

AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: Tuesday 10th June 2014

Time: 2.00 p.m. to 4.30 p.m.

Present: Councillors S Crawford, R Henson, J Reynolds, M Shellens (Chairman), P. Topping (Vice Chairman) and J Williams.

Apologies: Councillor K Reynolds

54. APPOINTMENT OF CHAIRMAN/WOMAN AND VICE-CHAIRMAN/WOMAN

Action

It was resolved unanimously:

To appoint Councillor Shellens as the Chairman for the Municipal Year 2014-15.

To appoint Councillor Topping as the Vice Chairman for the Municipal Year 2014/15.

55. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies received from Councillor Kevin Reynolds.

There were no declarations of interest.

56. MINUTES 20TH MARCH 2014

The Minutes of 20th March were approved as a correct record and signed by the Chairman.

Matters Arising

Page 3 Minute 45 Action Log From Minutes

Action 6d) Lobbying Progress in relation to the shortfall on Education Capital Resources

As an update to the text provided in the Action Log (the next item on the agenda) it was orally indicated that there was no additional progress to be reported in the negotiations with Government as at the day before the meeting, but that the lead officer responsible for the Education Capital Programme was continuing to speak to Ministers and civil servants. As this was now a key risk on the Business Plan presented to General Purposes (GP) Committee, there would be a report to both GP Committee and the Service Committee in the summer on how to deal with the shortfall.

Audit and Accounts Committee requested an update at their July meeting.

**C Malyon
/ I
Trafford**

Minute 46. Cabinet Discussion of the Report 'Integrated Resources

Bullet Two Page 4 - The Chairman, referring to the text which highlighted that the lack of key worker housing was a contributing factor in not being able to recruit social workers, suggested that this Committee and the relevant Service Committee should receive a progress report. As this would be explored as part of the City Deal this could be programmed, once the City Deal had been worked up in more detail and taking into account that Key Worker Housing is the responsibility of District Councils)

R.Sanderson /
Bob
Menzies

Bullet Five Page 4 - Referring to the previous failure of LGSS to meet the Council Corporate target for responding to complaints within 10 working days and having been informed that mechanisms had been put in place, the Chairman requested an update on current LGSS performance against this target. The Risk Manager undertook to obtain details of the latest performance against the target.

John
Davies

Minute 49. Assurance Framework Update - Monitoring of Key Performance Indicators

Bullet 8 - In relation to AF9 'Compliance with Legislative and Regulatory Requirements' and the need for management to ensure staff were aware of relevant legislative requirements in their service area, after discussion, it was agreed that Strategic Management Team (SMT) and Quentin Baker should be reminded of their responsibilities and asked to ensure relevant details were cascaded down their service through their own internal management structures which was particularly relevant at a time of time turnover and job changes.

Rob
Sander-
son to e-
mail

57. UPDATE ACTION LOG FROM MINUTES

The Committee received and noted the Action Log Report in relation to actions raised / request for more information raised at previous meetings in the minutes, which had either now been completed due to the information provided in e-mail form or included in the Minute Log. The Committee confirmed it was content with the information provided in response to their original queries, unless raised below. The Committee also noted those which were still outstanding.

The following issues were raised:

1. Minute 6 - Code of Corporate Governance – Good Communications – Public Influencing Council Policy

As the Chairman had been unsatisfied with a response received at the March Meeting explaining that no responses had been received during the last Budget consultation exercise from members of the public requiring a need to consider changing any Council Policies, the Chairman had undertook to meet with the relevant officers. He had indicated that he would be seeking to establish if the consultation had been sufficiently comprehensive in terms of the numbers of residents

involved etc.

Cllr
Shellens

An oral update indicated that the action was still ongoing.

- 2. Minute 27 - Annual Audit Letter 2012 /13 – Request from this Committee to ask the new Service Committees to consider identifying at least two projects within their remit to check if they were satisfied that value for money considerations had been included.**

The request had been considered by the Service Committees in May /June who in the majority had not actioned the proposal, as they had full work programmes going forward, with many also expressing the view that it was more appropriately within the remit of the Audit and Accounts Committee, as part of the work of Internal Audit.

