OF OFSTED FOLLOWING INSPECTION OF CAREER TRACK**

The Committee considered a report of the Assistant Director (Partnerships) (report A.2) which provided it with an overview of the organisation’s improvement actions following the Ofsted inspection of Career Track undertaken between 3<sup>rd</sup> and 5<sup>th</sup> November 2021.

It was reported that Career Track had had its first full inspection by Ofsted between 3<sup>rd</sup> and 5<sup>th</sup> November 2021. Career Track had previously had a successful Ofsted Monitoring Visit (a more ‘light touch’ inspection in June 2019). The full report following the November Inspection had been published on 24<sup>th</sup> December 2021 and was attached as Appendix A to the Officer report. The findings of the report had graded Career Track as ‘Requiring Improvement’. Although this was a disappointment there had been much that was positive in the report as it had contained a detailed section about things that were being done well and it had been especially complimentary about the dedication and care of the team for the apprentices and about the commitment the apprentices

showed towards their learning and development. The emphasis was now on what was needed to make things better.

Members themselves referenced the many positive comments about Career Track set out in the Ofsted report.

The Development Plan, as attached at Appendix B to the Officer report, took each of the five inspection categories in turn and stated what was being planned to address each area. The document identified the key milestones and progress by using a RAG (Red, Amber and Green) system.

The Council's initial response activity had focussed on setting the foundations and getting them in place. This had involved amending the hours and workload of the Training Assessment Team Leader so that she had been freed up to dedicate time to policy and curriculum development with the introduction of the 'OneFile' system. To enable this to happen, a temporary Training Assessment Officer role had been created for 30 hours per week until the end of July 2022. That person had taken over the apprenticeship caseload from the Training Assessment Team leader. More widely, the staffing resource of Career Track was considered sufficient for the numbers of apprentices progressing with the service. Obviously, it would continue to be monitored and, if numbers of apprentices grew, further staffing resource may be required to match the call on the service.

Members were informed that the services of a specialist company known as SDN (Strategic Development Network) were being utilised for their professional help and advice for policy and curriculum development. SDN were supporting Career Track with consultants/professionals who had also worked alongside and trained Ofsted Inspectors.

As previously stated, the service was rolling out the use of 'OneFile', a training software package for the administration and management of apprenticeships. OneFile was used by many apprenticeship providers as it supported the learners more effectively and enabled the provider to better monitor and ensure delivery of the curriculum. Effective roll out of that package would play a significant role in addressing the Ofsted concerns regarding curriculum, Safeguarding, Prevent and British Values training.

The Committee was reminded that the contract for this Council (under the name of Career Track) to provide apprenticeship training rested with the Education & Skills Funding Agency (ESFA). This Council had an allocated account manager within the ESFA and the Work Based Learning Manager had a monthly meeting with him to discuss actions and progress towards meeting the improvements required by Ofsted. The ESFA account manager had approved the development plan and the steps currently being taken.

The Committee was made aware that a Development Group had been formed to monitor the work and ensure that the targets set against the Ofsted report were being met. The Development Group was chaired by the Deputy Leader of the Council, Councillor Carlo Guglielmi (in his role as Portfolio Holder with the responsibility for Career Track), and the membership of the Group also included the Chief Executive; the Assistant Director (Partnerships); the Internal Audit Manager and the Executive Projects Manager (Governance). The Work Based Learning Manager and Organisational Development Manager reported to this Group. In the next few weeks this Development

Group would be converted into a new Governance Board for Career Track. The Committee was advised of proposals to supplement the membership of the proposed Governance Board with representation from local employers and from the apprentices themselves. Members commented on the need to ensure the capacity of Board Members, along with the balance of skills within its membership, was appropriate for the role of the Board.

The Assistant Director (Partnerships) also confirmed that oversight of the Career Track service was provided by the Council's Human Resources and Council Tax Committee and by Cabinet through reports to them.

**RESOLVED** that the Audit Committee -

(c) notes the report, the findings of the Ofsted inspection and the success of Career Track over the years; and

(d) endorses the Development Plan and the actions currently being taken.

