AUDIT AND ACCOUNTS COMMITTEE

Cambridgeshire County Council

Thursday, 28 September 2023

Democratic and Members' Services
Emma Duncan
Service Director: Legal and Governance

14:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

Red Kite Room
New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

Open to Public and Press

1.	**Apologies for absence and declarations of interest** *Guidance on declaring interests is available at http://tinyurl.com/ccc-conduct-code*	
2.	**Minutes of the Audit and Accounts Committee held 28th July 2023 and Action Log**	**3 - 16**
3.	**Petitions and Public Questions**	
4.	**Ernst and Young Audit Plan for Cambridgeshire Pension Fund 2022-23**	**17 - 64**
5.	**Financial reporting and related matters**	**65 - 84**
6.	**Internal Audit Progress Report**	**85 - 138**
7.	**Annual Report of the Audit and Accounts Committee**	**139 - 148**

8. Committee Agenda Plan and Training **149 - 150**

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The Audit and Accounts Committee comprises the following members:

Councillor Graham Wilson (Chair) Councillor Nick Gay (Vice-Chair) and Mr Mohammed Hussain Councillor Chris Boden Councillor Mac McGuire Councillor Geoffrey Seeff Councillor Alan Sharp Councillor Alison Whelan

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Audit and Accounts Committee Minutes

Date: 28th July 2023

Time: 2.00pm – 3.37pm

Place: New Shire Hall, Alconbury Weald

Present: Councillors C Boden, N Gay (Vice-Chair), G Seeff, A Sharp, A Whelan and G Wilson (Chair)

Officers: Dawn Cave, Mairead Claydon, Emma Duncan (virtual), Michael Hudson and Stephen Moir;
Stephen Howarth, Tom Kelly and Michelle Parker (relevant agenda items only)

129. Apologies for Absence and Declarations of Interest

Apologies were received from Councillor McGuire.

There were no declarations of interest.

130. Public Minutes of the Committee meeting held 26th May 2023 and Action Log

It was resolved unanimously to approve the public minutes of the Committee meeting held 26th May 2023, with the following amendment to minute 120: *"It was resolved unanimously ~~to consider if~~ that the draft Annual Governance Statement at Appendix A was consistent with ~~it's~~ the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 2.3."*

Arising from the Action Log, officers confirmed that they were in regular contact with BDO, who advised that they had submitted the draft determinations to the PSAA in relation to the two objections. The latest update suggested that BDO expected to be in a position where objections would be determined in August, and it was understood that the objector had similarly been updated. The Chief Executive commented that the Council's patience had been exhausted for a considerable time on this issue, and displeasure had been expressed both formally and informally. However, it did feel as if progress was being made, given that PSAA had received BDO's submission.

There had been a number of updates following the agenda publication, which would be circulated to the Committee.

The Action Log was noted.

131. Petitions and Public Questions

There were no petitions or public questions.

132. Co-option of an Independent Non-Voting Member of the Audit and Accounts Committee

The Committee considered a report on the proposed appointment of an independent non-voting member of the Audit and Accounts Committee.

At the Audit and Accounts Committee meeting in July 2022, Members agreed to seek up to two apolitical, non-voting members. A total of eight applications had been received, of which four were shortlisted. The shortlisted candidates had been interviewed by Councillors Wilson, Gay and Boden, and that panel recommended the appointment of Mohammed Hussain.

The Chair passed on his thanks to Councillors Gay and Boden for their involvement in the interview panel. All four candidates had been impressive in different ways, but the panel unanimously felt that Mr Hussain would provide the best input to the Committee. Mr Hussain was a qualified accountant who currently works for Nationwide.

It was resolved unanimously to accept the recommendation of the interviewing panel and approve the co-option of Mohammed Hussain as an independent non-voting Member of the Audit & Accounts Committee.

133. Draft Cambridgeshire County Council Statement of Accounts 2022-23

The draft Cambridgeshire County Council elements of the Council's Statement of Accounts for the year ending 31st March 2023 were presented for the Committee to review and scrutinise prior to external audit. The statutory statement of accounts was required by, and prepared under, the CIPFA Code of Practice 2022-23. The draft accounts and Annual Governance Statement had also been published on the County Council's website when the agenda had been published, as required under the regulations, and this included the Group and Pension Fund accounts. The statutory thirty-day public inspection period had also commenced on that date. The requirement was for the draft version of the Accounts to be formally published by 31st May, but this had not been feasible, as was the case for the majority of Councils nationally.

The comprehensive Income and Expenditure statement showed a relatively healthy position for the Council, albeit that total income being distorted by the inclusion of Pension Fund liability. The Pension Fund liability was recalculated triennially by the Fund's actuary, but also recalculated annually to reflect market fluctuations. It was noted that the Pension Fund position was largely theoretical in terms of the Council's available resources. The Council's current assets and non-current assets had seen an increase in value, with a corresponding increase in usable and non-usable reserves.

The Regulations required the accounts to be audited and fully signed off by 30 September 2023, but this would not be feasible. The national context in terms of local government audits was set out in the report, and officers provided further information about the work by government and the relevant bodies nationally to explore how current local authority audit delays could be resolved, and also the issues around Pensions and Infrastructure valuations. The point had already been made to the Department for Levelling Up, Housing and Communities (DLUHC) that in terms of next year's (2023-24) closedown of accounts, the audit of the 2022-23

would still be taking place. Additionally, the Council would be changing its Auditor, and there would also be significant Code changes, which were likely to be issued between December 2023 and March 2024, making this an incredibly complex process. The Committee would be kept updated on how the team was preparing for early closedown next year, whilst officers continued to lobby for a reasonable and pragmatic closedown date, so that the Council was not technically late with its submission. It was envisaged that the accounts for 2022-23 would be closed, along with the outstanding audits for previous years, before any such changes might be introduced, and officers would continue to work with external auditors on that basis.

Arising from the report:

- a Member asked if there were any material cost overruns to any of the projects that were reported in the accounts presented. Officers advised that all budget monitoring was taken through the Strategy and Resources Committee, and they were not aware of any such cost overruns;

- a Member expressed concern about the CIPFA LASAAC Code and national regulation change process, and the way in which this would be controlled. Officers commented that whilst there were always significant risks in terms of closedowns, and there were a number of issues which could be reviewed e.g. the timing and quality of property valuations and other improvements. It was agreed that regular reports would be provided to the Committee on these issues from September onwards;

- in response to a Member question to the External Auditor on key areas of focus for a reader of the accounts, the External Auditor commented that Pensions and Capital expenditure were always areas of interest, and this linked in with the valuations issue. Additionally, officer remuneration and Member expenses were often subject to scrutiny. It was noted that the Chair of the Pension Fund Committee, Councillor Whelan, had confirmed that she was comfortable with the Pension Fund issues. With regard to Members' remuneration, costs had increased year on year, reflecting changes to the Committee system. On the Capital side some issues were more relevant to management accounts e.g. the 18% capital underspend at year end, which mainly related to schools and energy generation schemes. Officers explained that the narrative report attempted to bridge the gap between the management accounts, which were reviewed throughout the year by the Strategy and Resources Committee, and the financial statements. The Capital programme fed through to the financial statements in the valuations. Similarly it was noted that project underspends were a management accounting issue overseen by the Strategy and Resources Committee. A Member observed that capital underspends needed to be considered in the round, as a significant factor was the impossibility of accurately predicting government grants and interventions in terms of funding and income for capital projects;

- in response to a query on the disposal of old Shire Hall and the operation of New Shire Hall, it was noted that there was no further information to report at this point. However, the old Shire Hall project was at a sensitive and commercially confidential stage, but there could be implications in future e.g. as post balance sheet events;

- noting the core sources of funding identified in the narrative report, which included Council Tax, Business Rates and unringfenced grants, a Member

asked about other income e.g. rents from County Farms? Officers explained that the diagram referred to only showed core funding, and services such as County Farms would have their own income and expenditure budget, with an associated net budget contribution or cost;

- noting the reference to an additional £150,000 for the external audit, a Member asked if this primarily related to the objections to accounts, and the significant amount of additional work required by EY resulting from those objections. He also asked if those costs were irrecoverable, commenting that if that was the case, this was not a particularly good use of Council Tax payers' money. Officers advised that the additional fee related to the core underlying PSAA fee for the audit, plus supplementary fees to reflect increased costs for other work the auditor had undertaken, which included responding to objections. Under the relevant regulations, it was confirmed that the Council met those costs;

- a Member reminded the Committee that last year he had asked if the narrative statement could be reduced from over 30 pages to 12 pages, if possible. He noted that the narrative statement for the 2022-23 accounts was significantly shorter, and he thanked officers for their work in reducing the narrative report to an appropriate length, and hoped that this would continue in future years;

- it was confirmed that until the 2022-23 external audit commenced, officers did not anticipate making significant adjustments to the accounts, and the final set would be brought back to Committee. The External Auditor advised that the timescale for the External Audit was still to be determined, but no work would be started before November, including the External Audit Plan. The Executive Director of Finance and Resources commented that the external audit issue needed to be resolved nationally and quickly, not least so that the Council could plan for its workforce: finance staff were often constrained in terms of booking leave, and needed to recall historic issues when responding to queries as part of the external audit. In addition to the potential reputational issues, the delay in the external audit had an impact on the workforce, and greater certainty was required going forward by the relevant agencies. He added that a significant amount of prior year audit work had been completed, and there was nothing in the national debate that prevented our previous and ongoing audits being signed off quickly, enabling the 2022-23 audit to commence. There was also the broader issues of resourcing by audit firms, with NHS audits being prioritised over local authorities;

- a Member commented that from her professional experience, the pressure placed on finance staff was quite intense, as staff had their regular workload in addition to their duties related to preparing the accounts. When there was a big gap between the year end and the actual audit, this put extreme pressure on the workforce. The audit sector was undergoing considerable change, and she asked if there was anything the Committee could do to further influence the national debate? The Executive Director of Finance and Resources suggested that this could be picked up through the East of England Audit Committee Group, which the Chair was a member of, as other authorities were in a similar, if not more difficult, position. The Chair agreed to do this. Action required;

- the Chief Executive reflected the comments from the Executive Director of Finance and Resources and the Member, and commented that as the Head of Paid Service, he had a duty of care towards the finance officers and other staff

supporting these processes, and agreed with the points raised about the pressures that those exceptionally busy staff were under as a result of these delays, when they should be taking a well-earned break. He advised that the Association of County Council Chief Executives had also expressed collective concerns, but ultimately this was the responsibility of the government and the other bodies alluded to, to achieve a resolution on this issue, whilst the Committee and senior officers focussed on what was right for Cambridgeshire, the accounts, stewardship of public money, and staff.

The Chair thanked all officers involved for their hard work.

It was resolved unanimously to note and comment on the draft of the Council's Statement of Accounts 2022-23.

134. Annual Risk Management Report

The Committee considered the Annual Risk Management Report, which summarised the risk management activity undertaken in 2022-23. Members were asked to consider the effectiveness and adequacy of risk management arrangements. The report had already been considered by the Strategy and Resources Committee.

The Annual Risk Management Report summarised activity for 2022-23, highlighting key changes to the Risk Register, and outlining the introduction of new regular Corporate Leadership Team (CLT) risk assurance meetings, and a new system of risk assurance reviews. The report also detailed the assessment of the Council's risk maturity, which aimed to identify any gaps in current arrangements as well as helping plan and prioritise actions to further enhance and embed effective risk management. Attention was drawn to the action plan appended to the report as a Risk Strategy, which would be reported back to CLT and the Committee at regular intervals. The current Corporate Risk Register and an updated Risk Management policy were also presented for Members' consideration.

The Chief Executive summarised the deep dive that CLT had undertaken in to Risk 2 of the Corporate Risk Register, which related to *the risk of failure of the Council's arrangements to safeguard children and young people*. Since the Corporate Risk Register had last been reviewed in detail, a new Executive Director for Children, Education and Families was now in place, who had undertaken a full review of arrangements and concluded that the evidence suggested the County Council was performing more strongly than had previously been concluded, following the separation of services from Peterborough City Council, which was almost complete. A fuller and more rigorous update would be provided on these issues when the Committee next considered the Corporate Risk Register.

A Member commented that in last 18 months there had been a real improvement in risk management by the Council, which was reflected in the reports presented to Strategy and Resources Committee. However, he noted that of the twelve indicators in Annex A, there was only one where there was any likelihood of a reduction of the level of risk the Council was facing, with all the other risks staying the same or worsening, which was concerning. Additionally he raised a number of specific points within the Audit and Accounts Committee's remit:

- the risk matrices in Appendix A, which indicated the current and likely future level of risk, lacked granularity;

- the potential value of using a non-linear scoring system for consequences, which would give greater weight to probability and RAG ratings.

Officers advised they had committed to reviewing scoring at the upcoming CLT risk and assurance meeting, and would consider how a non-linear system might change CLT's view of risks. They agreed to report back to Committee on the outcome of those CLT discussions.

The Chair noted that the table of maturity of current risk management arrangements identified that 38% of areas were at the 'risk defined' level, which seemed quite high. Officers advised that the risk areas outlined in Annex D were not linked to individual risks on the Corporate Risk Register, but specific aspects of risk management. This Risk Maturity assessment was helpful in developing the strategy and risk enabled process. An internal audit of risk management would be taking place later in the financial year, and after that the Risk Maturity assessment would be repeated, so that changes could be demonstrated.

It was resolved unanimously to:

1. note and comment on the Annual Risk Management Report (Appendix 1) and Corporate Risk Register (Annex A); and the updated Risk Management Policy (Annex B), and Risk Strategy (Annex C);

2. in line with its terms of reference, confirm that the Committee is satisfied with the effectiveness of arrangements for risk management.

135. Internal Audit Progress Report

The Committee received a progress report on Internal Audit, for the period to 30th June 2023.