The Chairman explained that his concern was effectiveness of commissioning projects in ensuring smart targets / value for money measures were considered by the Service Committees when considering future projects to ensure best value was obtained from public money. In discussion and with the full support of the Committee:

it was resolved:

That Internal Audit prepare a short report for the next meeting to establish an agreed approach which could then be referred on to Service Committees.

J Idle.

- 3. Action 4 Minute 30 Internal Audit Progress Report 12th September 2013 – Safe Recruitment in Schools**

It was noted that the Internal Audit Progress Report, which would have included the update review on the two schools highlighted in the original report (as not having received the necessary level of assurance), had been moved from the current meeting, to the July Committee meeting. **It was requested that the above update must come forward to the July meeting with details of the further audit undertaken, as this was an area of long standing concern for the Committee.**

J. Idle

- 4. Minute 48 Internal Audit Plan**

On the action that Internal Audit should consider adding to their Plan, work in relation to the Pupil Premium, as detailed in the text of the minute As no oral update was provided on Internal Audit work re the Pupil Premium, **this was still an outstanding action.**

J Davies

- 5. Minute 46 Integrated Resources and Performance Report to end of 31st January 2014**

The issue was raised on whether, as there were new Members, it was still considered useful that the Committee Members continued to receive electronic copies of all the above reports going to General

Purposes Committee. The consensus was that it was useful, providing the full continuous record to keep better track of ongoing issues and better monitor whether the County Council was spending money most effectively. **To this end the Section 151 Officer indicated that he would be seeking to produce a link so that all Members could access the monthly update reports,** as General Purposes Committee had agreed at its first meeting that it would not meet every month.

C Malyon
/ P
Emmett

58. DELAYED TRANSFERS OF CARE

This report presented by Richard O'Driscoll, Head of Service Development (Older People) was in response to a request received at the last meeting as set out in the March Minutes. It provided the Committee with the progress being undertaken to improve the numbers of hospital bed days lost, attributable to Social Care, as a result of Delayed Transfers of Care.

It was confirmed that all partners were committed to improving the system. Actions taken to accelerate the improvement in reducing lost bed days attributed to adult social care included:

- implementation of "discharge to assess"
- more robust reporting and monitoring arrangements
- The role of internal audit in supporting these arrangements
- Joint working with the NHS and other partners.

It was recognised that the 50% target for the previous year had been too ambitious, even with performance achieving a 15% year-on-year improvement and therefore a more realistic target had been set for the next fourteen months. Although there had been significant improvements at Addenbrooke's Hospital, it was recognised that the improvements made were from a low base, with Cambridgeshire nationally, still being seen as a poor performer.

Issues raised by Members / responses to questions raised included:

- Asking whether the improvement was working less well in the north of the County. In response it was indicated that it was working well in both areas, but in the South he suggested that no one was waiting for an initial assessment for more than a day after discharge from hospital. As a follow up a Member provided examples of cases he knew where people were waiting five weeks to four months after hospital discharge for assessments in relation to being provided with walk-in showers, which were both in the south of the County. The officer explained that fitting level access showers as an adaptation involved a much more complex process, including liaison with district councils. He however accepted four months was an unacceptable delay. He indicated that improvements were being made in community care and adaptations, including the potential to target resources through the Better Care Fund.

- One Member sought clarification of the new targets set out in paragraph 3.1 of the report as compared with the previous target. It was explained that the new targets shown as a figure per 100,000 of population equated to 9-10 % improvement target compared to the previous year's performance. The figures shown in thousands in the two bullet points represented a monthly disaggregated figure of what the performance was expected to achieve.
- In reply to a query on why the two targets represented different periods (one an eight month period April to December 2014 and other a six month period January to June 2015) it was explained these were stipulated by the Department of Health.
- In reply to a question on when performance parity would be achieved with other areas, it was indicated that if a 10% improvement was achieved in each of the next two years, this would equate to a reasonable level of performance improvement. It was however highlighted that exact comparisons were difficult, as other parts of the Country used different ways of recording bed days lost. The aim over the longer term was for a 40% to 50% improvement with 20% being a realistic level of improvement in the shorter term, even with an increasing, aging population.
- In reply to a question it was indicated that the daily cost of an acute short term hospital bed delay equated to approximately £500.
- One Member asked whether the Council had failed to provide sufficient preventative services over the last five years. In reply it was explained that following the introduction of 'Reablement' in 2009, a point had been reached where there were now 3,000 packages delivered a year, of which 55% required no further care and thus represented a reduction of demand on the care system. Good work was also being undertaken regarding falls prevention.