**33. REPORT OF ASSISTANT DIRECTOR (PARTNERSHIPS) - A.3 - TENDRING CARELINE: RECOVERY AFTER IMPROVEMENT NOTICE FROM TEC SERVICES ASSOCIATION**

The Committee considered a report of the Assistant Director (Partnerships) (report A.3) which informed it of the recovery actions taken by Tendring Careline after an improvement notice had been issued by the Technology Enabled Care Services Association (TSA) following their last audit of the Careline service operated by this Council.

Members were informed that Tendring Careline had been established in 1987 and had been a member of the TSA since 2010. That organisation was the national body of carelines across the UK and, although membership was not mandatory, it offered the most widely recognised accreditation for the telecare industry. Membership of the TSA also included the equipment suppliers used by carelines. The Tendring Careline had been accredited by the TSA since 2012. In order to be accredited, each Careline service must pass an annual audit by the TSA in which 13 modules were assessed. In September 2021 this Council's Careline service had been found to be compliant in 12 of those modules but had been issued with an improvement notice for the thirteenth, namely, Technology Enabled Care Monitoring. The full audit report was attached at Appendix A to the Officer report.

It was reported that the Technology Enabled Care Monitoring module within the TSA audit was an assessment of how quickly incoming calls to Tendring Careline were handled by the Control Centre Operators. In order to be passed as compliant the Careline staff should answer 97.5% of all calls within 60 seconds and, in any event, 99% of all calls within 180 seconds. The September 2021 audit of Tendring Careline had found that: *'KPI's for calls answered within 60 seconds have only been achieved for 2 months out of the last 18 months. KPI's for calls answered within 180 seconds have been missed 6 times in the last 18 months'*.

Officers felt that there were mitigating circumstances for those statistics. Firstly, the Covid-19 pandemic had had a great impact on staff resources. Between April 2020 and June 2020 numerous Control Centre Operators had caught the virus and had had to

self-isolate and numerous others had been considered to be 'vulnerable' and had also had to stay at home. At this point in time Tendring Careline had been operating on an old analogue call handling platform which meant that all Operators had to be physically present in the Control Centre which was a relatively small space with no windows and no fresh air circulating so it would have been likely that the virus could be transmitted. The decision had subsequently been taken to close the Control Centre and deploy a new digital call handling platform. This had enabled the Careline Operators to work from home but it had taken many months of online training for the Operators to get back up to speed on the new platform and, in addition, there had also been various problems with staff using the wifi available in their own homes whereby the wifi would 'drop-out' and calls could not therefore be answered.

The Committee was made aware that throughout the months April 2020 until April 2021 the service had continued to see staff resources stretched and that there had been times when it had not been possible to have enough trained staff online in order to meet the KPI's. It was also noted that call volumes had also increased during this time as the service had seen more frequent, and longer, calls from its vulnerable service users. A recruitment campaign had been initiated in September 2020 with new members of staff joining at the beginning of 2021 but the speed of training that was possible online had meant that the Council was not able to put those new recruits onto the rota until May 2021.

Members were advised that the second mitigating factor was the contract with Provide CIC and the addition of service users from the Essex County Council (ECC) telecare contract. Tendring Careline had been contracted to supply out-of-hours call monitoring services to Provide CIC since 2014 (between 6pm and 8am Monday to Friday, and all weekend and bank holidays). Early in 2021 Provide CIC, with Tendring Careline as a sub-contractor, had been successful in bidding for the newly let ECC Telecare contract which had started in July 2021. This contract had added 2,500 new service users that had needed to be monitored from day one and the addition of more service users on a daily basis.

The size of the contract and the speed that new service users were being added had contributed to Tendring Careline not being able once more to meet the TSA call handling KPI's. A restructure of the Control Centre Operators had been implemented in October 2021 and further recruitment had been undertaken but it had become clear that Tendring Careline would not be able to manage the Provide CIC contract and maintain the TSA call handling KPIs.