Presenting the report, officers highlighted the following areas:

- those reports with limited assurance, specifically VAT, Purchase Cards and the Local Government Transparency Code;

- significant revisions to the Internal Audit Plan due to resourcing issues. The Audit Plan still provided sufficient coverage, but there was a significant reduction in the number of audit days in both the Core and Flexible plans. These proposals had been considered by both CLT and the Statutory Officer Group, and every effort had been made to maintain a balanced coverage across the Council. Some external resource would also be procured to support the delivery of the Plan in 2023-24, with the objective of being fully resourced in-house by 2024-25. It was noted that the Statutory Officers Group regularly reviewed the Internal Audit Plan, and was content that the risk was balanced, but this would be kept under review;

- progress with the implementation of agreed audit actions. There were two outstanding actions rated "Essential". One related to the PSN certification, which Members had previously considered, and one related to the removal of IT access from officers, interims and contractors out of hours. The IT and Digital Service had indicated that they needed a short extension in order to comply;

- since the report had been published, the Pensions audit from the West Northamptonshire Council (WNC) Internal Audit team had been received, which gave a double “Substantial” opinion. The Payroll audit, also undertaken by the WNC team, was still awaited. There was a discussion on the measures being taken to address this issue going forward, with the key financial audits being shared between the four lead authority partners, resulting in a better rotation of audits as well as reducing the workload.

A Member expressed concern about difficulties with Payroll since the dissolution of LGSS. Whilst he was pleased to note that the proposals for the Payroll internal audit going forward, he asked officers if they were satisfied that the right arrangements were in place for Payroll through the Lead Authority arrangements, in terms of provision of the service itself. The Chief Executive advised that he was aware of operational questions and feedback received about the performance of the Payroll service. The governance had been improved, including strengthened Key Performance Indicator (KPI) reporting. The Payroll service had historically been run in-house by the County Council, and at that time was a successful income generating service had been considered to be one of the highest performing Payroll services in the country. The lateness of the production of the Internal Audit report added to his level of disquiet with the current arrangements. He advised that he was in dialogue with the WNC Chief Executive on a number of shared service issues.

A Member asked what the likely volume of VAT reclaimed would be, what the time limit was for that reclamation, and whether this was limited by statutory limitations or available information. Officers agreed to circulate this information to Committee.
Action required.

A Member asked if there was a link between the Internal Audit Plan and risk matrices, and if this could be made explicit. It was confirmed that the Internal Audit team had its own risk matrices system for the purposes of ranking audits, and these were linked to the Corporate Risk Register, usually on an annual basis. More detail on this would be brought back to Committee.

At the invitation of the Chair, the External Auditor commented that whilst it was not his place to comment on the appropriateness of the Internal Plan programme, he flet that the link to the risk matrix was critical, and he was comforted that key financial systems remained part of the plan. In response to a Member question, the External Auditor confirmed that he would be concerned if there was no Internal Audit function at all, as this was a key function and a requirement under the CIPFA Code. However, External Auditors were not permitted to rely on Internal Audit, and could therefore not dictate the content of the Internal Audit Plan.

Noting that the development of the Insurance Strategy was deferred until the end of the year, a Member asked about insurance and risk management, specifically whether there were significant areas of insurance that were not covered, including those areas that were uninsurable, and areas where the Council self-insures. Officers explained that there were policies and procedures in place within the Insurance team, and that the strategy recommended by Internal Audit related to ensuring that a structure approach to service goals and objectives was put in place. The way in which the Council insures was briefly outlined, and the Executive Director of Finance and Resources praised the work of Mark Greenall, the Head of Insurance, and his team, who worked exceptionally hard. There had been an insurance retendering process over the last 18 months, and adequacy of coverage was one area that had been reviewed.

in response to a Member question, officers confirmed there was a recommendation due on This Land (31/08/23), which was detailed in Annex B to the report. The intention was to wait for that recommendation to be implemented, before auditing again. The Executive Director of Finance and Resources advised that the actions set out in the report relating to governance were being led by the Service Director: Legal and Governance, and that he would also be undertaking part of the review. The Service Director for Legal and Governance advised that she was assessing the This Land governance arrangements against the partnerships framework in conjunction with the Service Director: Finance and Procurement and the Head of Diligence and Best Value, and a report would be presented to the Assets and Procurement Committee in due course. Work on the This Land governance was also being picked up through the Statutory Officers' Group.

A Member commented that the reduction of 19% of days concerned her. Whilst appreciating that the marketplace was difficult, it was vital that measures were taken to ensure the right people were recruited. She asked if any alternative action were being considered to address the shortfall and deliver the service? The Chief Executive responded that one option being explored was a co-source arrangement with specialist external capacity. Co-sourcing was a helpful measure to have in place, but he acknowledged that this did not guarantee additional resources would be secured. Secondments from external audit firms were being considered, and recruitment and retention arrangements were being reviewed. Longer term, the team was committed to continuing to "grow its own", having had a great deal of success with graduate trainees in the past. However, graduate trainees were a long term solution, as they would not have the requisite level of expertise initially.

The Head of Internal Audit and Risk Management reassured the Committee that the Internal Audit Plan had been cut to a point where there would still be sufficient assurance for the annual internal audit opinion, and improvements in resourcing were likely by the next financial year. The Member was pleased to note the focus on officer resources rather than a reliance on technology and was reassured by the references to the team "growing its own", and she suggested liaising directly with universities regarding graduates.

The Chair concluded that the Committee still had some concerns about the reductions to the Internal Audit Plan, but was reassured that management were doing everything they could to ensure the team was fully resourced by next year.

It was resolved unanimously to review and comment on the proposed revised Internal Audit Plan for 2023/24, outlined at Section 6 of the report.

136. Committee Agenda Plan

The Committee considered the Committee Agenda Plan. The following points were noted:

- the External Audit Plan would not be available in time for the September meeting;

- Committee Members would be contacted via Democratic Services to identify a workshop date for the Review of Effectiveness;

- the date of the February 2024 meeting had changed to 6th February at 2pm;
- implications of any CIPFA LAASAC Code Changes would be a regular report at future meetings, from September onwards.

It was resolved unanimously to note the Agenda Plan.

Audit and Accounts Committee Minutes - Action Log

This is the updated action log at 20th September 2023 and captures the actions arising from the most recent Audit and Accounts Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 24th November 2022					
Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
98.	Financial Reporting and External Audit Update	Michael Hudson	Regarding BDO's continued underperformance, agreed that the Chief Executive would formally engage with BDO's official complaints procedure, and also with the regulator, ICAEW, if no satisfactory response was received	We have further liaised with BDO and PSAA since the last meeting and are advised that BDO will make its decision very shortly. More details are given in the Financial reporting and related matters report at this Committee, and a verbal update will be provided on 28 September 2023.	In progress
Minutes of 9th February 2023					
109.	Financial Reporting and External Audit Update	Stephen Howarth/ Ellie Tod	A Member requested that when the final accounts were reported to the Committee, a list was also provided of unadjusted differences that had emerged from the audit, including an explanation on the decision not to adjust them.	The audit of 2021-22's accounts is not yet fully concluded, and so a full update on audit differences will be provided once it is finalised.	In progress
110.	Debt Management Update	Alison Balcombe	A Member noted that in the past, he had expressed concerns about how communications with individuals	All Members were contacted to fulfil this request on 21 July 2023. All Members were contacted to fulfil this request on 21 July 2023.	Completed

			and carers were managed. He suggested it would be helpful for officers to contact all Councillors and ask them if they had constituents who had reported difficulties in communications regarding Adult Social Care debt in the last 12 months.	There is a further update on progress/risk with management of Adult Social Care debt due at this committee in the Winter.	
111.	Internal Audit Progress Report	Mairead Claydon	A Member asked if Annex B (outstanding management recommendations) could be listed in priority order with highest risk first in future reports.	Actioned.	Completed
Minutes of 26th May 2023					
Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
121.	Internal Audit Annual Report 2022-23	Mairead Claydon	A Member requested that in Annex B, the Summary of Outstanding Recommendations, the more serious items and most overdue items should be listed at the top of the report in future.	Actioned.	Completed
122.	Financial Reporting and Related Matters Update	Michael Hudson/Tom Kelly	Officers agreed to provide the Committee with the impact on the Balance Sheet in the coming weeks, as External Audit would be reviewing this information shortly. *(in relation to the extension of usable life for Property, Plant & Equipment)*	On review of the useful life used to depreciate Infrastructure Assets, the audit has identified that these are being depreciated over a shorter useful life (40 years) than the Council's assessment (50 years). The depreciation charge is therefore overstated, and the carrying value of these assets is understated, by £5.4 million. There will be a nil net impact once reversed through the Movement	Completed

				in Reserves Statement. This is recorded by EY on page 11 of their report to this Committee.	
123.	Procurement and Commercial Annual Report	Michael Hudson	Member briefing on the implications of the Procurement Act in the Autumn.	This will be scheduled shortly, taking account of the training plan for the new Assets & Procurement Committee and Constitution & Ethics recent consideration of Member training needs	In progress
123.	Procurement and Commercial Annual Report	Emma Duncan	Short briefing on Procurement Act to be sent to Committee.	Procurement Bill briefing paper circulated to Committee on 11/08/23.	Completed
Minutes of 28th July 2023					
Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
133.	Draft Cambridgeshire County Council Statement of Accounts 2022-23	Chair	Chair to raise issue of considerable pressures on LA audit teams through the East of England Audit Committee Group, to see if they could help steer the national debate.		
135.	Internal Audit Progress Report	Tom Kelly/ Stephen Howarth	Officers to circulate information on likely volume of VAT reclamation, the time limit and whether this was limited by statutory limitations or available information.	The average VAT reclaimed per month (per return) is £6.3m. An issue with Making Tax Digital claims for invoices received late has now been resolved with HMRC within the allowed correction period. No penalties or reductions were applied by HMRC.	Completed

Agenda Item No: 4

Ernst and Young Audit Plan for Cambridgeshire Pension Fund 2022-23

To: Audit and Accounts Committee

Meeting Date: 28th September 2023

From: Ben Barlow – Investments and Fund Accounting Manager - Pensions

Recommendation: That the Audit and Accounts Committee:

1. Note the Audit Plan 2022-23 and the presentation by Ernst and Young

Officer contact: Ben Barlow

Position: Fund Accounting Manager

Email: Ben.Barlow@westnorthants.gov.uk

Tel: 07896 890375

1. Background

1.1. Ernst and Young (EY) act as the Cambridgeshire Pension Fund's external auditors. As the external auditors they have produced a plan of the 2022-23 audit of the Cambridgeshire Pension Fund.

1.2. The Pension Fund's Statement of Accounts (SOA) form part of the Council's Statement of Accounts. These are audited by the Council's external auditor EY. The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April to 31st March and that the SOA is free from material misstatement.

2. Content, Responsibilities and Timeline

2.1. EY have been appointed as Independent External Auditors to provide an audit opinion on:

2.1.1 whether the financial statements of Cambridgeshire Pension Fund give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2023; and

2.1.2 the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.

2.2. EY have produced an audit plan, setting out identified audit risks, expected materiality levels, the scope of their audit, the team, and the planned delivery of the audit process.

2.3. Page 13 of the accompanying report identifies the key risks and areas of auditor focus, details the Auditor's planned approach to these risk areas. These, along with the Fund's approach are summarised in the following table.

Risk/area of focus	**Audit approach**	**Fund approach**
Misstatements due to fraud or error	• Identify fraud risks at planning stage. • Inquire of management how risks are mitigated by controls. • Understand the level of oversight within processes. • Consider effectiveness of controls • Use appropriate audit strategy to address risks identified. • Perform mandatory procedures, including detailed testing.	• Ensure process notes include identified risks. • Provide written process notes which detail controls.
Unusual Investments – Cambridge and Counties Bank (CCB)	• Review Grant Thornton's external valuation of Cambridge and Counties Bank and consider appropriateness of assumptions used. • Ensure values used are in line with relevant accounting policies. • Test accounting entries in the Statement of Accounts are consistent with valuation.	• Instruct Grant Thornton to provide a valuation report for Cambridge and Counties Bank and make this, and supporting information, available to the auditor. • Provide working papers demonstrating the value used at the year end and

Risk/area of focus	Audit approach	Fund approach
		the valuation methodology.
Valuation of Level 3 investments (unquoted investments)	• Assess the competence of management experts. • Review basis of valuation and assess the appropriateness of the valuation methods. • Review latest audited accounts for level 3 investments. • Perform analytical procedures and checking the valuation output for reasonableness. • Obtain internal control reports from fund managers. • Review investment valuation disclosures to verify significant judgements have been appropriately made.	• Provide working papers demonstrating the value used at the year end and the valuation methodology. • Provide quarterly reconciliation reports. • Liaise with Investment Managers to provide information to auditors on a timely basis.
Valuation of Level 2 investments (Pooled Investments)	• Assess the competence of management experts. • Review basis of valuation and assess the appropriateness of the valuation methods. • Review observable data points used in the calculation of the investment valuation. • Obtain internal control reports from fund managers. • Review investment valuation disclosures to verify significant judgements have been appropriately made.	• Provide working papers demonstrating the value used at the year end and the valuation methodology. • Provide quarterly reconciliation reports. • Liaise with Investment Managers to provide information to auditors on a timely basis.
IAS26 Disclosure – Actuarial Present Value of Promised Retirement Benefits	• Assess competence of management experts (Hymans) • Review IAS26 approach applied by the actuary are reasonable and compliant with IAS26. • Ensure IAS26 disclosure is in line with relevant standards and consistent. • Reconciliation of data provided to actuary for the triennial valuation • Testing of 25 members per report	• Ensure process notes include identified risks. • Provide written process notes which detail controls.

2.4. Page 18 of the accompanying report sets out the planned materiality levels for the audit, based on 1% of net assets of £4.2bn, which are planned to be:

Audit Area	Materiality
Planning Materiality	£42m
Performance Materiality	£31.5m
Audit Differences	£2.1m

2.5. Page 27 of the accompanying report sets out the proposed timeline for delivery of the audit. The key planned milestones are:

Milestone	Planned dates	Status
Planning	July – August 2023	Completed
Report audit plan	September 2023	Completed
Year end Audit	August -September 2023	Ongoing
Audit Results Report	November 2023	Not due

2.6. A verbal update on progress will be made at this meeting.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Tom Kelly

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer?