The officer was thanked for a very informative report.

It was resolved;

To note the progress to date and to request a further progress report back to the Committee in 12 months.

RS add to work plan

59. INTERNAL AUDIT CHARTER

The Committee received a report presented by the Acting Head of Internal Audit explaining that LGSS Internal Audit was required to comply with the new Public Sector Internal Audit Standard (PSIAS).

The report presented an Audit Charter to reflect the requirements of

PSIAS, as well as a self-assessment document attached as Appendix 1, to show evidence of achievement against the new standards. A summarised version of the document would be included in the Annual Report at the next meeting.

It was reported that Internal and External Audit had looked at agreeing a protocol to help ensure there was no overlap of provision so that resources were deployed in the most effective manner. The Acting Head of Internal Audit indicated that this might result in a report to a future meeting.

Issues raised included:

- That in ten pages of self-assessment, only one area of development had been highlighted. In response it was indicated that for Internal Audit there were many areas of development for the Service, but this document was in response to the specific requirements of the legislation.
- Internal Audit were asked to explain how it was able to ensure that resources were appropriate, sufficient and effectively deployed to achieve the approved plans (paragraph 5.3 of the report). It was explained that these were partly covered on page 17, explaining details of the risk-based plans used to determine the priorities of Internal Audit were consistent with the organisation's goals. Page 19 also set out details of performance, quality and effectiveness.
- A potential conflict was suggested between the need to rotate staff and in ensuring that staff with the necessary specialist knowledge, were deployed, where appropriate. In reply it was reported that there were regular reviews of staff's skills mix to ensure specialisms were appropriately utilised. There was currently an ongoing review to identify the current specialisms of the team to identify any gaps and strengthen provision in particular areas. This would include strengthening specialist IT and Fraud provision.
- Regarding a query on benchmarking, the Acting Head of Internal Audit reported that he had attended a Cambridgeshire Wide Fraud Group and was also looking at benchmarking with the County Council Network (CCN).

It was resolved:

To approve the Internal Audit Charter and to note the results of the self-assessment against PSIAS.

60. ANNUAL RISK MANAGEMENT REPORT

This report provided the Committee with details of the key Corporate risks faced by the Council and informed it of the outcome of the annual review of the Risk Management Policy. It also reported on the development of the Council's Risk Management approach during

2013/14 and detailed the proposed developments in risk management for 2014/15.

A review of Corporate Risk by the Council's Strategic Management Team (SMT) on 19th May, confirmed their confidence that the Corporate Risk Register (CRR) was a comprehensive expression of the main risks faced by the Council and that mitigation was either in place, or in the process of being developed, to ensure that each risk was appropriately managed.

The Committee was advised of the following significant change that had been made to the Corporate Risk Register:

Risk 15 –'Failure of the Council's arrangements for safeguarding vulnerable children and adults'. This risk had been re-worded from 'Failure to Safeguard Vulnerable Children and Adults' to better reflect the degree to which the Council is able to influence the safeguarding of children and adults. The risk score had been reduced from a 'red' to an 'amber' rating partly due to the more accurate wording of the risk, and partly as a result of the improvements made by the Council in its Children's Safeguarding processes and arrangements.

More information on this could be provided following the current Ofsted review of Children's Safeguarding in the 'Internal Audit Update Report' coming forward to the July Committee meeting.

Appendix 1 showed the profile of Corporate Risk against the Council's risk scoring matrix and illustrated that there was one residual red risk, namely Risk Number 9 'Failure to secure funding for infrastructure'.

The full Corporate Risk Register was attached at Appendix 2 to the report.