### Recovery Plan

The Committee was informed that there were three actions that had been taken to ensure that Tendring Careline was able to meet the call monitoring KPIs and thus retain its TSA accreditation, namely:-

- 1. Provide CIC had given notice that the contract with Tendring Careline would end on 19<sup>th</sup> April 2022. This would immediately relieve the pressure on the Control Centre Operators as they would be only be monitoring circa 5,000 service users instead of the current 13,300. There was no intention to reduce staffing as it was imperative that Tendring Careline could meet its obligations to its service users.*
- 2. Call volumes would be monitored on a monthly basis to ensure the service had enough Control Centre Operators to meet the KPIs.*

*3. An additional bank of Casual Control Centre Operators was being recruited to ensure there was sufficient cover for sickness and holidays.*

It was reported that this recovery plan had been submitted to the TSA and accepted on the proviso that call handling KPIs were met after April 2022. The TSA had confirmed the Council's accreditation for the period until 24 June 2022. At that point Tendring Careline would be audited again as part of the annual cycle but the audit was likely to focus on the call monitoring area of compliance.

In addition, an internal 'Improvement Monitoring Group' was to be created to confirm that any action plans were put in place and checked regularly to ensure compliance. This group would include the Portfolio Holder and senior officers from the Audit, Finance and Partnerships teams.

The Head of Customer and Commercial Services responded to a question to say that he considered the Business Continuity Plan for the service was now more robust using the learning from the last two years.

During the discussion of this item, the Head of Customer and Commercial Services advised of the position whereby BT/Openreach had intended to end the analogue telephone system by 2025 as it rolled out digital telephone lines across the country. It had recently announced a pause in that plan. The issue with the plan for telecare providers such as Careline was that electricity outages generally did not affect the analogue telephone lines whereas they were catastrophic for digital telephone lines. As such, robust arrangements need to be in place to support those who were telecare customers to protect them when using digital telephone lines in the event of an electricity outage. For a while now, Tendring Careline had been deploying alarms for its new customers which included a small battery backup and a SIM card so that, in the event of an electricity outage, the customer could still activate the alarm and contact Careline using those back-up capabilities.

The dedication of the team delivering services through the Careline service was commented upon by members of the Committee.

**RESOLVED** that the Committee notes the contents of the report and requests Officers to create a recovery action plan.

**34. REPORT OF ASSISTANT DIRECTOR (FINANCE & IT) - A.4 - AUDIT COMMITTEE WORK PROGRAMME FOR 2022/2023**

The Committee considered its proposed work programme covering the period April 2022 to March 2023 which had been prepared and continued to reflect the significant element of regulatory / statutory activity required, along with other associated work, which fell within the responsibilities of the Audit Committee.

The need for the work programme of the Committee to include updates on the Career Track and Careline matters reported to this meeting (Minutes 32 and 33 refer respectively) was referred to in the consideration of this matter.

The Chairman also drew attention to the delays being experienced in receiving External Audit reports. Written explanations from the External Audits in relation to those delays

should be submitted to the Committee's meetings where they occur so that they can form part of the public record.

**RESOLVED** that the proposed Work Programme for 2022/23 be approved, updated for the matters considered earlier at this meeting and referencing the need for External Audit statements where delays in reporting from them occurred and that the Programme be implemented accordingly.

**35. REPORT OF ASSISTANT DIRECTOR (FINANCE & IT) - A.5 - CORPORATE RISK UPDATE**

The Committee considered the updated Corporate Risk Register, which had last been submitted to it in September 2021.

Members noted that the Corporate Risk Management Framework had remained unchanged at this time though a review of the framework had unfortunately been delayed and would now be reported to the Audit Committee in June 2022.