Name of Legal Officer:

3. Source documents

3.1. Appendix 1 Audit Plan 2022/23

Cambridgeshire Pension Fund

Audit Plan

Year Ended 31 March 2023

12 September 2023

Building a better working world

Audit and Accounts Committee / Pension Fund Committee
Cambridgeshire County Council
New Shire Hall
Emery Crescent Enterprise Campus
Alconbury Weald, Huntingdon
PE28 4YE

12 September 2023

Dear Audit and Accounts Committee / Pension Fund Committee Members,

We are pleased to attach our Initial Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit and Accounts Committee with a basis to review our proposed audit approach and scope for the 2022/23 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

Whilst we have not yet been able to issue our 2021/22 audit opinion, due to additional considerations on the Cambridgeshire County Council audit, this does not impact on our ability to issue this Audit Plan in respect of 2022/23 for the Pension Fund. This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit and Accounts Committee, Pension Fund Committee and Management, and is not intended to, nor should be, used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 28 September 2023 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Mark Hodgson

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

Contents

01 Overview of our 2022/23 audit strategy

02 Audit risks

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04 Scope of our audit

05 Audit team

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08 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Audit and Accounts Committee, Pension Fund Committee and management of Cambridgeshire Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Accounts Committee, Pension Fund Committee and Management of Cambridgeshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Accounts Committee, Pension Fund Committee and management of Cambridgeshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Overview of our 2022/23 audit strategy

Overview of our 2022/23 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error - management override and incorrect posting of investment journals	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks. We have considered the key areas where management has the specific opportunity and incentive to override controls. We have identified the main area as being around the Investment Income and Asset valuations from the Custodian Report being incorrectly posted to the general ledger specifically through journal postings, to secure a more favourable reported financial position.
Valuation of unusual investments (Cambridge & Counties Bank)	Significant risk	No change in risk or focus	From a review of the draft 2022/23 financial statements, the Pension Fund has a £69.7 million investment in Cambridge and Counties Bank (CCB). The CCB is a hard to value Level 3 type investment, as there is a lack of observable inputs and prices are not publicly available for it, and it thus requires a specialist valuation model. The Fund transparently discloses in the notes to the accounts surrounding "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" that there is a risk that this could be under or overstated in the accounts, and provides a range within which the bank was valued (£66.8 million - £72.6 million). We consider this a non-routine investment for a Pension Fund, which therefore requires specialist valuation. Whilst we have not identified any issues in previous years and the Pension Fund continue to use an expert in this area, this does remain as a material estimate, based on a complex valuation model, which are subject to a range of sensitive inputs. On this basis, we have consider this to be a significant risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements..

Overview of our 2022/23 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Valuation of (other) complex Level 3 Investments (unquoted investments)	Significant risk	No change in risk or focus	The Fund's investments include unquoted pooled investment vehicles such as Private Equity, Infrastructure and Property Investments. The valuation of such investments are classified under IFRS 13 as Level 3 investments. As such the valuation of Level 3 Investments are based on 'unobservable' inputs. Judgements are made by the Fund Managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error. Increasing market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements. In the 2022/23 draft financial statements, approximately 27% of the value of the overall Fund, totalling £1.134 billion, is within this investment type. As these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a significant risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.
Valuation of Level 2 Investments (Pooled Investments)	Inherent Risk	No change in risk or focus	The Fund's investments also include other Pooled Investment vehicles, totalling £2.854 billion in the 2022/23 draft financial statements. The valuation of such investments are classified under IFRS 13 as Level 2 Investments. As such the valuation of Level 2 Investments are based on 'inputs from observable data'. Given this is still an estimate, we have raised an Inherent risk in regard to the valuation of assets of this nature.

Overview of our 2022/23 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Accounts Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
IAS 26 Disclosure – Actuarial Present Value of Promised Retirement Benefits	Area of Focus	No change in risk or focus	An actuarial estimate of the Pension Fund Liability to pay future pensions is calculated by an independent firm of Actuaries with specialist knowledge and experience. The estimate is based on the 2022/23 triennial valuation, which will result in further audit procedures being required. This estimate will include local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability. There is therefore a risk that the valuation uses inappropriate assumptions to value the liability as at 31 March 2023. There is also a risk that the membership data and cash flows provided to the actuary as at 31 March may not be correct.

Overview of our 2022/23 audit strategy

Materiality

Planning materiality
£42.0m

Materiality has been set at £42.0 million, which represents 1% of the net assets of the scheme available to fund benefits per the 2022/23 draft financial statements. This is the same basis and percentage we applied in the prior year. The Pension Fund is defined as a Major Local Authority (MLA) based on its size and as such, we have determined that planning materiality of 1% is an appropriate level.

Performance materiality
£31.5m

Performance materiality has been set at £31.5 million, which represents 75% of materiality. This is the upper end of our range based on the low level of errors identified in previous years and is consistent with the level we applied in the prior year.

Audit differences
£2.1m

We will report all uncorrected misstatements relating to the primary statements (Net Assets Statement and Pension Fund Account) greater than £2.1 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Accounts Committee.

Overview of our 2022/23 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Cambridgeshire Pension Fund (the Pension Fund) give a true and fair view of the financial transactions during the year ended 31 March 2023 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2023; and

- Our opinion on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increase focus on, for example, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised). Therefore, to the extent any of these or any other risks are relevant in the context of Cambridgeshire Pension Fund's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements. We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

Overview of our 2022/23 audit strategy

Audit scope

Effects of ISA (UK) 315

The Financial Reporting Council (FRC) has published revisions to International Standard on Auditing (UK) 315, *Identifying and Assessing the Risks of Material Misstatement*. The standard is effective for audits of financial statements for periods beginning on or after 15 December 2021 (Effective 2022/23 financial statements for the Pension Fund).

The revisions have a significant impact on our scope and approach, requiring auditors to:

- Enhance the audit risk assessment process
- Better focus responses to identified risks
- Evaluate the impact of technology on key processes supporting the production of the financial statements, particularly where a fully or partially substantive audit approach has been taken previously.

For the audit of the Pension Fund, we have historically taken a fully substantive approach. We adopted this approach because it was more efficient to perform a greater extent of substantive testing rather than relying on controls. The revisions to ISA 315, recognise the criticality of technology to the processing of transactions, and now require us, as auditor, to identify and evaluate the design and implementation of IT general controls, including for processes where we have not sought to place IT-reliance in past audits.

Effects of ISA (UK) 240

In May 2021, the FRC issued the revised ISA (UK) 240, *The Auditor's Responsibilities Relating to Fraud in the Financial Statements* to clarify the responsibilities of auditors. The standard is effective for audits of financial statements for periods beginning on or after 15 December 2021 (Effective 2022/23 financial statements for the Pension Fund).

The revisions have a significant impact on our approach, requiring auditors to:

- Increase focus on professional skepticism
- Remain alert and investigate further if there are conditions that indicate evidence provided to the auditors may not be authentic or has been tampered with
- When considering if actual or suspected fraud is material, consider both qualitative and quantitative characteristics of the fraud
- Consider if specialist skills are required to perform risk assessment, audit procedures or evaluate evidence obtained
- Increase discussion amongst the audit team including the exchanging of ideas as to how management or others within the entity could perpetrate or conceal fraud.

Management and those charged with governance should expect to see a more interactive approach to risk assessment including additional enquiries of those within an entity who deal with allegations of fraud raised by employees or other parties', discussions over the entities perceived risk of material fraud and any specific risks to the industry or sector the audit client is within.

Overview of our 2022/23 audit strategy

Timeline
The Department for Levelling Up, Housing and Communities (DLUCH) established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years). The publication deadline remains as the 30 September for 2022/23. In Section 07 we include a provisional timeline for the audit. Due to well publicised audit delays within the Local Government sector, the publication date will not be met. We will work with the Pension Fund and Cambridgeshire County Council, as the administering body, to ensure that appropriate publication wording is published by the date set out above.

02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
Misstatements due to fraud or error – management override and incorrect posting of investment journals *	As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have considered the specific areas where management has the opportunity and incentive to override controls that could affect the Fund Account and the Net Asset Statement. The valuation of investment assets and income are key metrics for measuring the performance of the pension fund. These values are taken from the Custodian Reports and posted to the general ledger through journals. We consider that management has an incentive to increase these values reported in the financial statements and is in a unique position to influence the posting of investment income and year end investment asset valuation journals. There is therefore a risk that this may result in misstatement either due to fraud or error. We have therefore identified investment asset and income journals as a fraud risk.	We will undertake our standard procedures to address fraud risk, which include: ▸ Identifying fraud risks during the planning stages; ▸ Inquiry of management about risks of fraud and the controls put in place to address those risks; ▸ Understanding the oversight given by those charged with governance of management's processes over fraud; ▸ Consideration of the effectiveness of management's controls designed to address the risk of fraud; ▸ Determining an appropriate strategy to address those identified risks of fraud; and ▸ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements. To respond to the specific fraud risk we have identified relating to the incorrect posting of journals we will perform the following additional audit procedures: ▸ Undertake a review of reconciliation to the Fund Managers and Custodian Reports and investigate any reconciling differences; ▸ Reperform the detailed investment note using the reports we have acquired directly from the Custodian or Fund Managers; ▸ Check the reconciliation of holdings included in the Net Assets Statement back to the source reports; and ▸ For quoted investment income we will agree the reconciliation between Fund Managers and Custodians and ensure the amounts are consistent with Fund Managers and Custodian Reports. We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries for evidence of management bias and evaluate the business rationale for each journal selected for testing.

Our response to significant risks (continued)

Unusual Investments – Cambridge and Counties Bank (CCB)	What is the risk?	What will we do?
	The Pension Fund's investment in Cambridge and Counties Bank (CCB) is a hard to value, Level 3 investment. This is because of a lack of observable inputs and prices which are not publicly available. The CCB investment is based on valuations provided by a management specialist – Grant Thornton (GT). GT used a markets multiple approach in the prior year looking at price earnings ratio and price to book ratios, considering current and forecast earnings and ratios. As this investment is not publicly listed, there is a degree of judgement in their valuation. From our review of the draft 2022/23 financial statements, the Fund had a £69.7 million investment in CCB. The Pension Fund transparently discloses in the notes to the accounts surrounding "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" that there is a significant risk that this could be under or overstated in the accounts, as even a small movement in the valuation assumptions could have a material impact on the financial statements.	In order to address this risk we will carry out a range of procedures including: ▸ Engaging with EY Transactions Valuation Team who will undertake a review of the valuation model provided by GT considering the appropriateness of the assumptions and inputs used in determining the valuation; ▸ Ensuring that the CCB investment have been valued in accordance with the relevant accounting policies; and ▸ Testing the accounting entries made in the statement of accounts to ensure they are consistent with the valuation provided by management's expert – GT.

Our response to significant risks (continued)

	What is the risk?	What will we do?
Valuation of Level 3 complex investments (unquoted investments)	The Fund's investments include unquoted Pooled Investment vehicles such as Private Equity, Infrastructure and Property Investments. Judgements are made by the investment managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error. Increasing market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements. In the 2022/23 draft financial statements, approximately 27% of the overall Fund, totalling £1,134 million, was within this investment type. As these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.	In order to address this risk we will carry out a range of procedures including: ▸ Assessing the competence of management experts; ▸ Reviewing the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used; ▸ Where available, reviewing the latest audited accounts for the relevant fund managers and ensuring there are no matters arising that highlight material differences in the reported funds valuation within the financial statements; ▸ Performing analytical procedures and checking the valuation output for reasonableness against our own expectations; ▸ Obtaining and reviewing internal control reports for fund managers for any internal control issues and assessing whether this would have an impact on the valuations provided by the fund managers; and ▸ Reviewing investment valuation disclosures to verify that significant judgements surrounding the valuation of Level 3 investments have been appropriately made in the Pension Fund's financial statements.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

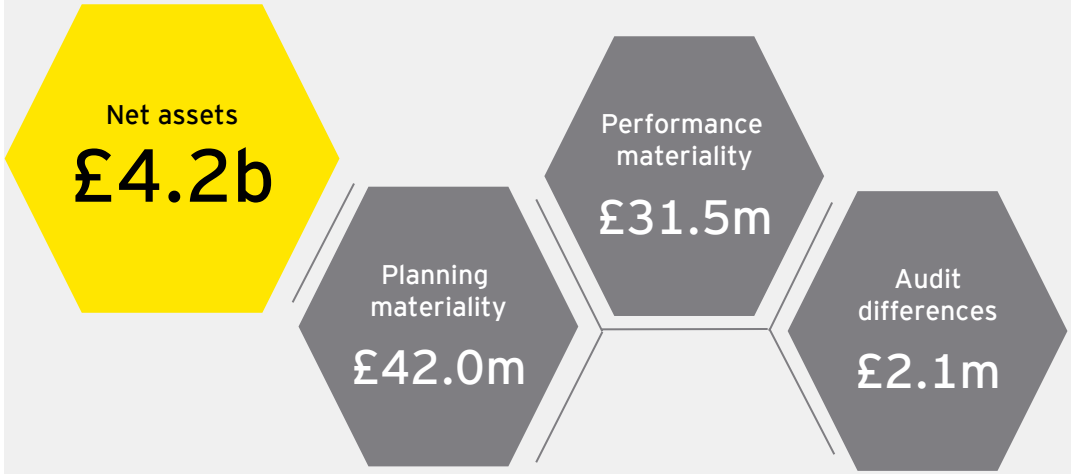
What is the risk/area of focus?	What will we do?
Valuation of Level 2 investments – Pooled Investments (Inherent risk) The Fund's investments also include other Pooled Investment vehicles totalling £2.854 billion in the 2022/23 draft financial statements. The valuation of such investments are classified under IFRS 13 as Level 2 investments. As such the valuation of Level 2 investments are based on 'inputs from observable data'. Given this is therefore an estimate, we have raised an inherent risk in regard to the valuation of assets of this nature.	In order to address this risk we will carry out a range of procedures including: ▸ Assessing the competence of management experts; ▸ Reviewing the basis of valuation for Pooled Investments and assessing the appropriateness of the valuation methods used; ▸ Reviewing the observable data points used in the calculation of the investment valuation; ▸ Obtaining and reviewing internal control reports for fund managers for any internal control issues and assessing whether this would have an impact on the valuations provided by the fund managers; and ▸ Reviewing investment valuation disclosures to verify that significant judgements surrounding the valuation of Level 2 investments have been appropriately made in the Pension Fund's financial statements.
IAS 26 Disclosure – Actuarial Present Value of Promised Retirement Benefits (Area of audit focus) The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £3.953 billion as at 31 March 2023. This figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based the 2022/23 triennial valuation, and takes into account local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability. There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2023.	In order to address this risk we will carry out a range of procedures including: ▸ Assessing the competence of managements expert, Hymans Robertson; ▸ Engaging with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS 26 approach applied by the actuary are reasonable and compliant with IAS 26; ▸ Ensuring that the IAS 26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary; ▸ Reconciliation of the data provided to actuary for the triennial valuation (as at 31 March 2022); and ▸ Testing of 25 members per report included in the triennial valuation data submission to ensure the details agree to underlying records.