Comments included:

- In paragraph 1.2 the Chairman did not consider that bullets two and three related to risk identification.
- **One Member highlighted that the document (e.g. 1b) still made reference to portfolio holder review which required amendment.**
- In relation to page 2 Risk Number 3 titled 'The Council does not have appropriate staff resources with the right skills and experience to deliver the Council's priorities at a time of significant demand pressures' **one Member highlighted that the revised target date had been amended three times in relation to the 'Workforce Strategy and Development Plan' going back a year from the original target date of March 2013. It was agreed to request that the person responsible for overseeing the Plan should be asked to attend the next meeting to explain the reasons for the delay in producing the Plan.**

John
Davies
(JD)

JD to
contact
Christine
Reed

- One Member queried whether the action proposed on Page 4 to Risk15 'Failure of the Council's arrangements for safeguarding vulnerable children and adults' in relation to points 5 and 6 were sufficient. In response it was indicated that the Council's mitigation on safeguarding was considered to be a good approach and fit for purpose, with continuous developments taking place to further strengthen the controls in place. Service Risk Registers would help further embed the approach.
- **Page 4 – There was a request for details of the Safeguarding Children's Board structure.** JD
- On page 6 one Member highlighted that **Cambridgeshire Future Transport had not met for nearly a year and asked for clarification outside of the meeting of its current status and who was responsible and when it would next meet.** JD / J Whelan
- On the same page against the above risk in relation to **mitigation 14 'Multi-Agency Improvement Board supports and monitors Children's Safeguarding improvement'** there was a request for more explanation on how it was intended to avoid duplication of the work undertaken by districts. The Risk Manager undertook to obtain more information from the lead officer. JD
- **There was a request for a generic description of risk along with a key on owner abbreviations to be included in future, and details of an assessment being provided of where the Council aspired to be in relation to the national five-stage risk maturity rating.** The officer indicated he would provide this information outside of the meeting. JD
- The table on page 5, appendix A, should in future be provided in a format that made sense in black and white.

It was resolved:

To endorse the Annual Risk Management Report.

61. DRAFT ANNUAL GOVERNANCE STATEMENT 2013/14

This report presented the Annual Governance Statement (AGS) for 2013/14 for consideration by the Committee prior to sign off by the Chief Executive and the Chairman of the General Purposes Committee.

The Committee was requested to consider if the AGS was consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues set out in paragraph 3.2. of the officer's report.

Officers highlighted that **there was still a need to insert a web link** JD

into the document which would be included in the final version of the document to be agreed by the Committee in September.

There was a request which the Committee agreed, that in relation to the Internal Audit Annual Report, due to come forward to the July meeting, that in future years it should be presented to the June meeting (2015 onwards).

**RVS to
update
Forward
Plan**

Attention was drawn to the last line of the bullet on the right hand side of page 5 which stated that “Under the committee system of governance, a separate scrutiny function is no longer necessary as decisions are being made by cross party committees” to check that the Committee was comfortable with the wording. It was considered that at the current time it was too early to judge, as the Committee system had only been introduced the previous month. **It was suggested that officers should review whether additional cautionary wording should be added and to consider whether it required further review in September.**

JD

It was resolved:

To agree that the AGS was consistent with the Committee’s own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2 of the report.

62. INTEGRATED AND RESOURCES AND PERFORMANCE REPORT FOR PERIOD ENDING 31ST MARCH 2014 INCLUDING THE DETAILS OF THE ACTION TAKEN ON THE REPORT BY THE GENERAL PURPOSES COMMITTEE

The Committee received details of the discussion at the General Purposes Committee on the Integrated Resource and Performance Report. The Audit and Accounts Committee received the same report to enable it to consider whether effective processes were in place for financial management.

The Committee was informed that General Purposes Committee had:

- Been asked to analyse resources and performance information and had noted the remedial action taken as set out in the report attached as item 9b) to the current Committee’s agenda.
- Approved that the £452,742 Section 31 Capitalisation Fund Allocation be treated as a general resource in the first instance and taken to corporate reserves, with the detail as set out in section 6.1 of the report.

