

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBRIA COUNTY COUNCIL (the "Authority")

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2017 issued on 26 September 2017 we reported that, in our opinion:

- the financial statements present a true and fair view of the financial position of the Authority and Group as at 31 March 2017 and of the Authority's and Group's expenditure and income for the year then ended; and
- the financial statements had been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Issue of audit opinion on the pension fund financial statements

In our audit report for the year ended 31 March 2017 issued on 26 September 2017 we reported that, in our opinion:

- the pension fund's financial statements present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and the amount and disposition at that date of the fund's assets and liabilities; and
- the pension fund's financial statements had been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Issue of qualified conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

In our audit report for the year ended 31 March 2017 issued on 26 September 2017 we reported a qualified conclusion in the following terms:

Basis for qualified conclusion

Firstly, in May 2012, Ofsted and the Care Quality Commission issued a joint report following their inspection of the Authority's services for child protection. In May 2013, Ofsted issued a further report on child protection. The overall conclusion in both reports was that child protection arrangements were judged to be inadequate. In May 2015, Ofsted issued its report on the inspection of the Authority's services for looked after children. The report concluded that child protection arrangements had improved but require further improvement. The arrangements for looked after children were judged to be inadequate. The overall judgement on the arrangements for children's services was also inadequate.

This matter identifies weaknesses in the Authority's arrangements for responding to service delivery issues raised by regulators. Issues raised from regulatory reports have not been fully resolved.

This matter is evidence of weaknesses in proper arrangements for informed decision making and sustainable resource deployment in understanding and using appropriate and reliable financial information and performance information, including information from regulatory bodies, to support informed decision making and performance

management; as well as planning, organising and developing the workforce effectively to deliver strategic priorities.

Secondly, following a legal contractual dispute settled in November 2016 the Authority carried out a lessons learned review, which resulted in a number of agreed management actions in September 2017. These actions have been designed to address contractual management arrangements, which identified weaknesses on a specific contract, entered into by the Authority between 2005 and 2012. The actions also take into account the management of disputes, mediation and legal proceedings up to November 2016. The Authority acknowledges that, it needs to improve the robustness of its overarching contract management arrangements with appropriate capacity, capability, performance monitoring, risk and escalation management of all major contracts, and improved arrangements for the management of contract disputes and litigation, if required in the future.

This matter is evidence of weaknesses in proper arrangements for informed decision making and working with partners and third parties with inadequate governance arrangements for contractual management and ineffective working with third parties.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, except for the effects of the matters described in the Basis for qualified conclusion paragraphs above, we are satisfied that in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

In our report dated 26 September 2017, we explained that we could not formally conclude the audit on that date until we had completed our consideration of an objection brought to our attention by a local authority elector under Section 27 of the Local Audit and Accountability Act 2014. These matters have now been dealt with.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion or a significant impact on our conclusion on the authority's arrangements for securing value for money through economic, efficient and effective use of its resources.

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.

Gareth Kelly

Gareth Kelly
Associate Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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03 July 2019