03 Audit materiality

Materiality

Materiality

For planning purposes, materiality for 2022/23 has been set at £42.0 million. This represents 1% of the Pension Fund's net assets within the 2022/23 draft financial statements. It will be reassessed throughout the audit process. In an audit of a Pension Fund we consider the net assets to be the appropriate basis for setting the materiality as they represent the best measure of the schemes' ability to meet obligations rising from the pension liabilities. We have provided supplemental information about audit materiality in Appendix C.



We request that the Audit and Accounts Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – The amount we use to determine the extent of our audit procedures. We have set performance materiality at £31.5 million which represents 75% of planning materiality – consistent with the prior year level. We have considered factors such as the number of errors in the prior year, the adequacy of the control environment, and any significant changes in 2022/23 when determining the percentage of performance materiality.

Audit difference threshold – We propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the Fund Account and Net Asset Statement.

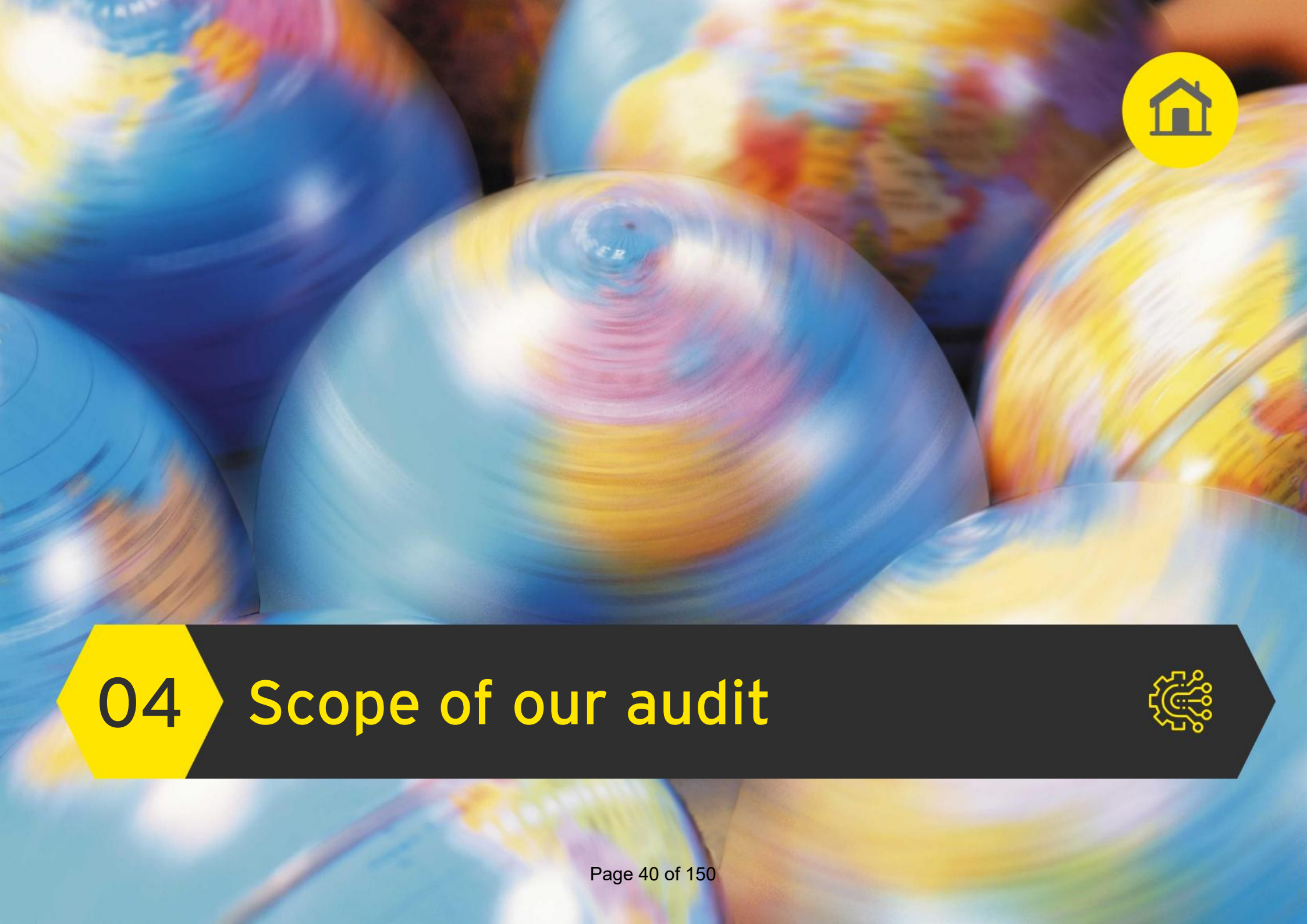
Other uncorrected misstatements, such as reclassifications, misstatements in disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Accounts Committee, or are important from a qualitative perspective.

Materiality (continued)

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Related Party Transactions – (Audit Judgement based on materiality of the transactions to both parties) - We will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence; and
- External Audit Fees (£5,000) - We will test the disclosure back to supporting evidence.



04 Scope of our audit

Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to review and report on the Pension Fund's financial statements.

We issue an audit report that covers the financial statement audit.

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK), as well as on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Procedures relating to the accuracy of significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Other procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements.

We are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls;
- Substantive tests of detail of transactions and amounts; and
- Reviewing and assessing the work of experts in relation to areas such as valuation of the Pension Fund to establish if reliance can be placed on their work.

For 2022/23, we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give a greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Accounts Committee.

Internal Audit:

As in the prior year, we will review Internal Audit's plan and the results of their work where relevant to this engagement. We consider these when designing our overall audit approach and when developing in our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that we assess could have a material impact on the year-end financial statements.

Our Audit Process and Strategy (continued)

ISA (UK) 315 (Revised) : Identifying and Assessing the Risks of Material Misstatement

ISA 315 is effective from financial year 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment;
- Understanding the entity's internal control;
- Significant risk;
- Approach to addressing significant risk (in combination with ISA 330).

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent.

The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement;
- Focus auditors on exercising professional skepticism throughout the risk identification process;
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities; and
- Modernise ISA 315 to meet evolving business needs, including:
    - How auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures.
    - How auditors understand the entity's use of information technology relevant to financial reporting.

The key impacts are:

- Significant increase in work on entity's use of IT in business and system of internal control;
- Clearer workflow within the standard to highlight the importance of the auditor's understanding of the entity and environment , the applicable financial reporting framework, and system of internal control;
- New concepts, such as inherent risk factors and spectrum of inherent risk; and
- Changed definitions, notably the definition of 'significant risk', which is an identified risk of material misstatement.

See Appendix D for our assessment of the impact of ISA 315 on the current year audit.

05 Audit team

Audit team

The engagement team is led by Mark Hodgson (Audit Partner), who has significant experience on Pension Fund audits.

Mark is supported by Dan Cooke (Senior Audit Manager) and Jacob McHugh (Audit Manager), who are responsible for the day-to-day direction of audit work and are the key points of contact for the finance team. The audit team will be led by Jake Day (Audit Senior).

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third-party specialists provide input for the current year audit are:

Area	Specialists
Pension Fund valuation and disclosures	Hymans Robertson (Cambridgeshire Pension Fund Actuary) PwC (Consulting Actuary to the NAO on behalf of audit providers under the PSAA Ltd contract) EY Pensions Advisory Team
Cambridgeshire & Counties Bank Investment valuation	Grant Thornton (Cambridgeshire Pension Fund valuer for Cambridge & Counties Bank valuation) EY Transactions Valuation Team (for support on Cambridge & Counties Bank valuation)
Investment valuation	The Pension Fund's Custodian and Fund Managers

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Pension Fund's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analysing source data and making inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assessing the reasonableness of the assumptions and methods used;
- Considering the appropriateness of the timing of when the specialist carried out the work; and
- Assessing whether the substance of the specialist's findings are properly reflected in the financial statements.

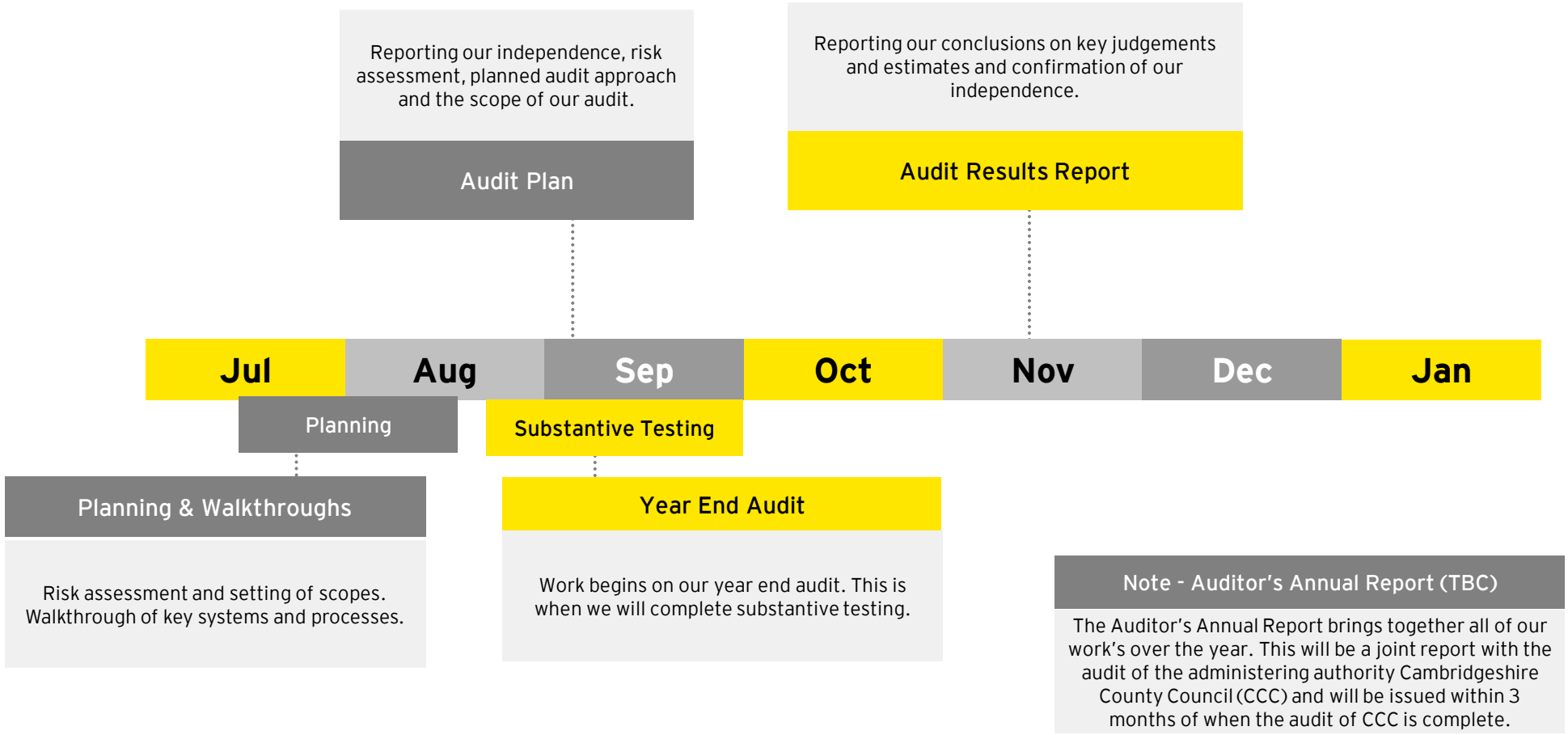
06 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2022/23.

From time to time matters may arise that require immediate communication with the Audit and Accounts Committee and we will discuss them with the Audit and Accounts Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



07 Independence

Introduction

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	**Final stage**
▸ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us. ▸ The safeguards adopted and the reasons why they are considered to be effective, including any engagement quality review. ▸ The overall assessment of threats and safeguards. ▸ Information about the general policies and process within EY to maintain objectivity and independence.	▸ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed. These include: ▸ Details of non-audit/additional services provided and the fees charged in relation thereto; ▸ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▸ Details of any non-audit / additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner; ▸ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▸ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ▸ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson (your audit Engagement Partner) and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Pension Fund. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit / additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. The non-audit fees subject to the fee cap cannot exceed 70% of the average audit fees for the past three years. At the time of writing, there are no non-audit services provided by us to the Pension Fund.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard Part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Pension Fund. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards (continued)

Other threats
Other threats, such as advocacy, familiarity or intimidation, may arise. We are not aware of any other threats at the date of this report.

Other Communications

EY UK Transparency Report 2022
Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2022, and can be found at https://www.ey.com/en_uk/about-us/transparency-report.

08 Appendices

Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table below.

	Planned Fee 2022/23	Scale Fee 2022/23	Final Fee 2021/22
	£'s	£'s	£'s
Total Fee – Code work	25,881	25,881	17,256
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	TBC	-	TBC
Additional work required for specific additional procedures (including revised estimates standard) (Note 2)	TBC	-	TBC
Additional fee in respect of work on behalf of admitted body auditors (recharges to the Pension Fund) (Note 3)	15,500	-	8,800
Total fees	**TBC**	**25,881**	**TBC**

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion being unqualified;
- Appropriate quality of documentation is provided by the Pension Fund; and
- The Pension Fund having an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

All fees exclude VAT

Note 1: We do not believe that the current scale fee reflects the changes in the audit market and increases in regulation since the most recent PSAA tender exercise. For 2022/23 the scale fee has been re-assessed by the PSAA to take into account some of the recurring risk factors. This does not fully reflect the true cost of the audit which we will continue to submit through the PSAA, including work in respect of ISA 315. Given 2021/22 audit has yet to conclude, we have not yet submitted this variation to PSAA Ltd for determination. We will follow the same process for 2022/23.