The table set out below detailed all amendments to the Risk Register since it had last been considered by the Committee in September 2021:-

<b>Risk Register Item</b>	<b>Amendments / Comments</b>
New Risks Identified	None
Risks Removed	None
Risk Scores Amended	<b>Item 6b - Disconnection from PSN Network</b> – inherent risk score reduced from 20 to 12, due to end of lifecycle.
Risk under review	None
Risks Amended	<p><b>Item 1a - Failure to effectively manage assets</b> – update on main text.</p> <p><b>Item 1b - Catastrophic IT network failure</b> – change in service delivery target, increased from 85% to 90%.</p> <p><b>Item 1c - Ineffective communication / management of information</b> – update on main wording relating to cybersecurity.</p> <p><b>Item 1d - Ineffective Cyber Security Physical and Application (software) Based Protection Management</b> – updates to main wording relating to cyber security initiatives.</p> <p><b>Item 2d - Ineffective delivery of Transforming Tending project</b> – update on main wording relating to</p>



	<p>main office site work being completed.</p> <p><b>Item 5a - Financial Strategy</b> – Current action wording updated</p> <p><b>Item 6b - Disconnection from PSN Network</b> - change in wording to reflect the inherent risk being reduced. End of lifecycle.</p> <p><b>Item 9a - Ineffective Emergency Planning</b> – change to main wording and change of responsible officer.</p> <p><b>Item 9b - Ineffective Business Continuity Planning</b> – update to main text.</p>
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At its meeting held in September 2021, two further potential emerging risks had been highlighted to the Committee, namely:

- *Shortage of Global Supplies*
- *Failure to Deliver Key Contracts*

In terms of the second point, a report had been considered earlier in the meeting in respect of the Careline Service.

In terms of the first point, it was reported that this had continued to present a significant risk, especially in respect of computer processing chips and the impact from on-going global events. However, this continued to be managed via earlier procurement planning and remaining alert to market conditions.

The Committee was advised that the Fraud and Risk Team continued to oversee the Council’s Risk Management supported by the Council’s Internal Audit Team. The table below set out the work currently being undertaken:-

Agreed Action	Current Position
Management Team to promote the importance of operational risk management within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Corporate Fraud and Risk Manager.	The Fraud and Risk Manager continues to work with Management Team to effectively promote the importance of operational risk management within the Council, and continues to attend management team meetings (via Teams) on a quarterly basis and provides monthly updates for any urgent matters identified.
One to one meetings will continue to take place between Senior Managers and the Corporate Fraud and Risk Manager to identify and record key operational risks within their service areas. Support to be provided by Internal Audit if required	These one to one meetings have commenced, but have not been fully completed due to time constraints and officers prior commitments. This matter will be reported to Audit Committee at a later meeting.

Follow Up Item

Agreed Action	Current Position
Arrange Risk Management training for all departments across the council	Risk Management training was carried out by the Fraud and Risk Manager in October 2021. This training was not suitable to be rolled out to all departments and alternative training is currently being negotiated with a Risk Management provider that will meet the council's requirements, with a view to rolling this out in 2022.
Review carried out relating to the effectiveness of the current control measures in place to identify inherent risk.	This review is still ongoing and a report will be brought before the Audit Committee at a later meeting.

During the discussion of this item, specific comments were made by the Committee members to the need for Councillors to adopt practices to support the measures to protect the Council from a catastrophic IT network failure. These included using the Council's own email address provided to them and the IT kit for connecting to the Council's network.

**RESOLVED** that the updates provided to the current Corporate Risk Register be noted.

**36. EXCLUSION OF PRESS AND PUBLIC**

It was moved by Councillor Coley, seconded by Councillor Alexander and:-

**RESOLVED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 11 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A, as amended, of the Act.

[Note: Following the passing of this resolution, and before proceeding, the Chairman of the Committee confirmed with officers that the live broadcast and recording of the meeting had ended.]

**37. REPORT OF ASSISTANT DIRECTOR (FINANCE & IT) - B.1 - RISK BASED VERIFICATION POLICY**

**RESOLVED** that, following the annual review for 2022, the Risk Based Verification Policy, as set out in Appendix A to item B.1 of the Report of the Assistant Director (Finance & IT), be approved.

The meeting was declared closed at 12.04 pm

**Chairman**