The following issues were raised:

- Page 2 - why the Revenue Budget with a predicted small underspend, had an upwards direction of travel arrow and was showing green status, while the Capital Programme showing a large underspend showed a downwards arrow, with its current status being only Amber. It was explained that this was an officer interpretation on the basis that a small variance underspend on the Revenue Budget was a good thing, as it represented a near balanced budget position, while the Capital Programme, with a much larger underspend variance was not seen in such a positive light, as it represented further slippage on schemes.
- **Page 6 Special Educational Needs Placement** – highlighting the text on the significant budgetary pressures, **as special schools were at capacity, requiring more out of county expensive placements, the Committee sought advice on whether it was planned to increase In-County provision.** Chris Yates
- **Page 6-7** - It was suggested that in relation to the text stating that “there were no new exceptions to report” as this was repeated several times, officers should consider looking at streamlining the wording to avoid duplication and save paper. Chris Malyon / Phil Emmett(P E)to clarify
- Page 8 Para 4.1 on Performance Indicators regarding the number of people starting apprenticeships, it was queried whether the year shown of the 2012/13 academic year was the correct year and also whether this performance indicator could be rolled forward to the next Academic year. PE to clarify
- **Page 8 Officers to consider including under the table summarising in a short paragraph what action was being taken to address reaching target. (Cross referencing if necessary to later sections).** PE
- **Page 13 Table under 5.1 - explanation was sought to explain difference between Forecast Variance Outturn March Column and the final right hand column reading ‘Total Scheme Forecast variance (March)** Chris Yates
- **Page 13 Graph at bottom of the page - officers to consider including figures next to the bar charts** as this would be far more useful than the current graphical representation. PE
- **Page 15 Kings Hedges Primary overspend - Hardwick second campus increased costs due to faster design phase works - a question was raised on whether lessons could be learnt from these.** PE

- **Page 17 Department for Transport (DfT) Grant - whether the £2M shown as having not been spent would be lost or rolled forward.** PE
- **Page 23 Waste Disposal Issues - whether the outcome of negotiations with AmeyCespa regarding resolution on the increased Landfill charges the County Council had incurred would be reported back to GP Committee or to another Forum?** PE
- **Page 29 Connecting Cambridgeshire – explanation requested for the re-phasing of work on the programme which appeared to have resulted in a delay in the first milestone payment originally expected to occur in December 2013, but which had now been delayed until March 2014.** PE/
Noelle
Godfrey

It was resolved:

To note the report with the changes suggested / additional information requested.

63. AUDIT AND ACCOUNTS DRAFT AGENDA PLAN

It was resolved:

To Note the Agenda Plan subject to the following changes:

- Agreeing that for 2015 the Internal Audit Annual report should be presented to the June rather than the July meeting.
- To note that although not shown on the Plan, the report titled 'Internal Audit Progress Report' referred to earlier in the meeting, would be presented to the next meeting in July.
- In addition to the Draft Statement of Accounts for the first time there would also be a report on the LGSS Annual Accounts. This had been suggested as an item the Committee should see at a previous meeting when discussing the Council's Annual Accounts.

64. QUERY ON CONTRACTS ISSUE

With the approval of the Chairman, Cllr Crawford raised the following question on behalf of Councillor Scutt. She highlighted from the information she had received:

“that bodies tendering for County Contracts do not always have the resources they need to fulfil the contract for which they are tendering. Then, when the contract is awarded, they have to rush about seeking to secure the resources and this often results in hiring people who were originally doing the jobs in County roles or with other organisations.

This doesn't seem to be a sensible way of going about the matter. Is

there some way that tenderers should be obligated to confirm they have the resources necessary to carry out the contracts for which they are tendering?"

It was agreed that the e-mail should be passed to Paul White the LGSS Head of Procurement for a response. The Committee also requested to be copied in, so that it could be assured that the Council was safeguarding its position in terms of contracts being let only to those companies who had both the financial and staffing resources to fulfil them. It further required details of the standard vetting undertaken during the procurement process and also suggested that the cover response should provide links to the relevant policies, and that key paragraphs should be reproduced in the cover e-mail response.

Chairman
15th July 2014