Note 2: For 2022/23 there are a number of risk factors to the audit as outlined within this Audit Plan – such as the valuation of Cambridge & Counties Bank. As our 2021/22 audit has not yet formally concluded, we have not calculated the additional fee that will be proposed to Management. The final fee will be subject to determination by PSAA Ltd. The same approach will apply in respect of the 2022/23 audit.

Note 3: We plan to charge an additional fee to take into account the work required to respond to IAS19 assurance requests from admitted bodies and their auditors. This will include additional costs in relation to work to be performed over the triennial valuation in respect of our 2022/23 audit, estimated at £4,500 in the figure above, but could rise to £6,000 depending on the results of our procedures. The Pension Fund can recharge this fee to the relevant admitted bodies. The Pension Fund generally recharges this fee across the relevant admitted bodies.

Required communications with the Audit and Accounts Committee

We have detailed the communications that we must provide to the Audit and Accounts Committee**.**

		Our Reporting to you
Required communications	**What is reported?**	**When and where?**
Terms of engagement	Confirmation by the Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Plan - 11 September 2023 – Audit and Accounts Committee
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures. ▸ Significant difficulties, if any, encountered during the audit. ▸ Significant matters, if any, arising from the audit that were discussed with management. ▸ Written representations that we are seeking. ▸ Expected modifications to the audit report. ▸ Other matters if any, significant to the oversight of the financial reporting process.	Audit Results Report – November 2023 – Audit and Accounts Committee
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty; ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and ▸ The adequacy of related disclosures in the financial statements.	Audit Results Report – November 2023 – Audit and Accounts Committee

Required communications with the Audit and Accounts Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where?
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation. ▸ The effect of uncorrected misstatements related to prior periods. ▸ A request that any uncorrected misstatement be corrected. ▸ Material misstatements corrected by management.	Audit Results Report – November 2023 – Audit and Accounts Committee
Subsequent events	▸ Enquiries of the Audit and Accounts Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Audit Results Report – November 2023 – Audit and Accounts Committee
Fraud	▸ Enquiries of the Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist. ▸ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▸ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected. ▸ Any other matters related to fraud, relevant to Audit and Accounts Committee responsibility.	Audit Results Report – November 2023 – Audit and Accounts Committee
Related parties	▸ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management; ▸ Inappropriate authorisation and approval of transactions; ▸ Disagreement over disclosures; ▸ Non-compliance with laws and regulations; and ▸ Difficulty in identifying the party that ultimately controls the entity.	Audit Results Report – November 2023 – Audit and Accounts Committee

Required communications with the Audit and Accounts Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where?
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats; ▸ Safeguards adopted and their effectiveness; ▸ An overall assessment of threats and safeguards; and ▸ Information about the general policies and process within the firm to maintain objectivity and independence. Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Audit Plan - 11 September 2023 - Audit and Accounts Committee Audit Results Report – November 2023 – Audit and Accounts Committee
External confirmations	▸ Management's refusal for us to request confirmations. ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	Audit Results Report – November 2023 – Audit and Accounts Committee
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur. ▸ Enquiry of the Audit and Accounts Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Accounts Committee may be aware of.	Audit Results Report – November 2023 – Audit and Accounts Committee
Internal controls	Significant deficiencies in internal controls identified during the audit.	Audit Results Report – November 2023 – Audit and Accounts Committee
Representations	Written representations we are requesting from management and/or those charged with governance.	Audit Results Report – November 2023 – Audit and Accounts Committee

Required communications with the Audit and Accounts Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where?**
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Audit Results Report – November 2023 – Audit and Accounts Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	Audit Results Report – November 2023 – Audit and Accounts Committee
Fee Reporting	▸ Breakdown of fee information when the audit plan is agreed. ▸ Breakdown of fee information at the completion of the audit. ▸ Any non-audit work.	Audit Plan - 11 September 2023 – Audit and Accounts Committee Audit Results Report – November 2023 – Audit and Accounts Committee Auditor's Annual Report – January 2023 – Audit and Accounts Committee

Additional audit information

Objective of our audit

Our objective is to form an opinion on the Pension Fund's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit and Accounts Committee. The audit does not relieve management or the Audit and Accounts Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in Section 02, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards	▸ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▸ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control. ▸ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▸ Concluding on the appropriateness of management's use of the going concern basis of accounting. ▸ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▸ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Pension Fund to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Accounts Committee reporting appropriately addresses matters communicated by us to the Audit and Accounts Committee and reporting whether it is materially inconsistent with our understanding and the financial statements. ▸ Maintaining auditor independence.

Additional audit information (continued)

Other required procedures during the course of the audit (continued)	
Procedures required by the Audit Code	▸ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Report.
Other procedures	▸ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.
We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.	

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures. The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Impact of ISA 315 on Audit

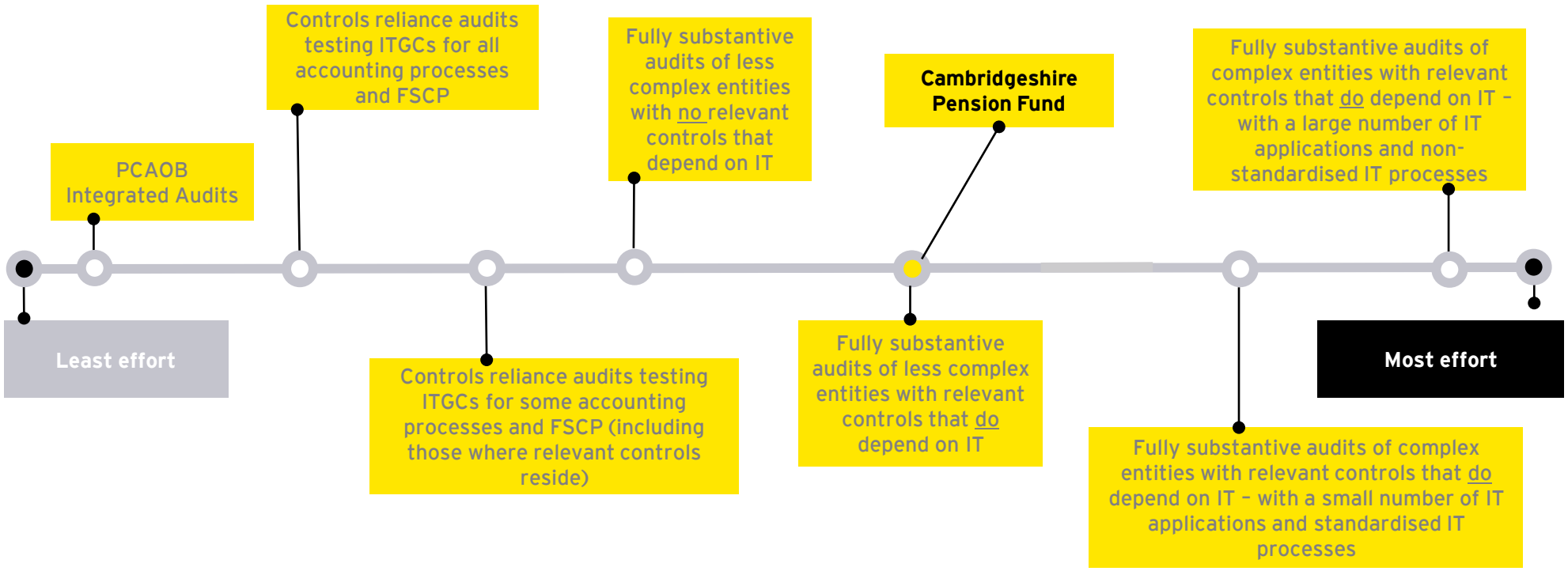
ISA (UK) 315 (Revised July 2020) *Identifying and Assessing the Risks of Material Misstatement*

Summary of key measures	Impact on Cambridgeshire Pension Fund

▸ The revised auditing standard is effective for audits of financial statements for periods beginning on or after 15 December 2021, and adopts ISA 315 (Revised 2019) as issued by the IAASB;
▸ The revised risk assessment standard sees enhancements and clarifications to: (i) Encourage a more robust risk assessment, thereby promoting more focused responses to the identified risks; (ii) Clarify current requirements to promote consistency in the application of procedures for risk identification; and (iii) Modernise the standard to keep up with the evolving environment in which entities operate, in particular in relation to the entity's use of information technology;
▸ The fundamentals of risk assessment have not changed, however, the changes will see additional audit procedures and considerations being made in the following areas to respond to the requirements of the revised standard:
  ▸ How we identify and assess risks based on our understanding of the entity and other risk assessment procedures;
  ▸ How we understand the components of the system of internal control, including new evaluations which apply to each component;
  ▸ The type of controls and process for understanding controls that are relevant to our audit relating to the preparation and posting of journal entries;
  ▸ Understanding the effect of the entity's use of IT, including relevant IT general controls, and the identification of IT-related risks; and
  ▸ Evaluating, as an audit team, whether sufficient evidence has been obtained to support the identification and assessment of risks of material misstatement.
	▸ The revised standard is for auditors and does not put any additional responsibilities or requirements on management or the Audit and Accounts Committee, however, management may experience different conversations, requests or simply have more focused discussions with members of the audit team, including about risk, internal controls, audit quality and our audit strategy.
	▸ For Cambridgeshire Pension Fund the revised standard is effective for this audit of the financial statements for the year ended 31 March 2023.
	▸ We will be required to perform new and additional procedures to understand Cambridgeshire Pension Fund's use of IT, the IT processes related to those IT applications relevant to the audit used in the different accounting processes and, where relevant, the IT general controls (ITGCs) that address IT risks in the IT processes and evaluation of their design effectiveness and whether they have been implemented. The revised standard does not require an evaluation of the operating effectiveness of ITGCs; it continues to be a strategy decision for the auditor as to whether they intend to rely on IT processes.
	▸ The new requirements relating to understanding IT may also facilitate a change in the audit strategy in subsequent audits as it relates to the reliance placed on IT processes as part of the audit.
	▸ More control observations may be identified and communicated, and the additional evaluations of the components of the system of internal control may help identify deficiencies that are considered to be significant deficiencies.
	▸ The new requirement relating to understanding the effect of the use of IT by an audited entity has the greatest potential for additional audit effort, involvement of team members with specialised knowledge of auditing IT, and an upward impact on audit fees. We will continue to consider the potential of this.
	▸ We have discussed on the next slides the specific impact of this new requirement on the audit of Cambridgeshire Pension Fund.
	▸ The other impacts of the revised standard on our audit strategy are reflected in the relevant sections of this report.

Impact of ISA 315 on Audit (continued)

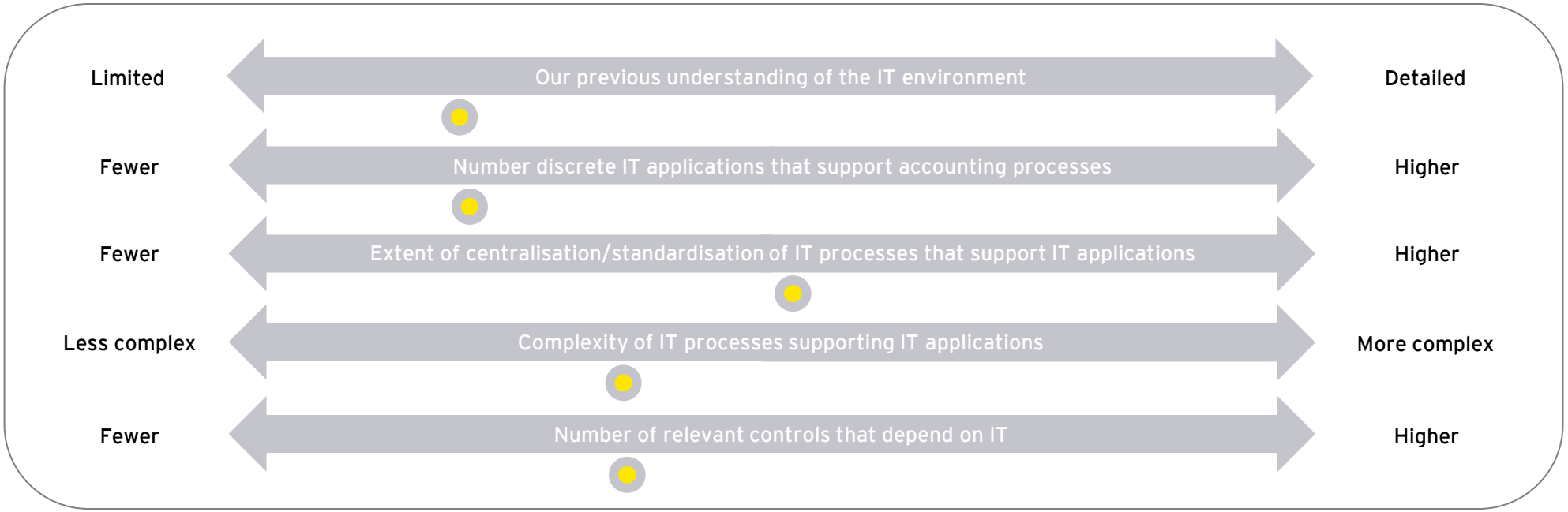
The graphic below indicates where we have anticipated that the audit of Cambridgeshire Pension Fund falls on the spectrum of effort as it applies to the new requirements of the revised standard relating to understanding the effect of the entity's use of IT. The level of effort is displayed relative to the circumstances applicable to the Fund, and why that level of effort may differ to that required on the audits of entities with different circumstances.



Impact of ISA 315 on Audit (continued)

We indicate below where Cambridgeshire Pension Fund is placed in relation to a number of the factors that influence the extent of incremental audit effort relating to understanding the effect of the entity's use of IT, to provide more context to the assessment shown in the previous diagram.

Further details of our assessment and the form that the incremental effort is expected to take are provided on the following page.



Impact of ISA 315 on Audit (continued)

We anticipate this level of effort taking into account the following factors:

- Current approach to IT, particularly whether testing ITGCs related to some or all relevant IT applications and brought forward understanding of IT.
- Number of IT applications/components of the IT environment and whether previously in-scope.
- Previous and planned audit strategy for the SCOTs (and differences between strategies for different SCOTs) with relevant IT applications / components of the IT environment.
- Current involvement, and extent thereof, of those with specialised knowledge of auditing IT (FAIT).
- Complexity of IT applications/environment/IT processes.
- Extent of relevant controls that depend on IT.
- Number and uniformity of IT processes, centralisation, entity documentation and organisation of the entity's IT function.

The additional effort is expected to take the form of:

- Identify IT applications that support the relevant SCOT or FSCP.
- Identify the supporting IT environment components and IT processes that support the relevant IT applications identified.
- Understand the relevant IT process.
- Understanding additional IT applications and processes.
- Considering the need for involvement of those with specialised knowledge of auditing IT.

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ED None

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Agenda Item No: 5

Financial reporting and related matters

To:	Audit and Accounts Committee
Meeting Date:	28 September 2023
From:	Executive Director for Finance & Resources
Electoral division(s):	All
Outcome:	The Committee is updated on latest progress with: • objections to the Council's accounts made to the auditor for 2016-17 and 2017-18 • use of resources conclusions (the auditor's work on value for money) for all years 2018-19 – 2022-23 • external audit of the Statement of Accounts for the year ending 31 March 2022 • public inspection and external audit of the Statement of Accounts for the year ending 31 March 2023 • planning for financial reporting and audit of the accounts for the year ending 31 March 2024
Recommendation:	The Committee is invited to note and comment on the report and receive the appended progress report from the external auditor

Officer contact:
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Tel: 01223 699241

1. Background

1.1 The Council published its draft and unaudited statement of accounts for 2022-23 on 20 July 2023. These are available on the Council's website and were received and discussed by this Committee at its meeting on 28 July 2023.

1.2 There are well-known and widespread challenges nationally with the timeliness of reaching audited, certified and completed financial statements for local government arising from various factors including regulatory and risk factors, auditor capacity and technical/accounting standard related issues. Nationally, this summer there were 632 overdue audit opinions in the cumulative backlog for local authorities. Although Cambridgeshire is in a stronger position than many Councils and is pleased that draft accounts have been published for the most recent year, this report details the current status of matters in the relevant years in chronological order.

1.3 On 18 July 2023, Lee Rowley, minister in the Department for Levelling-up Housing and Communities (DLUHC) wrote to local authorities providing an update on work to address the backlog in local audits. DLUHC are proposing to introduce a set of deadlines in statute for the completion of audits relating to financial years 2015-16 to present, after which auditors would provide as much assurance as possible for any years outstanding if necessary limiting their audit opinion on the basis of insufficient, appropriate evidence. This may result in a number of qualifications and disclaimers of opinions for a number of local authorities, but it is emphasised that statutory requirements for auditors to report on value for money arrangements would remain a high priority. We are aware that there are active discussions between the various stakeholders in the local audit system (including Councils, audit firms, professional bodies, government, the National Audit Office and Financial Reporting Council) about the implementation of these proposals. Until the fine details are announced, and given statutory or regulatory force, planning and focus is inhibited.

2. Main Issues

2.1 Objections to the accounts in 2016-17 and 2017-18

2.1.1 As at the date of drafting this report there remain two objections to the accounts for the years ending 2017 and 2018 with the Council's previous external auditor BDO LLP. Since the last Committee, the Council has continued to request regular updates from BDO and again escalated via PSAA. Timescales to determine the objections by the beginning of August were not met. BDO are actively replying to the Council's requests for updates and discussed with us that their revised target date was to issue the determinations by the date of this Committee meeting (a verbal update will be provided). In late August, we received an update from BDO reiterating that legal checks on their work on the objections had progressed and been returned to the firm and this led to presenting an individual further query to the Council relating to 2016-17. The Council provided a response to this within 4 working days on 4 September.

2.1.2 BDO has advised that they have accrued additional fees in relation to the work on the objections as well as their use of resources findings reported to the November 2021 Audit & Accounts Committee, which they will be looking to recover from the Council (this is enabled by legislation). The Council has requested itemisation of the amounts proposed. It will ultimately be for PSAA to determine any additional fees payable. The Council remains very dissatisfied by the delay in receiving the outcomes and that work appears to have happened slowly over a long period of time and will make representations to PSAA aimed at minimising the cost.

2.1.3 Our understanding is that once the objections in these years have been determined the completion and closure of the audits for those years will be certified.

2.2 Work by the auditor on use of resources for the years 2018-19 – 2021-22

2.2.1 With the determination of objections received by EY as auditor in 2019, 2020, 2021 and 2022 occurring in March 2023, and no further action or appeal on those matters, the auditor has been able to resume wider work on the Council's use of resources which will lead to their value for money opinion for those years.

2.2.2 This work includes sampling of expenditure and review of associated procurement arrangements, further to BDO's findings of weaknesses in this area in 2017-18. EY also consider the Council's financial sustainability (planning and manging resources for the long term), governance (making properly informed decisions and managing risk) and improving economy, efficiency and effectiveness. The Council is responding to enquiries relating to these years and EY will also refer to relevant work by internal audit. We welcome the progression of this part of the audit and are hopeful that in due course it will enable the auditor to issue several years of value for money opinions in quite quick succession.

2.3 Audit of the financial statements for the year ending 31 March 2022

2.3.1 This Committee received a provisional audit results report from EY for 2021-22 at its meeting on 9 February 2023. In order that EY could progress audits for other clients and such that the Council could focus on production of draft accounts for 2022-23 audit activity was largely paused during the spring and early summer and has resumed during August to complete the outstanding items.

2.3.2 EY have provided a progress update (dated 18 September 2022) which is appended to this report. EY have identified a number of findings which mainly relate to views on valuations, particularly related to Property, Plant and Equipment and as such are balance sheet presentation related. The progress on outstanding issues in August and September, means that the areas outstanding for the 2021-22 have reduced and the remaining areas to be completed are now limited to:

- Long term debtor – This Land. EY are testing projections contained within 2022 This Land Business Plan, back to underlying site-specific development appraisals and cashflows. This is thus a valuation matter.
- Unreconciled debtor balance – the Council has been asked to provide further explanation and evidence of system balances, following progress with resolving a VAT debtor balance. Further evidence is being provided to support the Council's assessment.

- Vehicles, plant and equipment balance. This again is thus a valuation matter that should not impact revenue.
- System and manual journals – an additional sample was selected in August, and a further sample in September.
- Cash – a query remains outstanding about school's cash balances. Further information is being provided by the Council.
- Audit closing procedures will need to be finalised upon resolution of the above, for example the letter of representation from the s151 Officer and a reassessment of going concern. No issues are expected from this as it is procedural.

It is anticipated these queries should be straightforwardly to resolve although in some cases there are dependencies on third parties or specialists within the finance team in order to complete.

2.4 Audit of the financial statements for the year ending 31 March 2023

2.4.1 There is a separate report to this committee covering the audit plan for the Pension Fund. Audit and activity in this area is underway.

2.4.2 EY have previously written to the Council and updated the Committee that they are not currently in a position to provide timescales for commencing the financial statements audit for 2022-23. This relates to the national proposals referred to in section 1.3 above. We are aware that there is not yet a settled position between all of the audit firms, DLUHC, the FRC and other stakeholders as to the approach to "catch-up" and reducing the backlog whether this entails cut-off dates for the most historic audits (which would have relatively little impact on the Council) or whether more universal action to reduce/remove audit work relating to 2022-23 will be tolerable national. It is now expected that a position statement will be made to local government bodies at the end of October, but that a legislative position will not be announced until late November. As such we are concerned no further audit work may take place on the Council's general accounts until then. As a consequence, the handling of the 2022-23 audit will knock on to the preparation, scope and scheduling of audit in 2023-24 with the new auditor, as set out in section 2.6 below.

2.5 Inspection and objections relating to 2022-23

2.5.1 The public inspection period ran for the 30 days up to 1 September 2023. Under legislation local electors and certain other persons are enabled to request to inspect the accounts and related records and documents. This year two local electors chose to exercise inspection rights and we count that 162 documents/accounting records were made available to them during the period 17 August 2023 – 1 September 2023.

2.5.2 Objections to the accounts can be made by local electors asking the auditor to apply for a declaration that a specific item of account is unlawful or that there are matters to be reported to the Council in the public interest. This year two objections were received and acknowledged by EY, both are from persons who have previously lodged objections with our auditors. The 2019-2022 objections were determined by the auditor in March 2023, with EY taking no further action at that time. The Council will fully co-operate with any enquiries by the auditor as part of its consideration of the latest objection.

2.6 Planning for accounts production and audit 2023-24

2.6.1 KPMG LLP is the appointed auditor to the Council for the five years commencing 1 April 2023. Liaison meetings have begun between the audit leads at KPMG and the Council's senior finance officers in order to build familiarisation with the Council's financial position and risk profile. KPMG are re-entering the local government audit market, in England, following a five-year gap and they report having avoided some of the backlog and capacity challenges facing existing suppliers. We understand KPMG expect to be in a position to provide an audit plan for 2023-24 and begin meeting with the Committee this winter. Contingent on national timelines and local circumstances/handover, KPMG have advised the Council of their preferred timescales for undertaking an interim/preliminary audit of the Council's main accounts and pension fund during 2024, providing the finance team with an initial planning basis.

2.6.2 We can expect the changeover of auditor to bring with it some early challenges in terms of adjustments to processes, additional background and familiarisation with systems and alternative perspectives / approaches to audit risk or code compliance. KPMG are intending to share their initial client questionnaires, focused on high risk/volume areas of the audit such as assets and business systems this month. Whilst there is changeover in auditor, the Council is planning for continuity this year with its registered general valuer, Bruton Knowles LLP, this will embed gains made in recent years with valuation methodology and data accuracy.

2.6.3 Since the Committee last met the corporate finance team has allocated resource to the resumed 2021-22 audit and fulfilment of inspection requests (as well non-accounts related activities such as business planning and investment appraisals). Once there is further certainty about timing of 2022-23 and 2023-24 audit activity it will be possible to commit to planning dates and delivery milestones. At present, regulations require publication of draft accounts by 31 May 2024 (although there is continuity debate with government as to whether there will be revision to these dates, this becomes more acute as time moves on given the uncertainty referred to in paragraph 1.3 above). The County Council is committed to bringing forward publication of its draft accounts, such that they are published earlier than 20 July in 2024.

2.6.4 The main areas identified for attention leading to a faster closedown of the accounts and published financial reports are:

- Business systems enhancements – streamlining the process for processing of annual fixed assets accounting journals

- Property and valuations
  - valuer accountability for delivery of asset valuations much earlier (targeting January, 4 months earlier than 2023)
  - improved quality assurance and data manipulation through implementation of the Council's incoming asset management system, Concerto
  - componentised assets review – we anticipate it will be possible to simplify some of the data by reducing the number of assets that are valued in components
  - rolling programme review – bringing forward certain asset valuations in order to more evenly spread the valuation of assets across the five-year cycle

- solar assets – a specialist valuation was obtained for the 2022-23 accounts which should provide a firm footing for 2023-24
- there is currently a HM Treasury review of the valuation of non-investment assets for financial reporting purposes concerned with potential reforms to the requirements and acceptable methodologies, reducing audit risk in this area – the Council would welcome this

- Finance capacity and resilience – through a re-assignment of responsibilities we are creating a more senior role focus on fixed assets and capital accounting

- Improved processes for grant registers and receipt of payroll information from school payroll providers

- Accounts document streamlining

Preparations are also progressing for implementation of IFRS 16 in relation to leases.

2.6.5 In their progress report at this meeting, EY repeat control observations included in their February report. Officers outlined responses to these observations in our accompanying at that time. In several areas improvements were made for production of the accounts for 2022-23 and further actions will be taken as part of planning for 2023-24.

2.6.6 The Committee has already provided a delegation to the section 151 officer and the Chair in consultation with the Vice Chair and Cllr Boden to sign the final Statement of Accounts, and to make any related declarations and representations taking account of the final audit results report to be received from the external auditor and agreed adjustments, contingent on receiving an unqualified financial statements opinion. This will be utilised in the event it is possible to finalise the accounts ahead of the next scheduled Committee date.

3. Significant issues and alignment with ambitions

There are no significant issues or implications for the ambitions:

3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes

3.2 Travel across the county is safer and more environmentally sustainable

3.3 Health inequalities are reduced

3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

3.5 Helping people out of poverty and income inequality

3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

3.7 Children and young people have opportunities to thrive

4. Source documents

Council and committee meetings - Cambridgeshire County Council > Meetings (cmis.uk.com)

Statement of accounts - Cambridgeshire County Council

Local Audit Liaison Committee - GOV.UK (www.gov.uk)

HM Treasury review of non-investment asset valuations | Local Government Association

Cambridgeshire County Council
Audit Results Report - Progress Update

Year ended 31 March 2022

18 September 2023

Building a better working world

Audit and Accounts Committee
Cambridgeshire County Council

18 September 2023

Dear Audit and Accounts Committee Members

2021/22 Audit Results Report – Progress Update

We are pleased to attach our Audit Results Report – Progress Update, summarising the current status of our audit for the forthcoming meeting of the Audit & Accounts Committee.

This report updates Members on progress since our provisional Audit Results Report, which we presented to the Audit & Accounts Committee on the 9 February 2023.

We welcome the opportunity to discuss the contents of this report with you at the Audit & Accounts Committee meeting on the 28 September 2023, with a view to concluding the audit and issuing our Audit Report subsequent to the November meeting of this Committee.

Yours faithfully

Mark Hodgson

Mark Hodgson
Partner
For and on behalf of Ernst & Young LLP
Encl

01 Overall Summary

Overall Summary

Scope update

In our Provisional Audit Plan dated the 8 September 2022, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: In our Initial Audit Plan, we communicated that our audit procedures would be performed using a materiality of £19.7 million. We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure, we have maintained our overall materiality assessment to £19.7 million. This results in performance materiality being maintained, at 50% of overall materiality, of £9.85 million, and the threshold for reporting misstatements at £0.985 million.
  Note: for the Group audit, this materiality has been calculated on the Group's prior year gross expenditure as £20.2 million (rounded).

Status of the audit

We have progressed well with our audit of the Cambridgeshire County Council financial statements for the year ended 31 March 2022 and have performed the majority of the procedures outlined in our Initial Audit Plan.

We highlight below in red, the movement in status of our work from the position we reported in February 2023.

• Borrowing – We are waiting on two outstanding confirmations from the London Borough of Tower Hamlets and Barclays. We have now received these confirmations and have concluded on the Council's borrowing.	• Short Term Debtors – final sample items outstanding from the Council including in respect of credit balances. Subject to Manager Review. We have one minor audit query with Management to resolve.
• Cash & Bank – We are waiting on two outstanding confirmations from Barclays and Insight. We also await the Council's reconciliation of Schools Cash balances for testing. This remains to be completed.	• Covid 19 Grant Income – Awaiting Council to demonstrate that conditions for three grants have been met. This is now complete.
• Long Term Debtors – we are waiting on the Council's assessment of the valuation and recoverability of the Long Term Debtor in This Land Group. This remains to be completed.	• Employee costs – Final analytical review procedures to be performed by audit team. This is now complete.
• Property, Plant & Equipment – Other Procedures (including Gain on Disposal) – Awaiting Council's consideration for Vehicles, Plant and Equipment balances, and understanding of the value of one asset disposal. We have concluded on the one asset disposal and have the Vehicle, Plant and Equipment balance to complete.	• Other Expenditure including Social Care expenditure – Awaiting Council response to sample queries. This is now complete.
• Property, Plant & Equipment – Valuation Testing – The Council is awaiting a response from their valuation specialist, to be able to respond to queries raised by the audit team. This is now complete.	• Other Income - Subject to Manager review. This is now complete.

Overall Summary

Status of the audit – Movement since Provisional Audit Results Report (Dated 3 February 2023)	
• Property, Plant & Equipment – Valuation Testing – The Council is awaiting a response from their valuation specialist, to be able to respond to queries raised by the audit team. This is now complete.	• Other Income - Subject to Manager review. This is now complete.
• Property, Plant & Equipment – Additions Testing – Subject to Manager review. This is now complete.	• Taxation and Non-Specific Grant Income – Awaiting Council responses to sample of grant income transactions. This is now complete.
• Property, Plant & Equipment – Infrastructure Assets – Council to provide assessment of depreciation approach for these assets and updated final disclosures under the new requirements of the Statutory Instrument and Code adaptation for the reporting of this class of assets. This is now complete.	• Other Disclosures (Officers Remuneration & External Audit Fee) – Awaiting Council responses to queries. This is now complete.
• Short Term Creditors – We are waiting on re-run reports from the Council, and then this is subject to Manager Review. We have received the re-run report and have one minor audit query with Management to resolve.	• Capital Financing Requirement & Minimum Revenue Provision - Subject to Manager review. This is now complete.
• Group Accounts – Awaiting Council consideration of additional disclosure requirements including in respect of Officer Remuneration. This is now complete.	• Going Concern – Awaiting Council response on queries raised in respect of cash flow forecasting. We have completed our initial procedures and just have an update to complete as part of our audit closing procedures.
• Related Parties – Awaiting Council consideration for Member's interests. This is now complete.	

Overall Summary

Current Status of the audit

We have progressed well with our audit of the Cambridgeshire County Council financial statements for the year ended 31 March 2022 and have performed the majority of the procedures outlined in our Initial Audit Plan.

The outstanding areas of audit work at the date of this report are:

- Completion of cash procedures through receipt of cash confirmation from Barclays and resolution of queries on the schools cash balances;
- Completion of work on Long Term Debtors through support for cash flow projections and business plans to support recoverability of This Land debtor;
- Completion of work on Property, Plant and Equipment linked to the Council's accounting policy for Vehicles, Plant and Equipment assets;
- Completion of work on Debtors and Creditors, with testing on three items requiring final support or quantification of the level of error; and
- Completion of work on Journals with remaining queries to resolve in respect of manual and system journal types.

Closing Procedures:

- Review of the final version of the financial statements including an updated Going Concern disclosure and assessment;
- Completion of subsequent events review;
- Receipt of the signed management representation letter; and
- Final Manager and Engagement Partner reviews.

Subject to satisfactory completion of the outstanding items above, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3.

However until work is complete, further amendments may arise. We expect to issue the audit certificate after we issue the audit opinion, once the requirements in respect of the WGA submission are known and any procedures completed.

Executive Summary

Areas of audit focus

In our Initial Audit Plan we identified a number of key areas of focus for our audit of the financial statements of Cambridgeshire County Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Type of risk	Description	Findings and conclusion (Updates from February 2023 set out in red)
Fraud risk	Management Override: Misstatements due to fraud or error	We have not yet fully completed our work in this area.
Fraud Risk	Management Override: Inappropriate Capitalisation of revenue expenditure	We have completed our work in this area and have one matter to report. The Council have recognised £1.0 million of REFCUS expenditure, which relates to 2022/23. Given the nature of this error we do not deem this to be indicative of fraud.
Fraud Risk	Accounting adjustments made in the 'Movement in Reserves Statement'	We have completed our work in this area and have no matters to report.
Significant Risk	Infrastructure Assets	We have completed our work in this area and have two adjustments to report. On review of the useful life used to depreciate Infrastructure Assets, we have deemed that these are being depreciated over a shorter useful life (40 years) than the Council's assessment (50 years). The depreciation charge is therefore overstated, and the carrying value of these assets is understated, by £5.4 million. The Council will also comply with the DLUHC statutory instrument to present Infrastructure Assets on a Net Book Value basis. As a result, we intend to lift our previous Limitation of Scope qualification on this area.
Significant risk	Valuation of Land and Buildings and Investment Properties	We have completed our work in this area and have the following matters to report: • The Fixed Asset Register did not agree to the final valuation schedule provided by Bruton Knowles. The total impact of this is that Property, Plant and Equipment is understated by £2.4 million. • Our review of the valuation of Brunswick House has identified that an incorrect income assumption has been used. However, the Council had not processed this valuation in the asset register. The net impact of these adjustments is £0.1 million. • Our review of the valuation of the 'Fourfield CP School' has identified that an incorrect build date and useful life assumption has been used in the valuation. As a result, the balance sheet value of this asset is understated by £1.6 million. • Our specialist has assessed that land values used across the revalued asset portfolio, primarily in the Central Cambridge location, are high and outside of our expected range. As a result, we deem that Property, Plant and Equipment is overstated by £4.2 million. • Balance Sheet – Property, Plant and Equipment – Our specialist has assessed that the assumptions used in the valuation of farm assets are overly conservative. As a result, we deem that Property, Plant and Equipment is understated by £5.0 million.

Executive Summary

Area of audit focus (continued)

Type of risk	Description	Findings and conclusion (Updates from February 2023 set out in red)
Significant Risk	Recoverability of Long-Term Debtor with This Land Group	We have not yet fully completed our work in this area.
Inherent Risk	Valuation of Solar Farm Assets	We have completed our work in this area and have found the value of the operational Solar Farm asset (Triangle Solar Park) to be overstated by £4.3 million.
Inherent Risk	Accounting for Covid-19 related grant funding	We have completed our work in this area and have no matters to report.
Inherent Risk	Accounting for City Deal	We have completed our work in this area and have no matters to report.
Inherent Risk	Pensions Valuations and Other disclosures	We have completed our work in this area and have identified two audit differences to report. As a result of movements in asset valuation, supported by a revised IAS 19 report, we initially identified that the Net Pension Liability is overstated by £4.1 million. Subsequently, the actuary has completed the 2022 Triennial Review, and therefore the Council have obtained a further IAS19 report. This identified that the Net Pension Liability was understated by £9.6 million.
Inherent Risk	Group Accounts	We have not completed our work in this area. We have identified a number of audit differences to the Group Accounts as a result of the audit of This Land Limited's financial statements.
Inherent Risk	Accounting for schools that convert to 'Academy' status	We have completed our work in this area and have no matters to report.
Inherent Risk	Private Finance Initiative	We have completed our work in this area. We have identified an inconsistency in one disclosure note to the underlying models which has been adjusted for in the revised financial statements.
Area of Focus	Going Concern	We have completed our initial procedures and just have an update to complete as part of our audit closing procedures.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues;
- You concur with the resolution of the issue; and
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit & Accounts Committee or Management at this time.

Overall Summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- **Financial sustainability**
  How the Council plans and manages its resources to ensure it can continue to deliver its services.
- **Governance**
  How the Council ensures that it makes informed decisions and properly manages its risks.
- **Improving economy, efficiency and effectiveness**
  How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit - Value for Money

We have commenced our 2018/19, 2019/20, 2020/21 and 2021/22 Value for Money work and are making good progress but we have not yet concluded on that work. We anticipate that we will be in a position to report by the November Committee.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have identified that a number of the matters disclosed under the 'significant governance issues' section (Section 3.2) do not reflect significant governance issues and therefore should be included separately within this Statement, if referred to at all.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as at the date of this report the NAO have not issued their guidance and requirements to auditors. We will complete this work in line with the instructions issued by the NAO when it is appropriate to do so. We will not therefore be able to issue our Audit Certificate alongside our Audit Opinion.

Objections

We have received one objection to the 2021/22 Statement of Accounts from a member of the public.

We have assessed this objection, alongside those in respect of the 2018/19, 2019/20 and 2020/21 financial statements.

We have been able to conclude that the objection raised does not have an impact on our ability to issue our opinion on the Statement of Accounts – given our audit procedures have covered the area of accounts raised within the objection. We have issued our Statement of Reason's to the objector on the 3 February 2023.

Overall Summary

Audit differences – updates from February 2023 position set out in red

Uncorrected differences

At the date of this report, we have identified three audit differences which are yet to be adjusted by Management within revised financial statements.

1. **Balance Sheet - Property, Plant and Equipment** – Our internal specialist review of the valuation of the Solar Farm asset (Triangle Solar Park) estimated the Solar Farm asset to have a valuation in the range of £5.0 to £5.5 million. As a result, the balance sheet value of the asset is deemed to be overstated by £4.348 million.

2. **Balance Sheet – Investment Properties** – Our review of the valuation of Brunswick House has identified that an incorrect income assumption has been used. As a result, the balance sheet value of the asset is overstated by £4.6 million. However, the Council had not processed this valuation in the asset register, and therefore the asset register was initially understated by £4.7 million. The net impact of these adjustments is £0.1 million, hence the Council have elected not to adjust.

3. **Balance Sheet – Investment Properties** – Our specialist review of the valuation of Investment Properties has identified two properties which fall below our specialist's valuation range. As a result, the balance sheet value of these two assets is deemed to be understated by £3.4 million.

4. **Balance Sheet – Property, Plant and Equipment** – Our review of the valuation of Fourfield CP School has identified that an incorrect build date and useful life assumption has been used in the valuation. As a result, the balance sheet value of this asset is understated by £1.6 million.

5. **Balance Sheet and Comprehensive Income & Expenditure Statement - Revenue Expenditure Funded from Capital Under Statute (REFCUS)** – Costs have been accrued in respect of REFCUS contributions to the A14 development project, however delays to the project have meant that any costs were not incurred until 2022/23. REFCUS and short term creditors are overstated by £1.000 million.

6. **Balance Sheet - Provisions** – We identified a difference between the Insurance Broker's report and the value of the Insurance Provision in the Statement of Accounts. The Provisions balance in the Balance Sheet is overstated by £1.418 million. We understand that this difference arose due to the Insurance Broker's report being received after the Statement of Accounts were drafted for publication. Management have chosen not to adjust for this difference.

7. **Balance Sheet – Creditors** – We have identified that a previously recognised error in respect of HMRC creditors is yet to be corrected. We understand that this remains a work in progress by management to quantify the final balance. We have raised an uncorrected difference where creditors are understated by £2.4 million.

8. **Balance Sheet – Property, Plant and Equipment** – Our specialist has assessed that land values used across the revalued asset portfolio, primarily in the Central Cambridge location, are high and outside of our expected range. As a result, we deem that Property, Plant and Equipment is overstated by £4.2 million.

9. **Balance Sheet – Property, Plant and Equipment** – Our specialist has assessed that the assumptions used in the valuation of farm assets are overly conservative. As a result, we deem that Property, Plant and Equipment is understated by £5.0 million.

We request that these uncorrected misstatements be corrected, or a rationale as to why it is not corrected, be considered and approved by the Accounts & Audit Committee and provided within the Letter of Representation at the Conclusion of the audit.

Overall Summary

Audit differences (continued) - updates from February 2023 position set out in red

Corrected differences

At the date of this report, we have identified two audit differences which are to be adjusted for by management within the revised financial statements.

1. **Balance Sheet - Net Pension Liability** – The Council received a revised IAS19 Actuary report – which changed the value of the pension plan assets. This had the result of reducing the net pension liability by £4.1 million. The adjustment was made due to new information being provided by the Actuary after the draft statement of accounts had been prepared.

2. **Balance Sheet – Net Pension Liability** – Updated information became available during the audit following the completion of the Pension Fund Triennial Valuation. The difference is a result of an update to assumptions underpinning the triennial valuation and their consequential impact on the Pension Liability at 31 March 2022. The Net Pension Fund Liability was understated by £9.6 million. *Note: this corrected difference is in addition to the corrected difference set out above (total increase in liability £5.5 million.*

3. **Group Accounts** – The audit of This Land Limited identified overstatements of Income and Expenditure due to incorrect Income recognition. These adjustments were not reflected in the results of This Land Limited at the time of the initial group consolidation, but are to be reflected in the revised financial statements. This impacts the Group accounts only, and has the impact of reducing Gross Expenditure by £2.572 million, Gross Income by £3.239 million, and increasing Financing and Investment Income by £0.815 million. It also increases the Inventory balance in the Group accounts by £0.148 million.

4. **Comprehensive Income and Expenditure Statement – REFCUS** – The Council have recognised £1.0 million of REFCUS expenditure in 2021/22, however this expenditure was not incurred until 2022/23. REFCUS and Creditors are therefore both overstated by £1.0 million.

5. **Balance Sheet – Property, Plant and Equipment** – The Council have incorrectly classified a leased out rental unit as an Operational Land & Buildings asset, when this should be classified as an Investment Property. Property, Plant and Equipment is therefore overstated, and Investment Property is understated by £2.4 million.

6. **Balance Sheet – Property, Plant and Equipment** – The Fixed Asset Register did not agree to the final valuation schedule provided by Bruton Knowles. As a result, Property, Plant and Equipment is understated by £4.1 million. A further two assets were later identified as not reflected in this adjustment, where the balance was overstated by £1.6 million. The net impact of this is that Property, Plant and Equipment is understated by £2.5 million.

7. **Comprehensive Income and Expenditure Statement – Audit Fees** – The Council have under accrued for audit fees in respect of previous audit years. As a result, expenditure and creditors are equally understated by £0.2 million.

8. **Balance Sheet – Infrastructure Assets** - On review of the useful life used to depreciate Infrastructure Assets, we have deemed that these are being depreciated over a shorter useful life (40 years) than the Council's assessment (50 years). The depreciation charge is therefore overstated (CIES), and the carrying value of these assets is understated, by £5.4 million. There will be a nil net impact once reversed through the Movement in Reserves Statement. The Council will also comply with the DLUHC statutory instrument to present Infrastructure Assets on a Net Book Value basis.

Overall Summary

Audit differences (continued)

Disclosure Differences

A limited number of disclosure amendments have also been identified in the draft financial statements which Management has chosen to adjust. This includes adjustments to Note 15 - Officers Remuneration (Exit Packages).

Control observations

During the audit, we did not identify any significant deficiencies in internal control. We have taken a wholly substantive approach to the audit.

However, we would like to draw your attention to the following issues identified through our audit (new items since February 2023 highlighted in red):

- The Council are yet to resolve the findings of our Internal Specialist review of the Minimum Revenue Provision conducted in 2018/19 as a result of capacity constraints.
- The Council are yet to engage a suitable External valuer for the valuation of the Solar Farm Asset. We deem this highly significant given the construction of a second Solar Farm asset (North Angle Solar Park) and recommend that a suitably qualified valuer be appointed by the time this asset becomes operational.
- The Council do not review all historic information on Related Party disclosures and instead perform a year-end exercise with Members. Whilst responses to this exercise have been received, this poses a risk that previously disclosed interests may be missed. Our work on Related Party disclosures remains in progress, linked this issue which requires additional consideration.
- The Council's Accounts Payable and Accounts Receivable systems are unable to provide a breakdown of the individual transactions that make up the balance on various Debtors and Creditors accounts, and instead are only able to provide the year-on-year movement.
- We have experienced significant delays in respect of responses to our queries on the valuation of Property, Plant and Equipment. The draft accounts were also published whilst further valuation information was being confirmed with the valuation specialist as a result of delays in this process.
- The Council did not complete the CIPFA Disclosure Checklist at the time of accounts production.
- The Council do not hold a detailed Asset Register for Infrastructure Assets, or Vehicles, Plant and Equipment.

Agenda Item No. 6

Internal Audit Progress Report

To: Audit & Accounts Committee

Meeting Date: 28th September 2023

From: Mairead Claydon, Head of Internal Audit and Risk Management

Electoral division(s): All

Outcome: The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. The outcome of this report is to provide an update on the main areas of audit coverage for the period to 31st August 2023 and to present a revised Internal Audit Plan 2023/24.

Recommendation: Audit & Accounts Committee is requested to review and comment on the proposed revised Internal Audit Plan for 2023/24, outlined at Section 6 of the report.

Officer contact:

Name: Mairead Claydon

Post: Head of Internal Audit & Risk Management

Email: Mairead.Claydon@cambridgeshire.gov.uk

Tel: 01223 715542

1. Purpose

1.1 To report on the main areas of audit coverage for the period to 31st August 2023.

1.2 CLT is requested to review and comment on the proposed revised Internal Audit Plan for 2023/24, outlined at Section 6 of the report.

2. Background

2.1 The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.

2.2 The annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; and the 'flexible' plan, i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process.

2.3 More information on this approach is available at Section 6 of the main report, which presents the proposed flexible Audit Plan for 2023/24.

3. Outstanding Audit Actions

3.1 Annex B details all 70 outstanding audit recommendations as at 31st August 2023. Narrative updates on actions where the current target date is after 31st August have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.

3.2 There is currently one outstanding 'Essential' recommendation, within IT & Digital Services. This recommendation relates to the Council re-obtaining Public Services Network (PSN) certification.

3.3 See Section 7 of the report for more details.

4. Investigations Caseload

4.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as updates on other counter-fraud work and a recent investigation into interims.

5. Audit Forward Planning

5.1 Section 6 of the Progress Report provides the revised and updated Internal Audit Plan for 2023/24, for comment and challenge by the Committee. Members of the Committeee are invited to review and comment on the proposed plan.

6. Key Financial systems

6.1 Section 10 of the Progress Report provides an update on the delivery of the internal audit reviews key financial systems.

6.2 Two of the three outstanding 2022/23 Key Financial Systems audits have now been delivered:

- An audit report of ERP Access Controls gave an opinion of “good” assurance for both the control environment and compliance with access controls in the ERP system.

- An audit report has now been delivered by West Northamptonshire Council (WNC) on the Administration of the Pension Fund for 2022/23. This gave an opinion of “substantial” assurance for both the control environment and compliance, indicating that there are minimal weaknesses that present very low risk to the control environment, and that controls had substantially operated as intended with no notable errors. It is noted that the compliance opinion provided was based upon a single “walkthrough” test of each key control process (i.e. transfers in/out of the scheme, set-up of a dependant’s pension etc.). This restricted sample size reduces the opportunity for the auditors to identify non-compliance or inconsistency in the operation of key controls, and may therefore reduce the amount of reliance that should be placed upon the compliance assurance opinion given.

6.3 The Payroll audit, also due to be delivered by West Northamptonshire colleagues, has been delayed due to staff sickness and as yet a confirmed estimated delivery date has not yet been confirmed. However, a copy of a draft payroll report has been provided to the Council.

Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st August 2023

Section 1

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Internal Audit Activity

SECTION 6: Audit Forward Planning: 2023/24

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2023/24

ANNEX B: Outstanding Agreed Actions

2 *INTERNAL AUDIT REPORTING PROCESS*

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CCLT, with a summary of internal audit activity for the first two quarters of the 2023/24 financial year.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

2.2.2 However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Compliance Assurance	**Control Environment Assurance**
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

3 *FINALISED ASSIGNMENTS*

3.1 Since the last Internal Audit Report in **July 2023**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Systems Assurance	Compliance Assurance	Organisational impact
1.	Finance & Resources	Client Funds & Deputyships	Moderate	Moderate	Minor
2.	Finance & Resources	Treasury Management	Good	Good	Minor
3.	Place & Sustainability	Street Lighting PFI Contract Variations	Moderate	Moderate	Minor
4.	CCC-wide	Key Policies & Procedures	Good	N/A	Minor
5.	Finance & Resources	IT Security	Moderate	Moderate	Moderate
6.	Place & Sustainability	Local Transport Capital Block Funding (Highways Maintenance)	Grant reviewed and certified. Briefing note style report issued with one recommendation.		
7.	Place & Sustainability	Pothole and Challenge Fund	Grant reviewed and certified.		
8.	Place & Sustainability	A14 Grant	Grant reviewed and certified.		

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) which have been issued as final since our last Progress Report in July 2023 are provided in Section 4.

3.3 The following audit assignments have reached draft report stage, as set out below in Table 2:

Table 2: Draft Reports

No	Directorate	Assignment
1.	N/A	No draft reports currently issued

3.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Annex A.

4 SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE

4.1 N/A – There have been no audits issued with limited or no assurance since our previous progress report in July 2023.

5 INTERNAL AUDIT ACTIVITY

5.1 EXTERNAL AUDIT

5.1.1 Throughout August, the Internal Audit team has been providing information and documents to support the Council's external auditors EY in their work on the 2018/19 to 2021/22 Value for Money opinions for Cambridgeshire County Council. As EY are working on delivering four years of value for money work simultaneously, this has required a considerable amount of resource from the Internal Audit team to support the production of information required.

5.2 STAFFING, RESOURCE & RECRUITMENT

5.2.1 Following a recruitment campaign, a new Deputy Head of Internal Audit was due to take up post in the team on 25th September 2023. Unfortunately the individual appointed has now withdrawn from the role for family reasons, and therefore the post will be re-advertised shortly. The Internal Audit team are also currently advertising for Senior Auditor and Principal Auditor positions.

5.2.2 As previously discussed, due to current and ongoing staffing shortages in a very competitive job market for audit professionals, the Internal Audit service has been seeking to implement a 'co-sourcing' arrangement to supplement internal resource with additional audit resource from the private sector. The Invitation to Tender for this contract has been issued using a Crown Commercial Services framework, and the team are hoping to evaluate responses and appoint a successful provider by late September/early October.

5.2.3 This arrangement will be critical in ensuring sufficient assurance is provided in 2023/24 to support the annual Head of Internal Audit opinion. A further update will be brought in the next Audit Progress Report.

5.3 SCHOOLS AUDITS

5.3.1 Following the programmes of school finance audits undertaken in the last two financial years, Internal Audit is undertaking another programme of school finance audits in 2023/24. These audits began at the start of the new academic year and are expected to be concluded by Christmas. Due to the reduction in size of this year's Audit Plan, this year, seven schools will be subject to audit visits, compared to twelve schools last year. In addition to these visits, the six schools/nurseries who have forecasted budget deficits over 5% of their total revenue budget will receive a desktop review of their Deficit Recovery Plans.

5.3.2 All of the schools bar one who are receiving a review of their Deficit Recovery Plans have received audit visits in the last two years, which is why they are not receiving full finance audits this year. The setting forecasting a deficit over 5%

which has not been visited yet by Internal Audit will be visited this year as well as receiving a review of its Deficit Recovery Plan. The other schools selected for visits were chosen based on those which have forecasted deficits below 5% of their total revenue budget, with the exception of one which was chosen at random.

5.4 ADVICE & GUIDANCE:

5.4.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:

- Participating in a partner working group with the Cambridgeshire & Peterborough Combined Authority;
- Advising on a Section 75 Agreement in Adults Health & Commissioning;
- Attending Adults Leadership Team to update on audit actions and support a review of the directorate risk register.

6. *AUDIT FORWARD PLANNING: 2023/24*

6.1 Core audit work is progressing in line with the agreed Audit Plan 2023/24, following on from the significant rephasing of the Plan that was reported in July 2023. Progress on work underway is detailed at Annex A to this report.

6.2 The proposed 'flexible' Internal Audit Plan for the next four quarters (Q3 2023/4 – Q2 2024/5) is set out below, showing the current risk profiling of Internal Audit reviews over the next year. This reflects the usual approach of the team to plan four quarters ahead on a rolling basis. These are new jobs proposed to commence in the period, i.e. ongoing work is not included.

6.3 This programme of work is indicative only, and is subject to change to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas.

Table 5: Proposed 'Flexible' Internal Audit Plan (Next Four Quarters):

Audit	Directorate	Category	Days	Why
Flexible Internal Audit Plan for Q3 23/24:			**175**	
Unregulated Placements	Children's	Safeguarding	20	Review of any use of unregulated placements in Children's Social Care and Commissioning, to provide assurance that the Council is compliant with statutory requirements for placements.
Commissioning Governance	Adults	Procurement & Commissioning	20	Review of high-level governance arrangements in the Commissioning directorate.
Lifestyle Services Contract	Public Health	Procurement & Commissioning	30	A review of this key contract with an annual value of £3.1m across Cambridgeshire and Peterborough.
Review of draft Financial Regulations	Finance & Resources	Financial Governance	5	Review of re-draft of Financial Regulations
Council Owned Companies	Finance & Resources	Governance	20	High level review of the governance of Council-owned companies, to provide assurance that the risks associated with these companies are managed appropriately.
Section 106 Funding	Place & Sustainability	Value For Money	20	Review to provide assurance that the Council has appropriate governance arrangements in place to track when Section 106 payments become due and the processes by which payments are allocated to works. This will cover arrangements for historic projects as

				well as those for incoming s106 contributions.
Business Continuity Planning	Strategy & Partnerships	Business Continuity	20	Provide assurance that the Council has appropriate Business Continuity Planning procedures in place, and that these are complied with in practice, to reduce the impact on the Council if business disruption and/or a major incident occurs.
Establishment Control	CCC	Financial Governance	20	Reviewing processes for establishment control to ensure that workforce information is accurate; employees are bona fide and reporting lines are accurate; and appointments are only made to established posts with funding and approval to recruit.
Multi Agency Safeguarding Hub (MASH)	Children's	Safeguarding	20	Review to provide assurance that MASH arrangements effectively mitigate safeguarding risks, information security risks and the risk of non-compliance with statutory requirements.
Flexible Internal Audit Plan for Q4 23/24:			**165**	
Quality Assurance in Childrens Social Care	Children's	Safeguarding	25	Review of quality assurance arrangements in Children's to ensuring that key safeguarding risks are mitigated through appropriate monitoring of practice.
Adults Directorate Business Planning Review & Challenge	Adults	Value for Money	20	Review to provide constructive challenge to Business Planning proposals considering the robustness of plans, sustainability of savings and the risks that they mitigate/create.
Capital Programme Projects Assurance	Place & Sustainability	Project Management & Transformation	20	Review of a sample of individual capital programme projects, to provide assurance over compliance with the project management controls agreed by the MID Project Assurance Group.
Project Management Framework and Project Assurance	Strategy & Partnerships	Project Management & Transformation	20	Review of the implementation and development of Council-wide project management framework and project assurance arrangements.
Grants to Voluntary Organisations Policy & Compliance	CCC	Value For Money	20	Review of the Grants to Voluntary Organisations Policy and compliance with the policy in practice.

LD Supplier Resilience Reviews	Adults	Business Continuity	20	Review of a sample of key strategic suppliers, with a focus on suppliers of care and transport to vulnerable service users, to identify assurances in place over supplier resilience and continuity planning.
Rental Income	Finance & Resources	Value For Money	20	Ensuring that the Council maximises the value of its property, including farms and other properties.
Mosaic System Uploads, Data Integrity and Key Controls	Adults	ICT and Information Governance	20	A review of key controls in the Mosaic system with regards to security and payment controls, and how data integrity is maintained from feeder systems and uploads.
Flexible Internal Audit Plan for Q1 24/25:			**165**	
Budget Setting and Demand Forecasting	Finance & Resources	Financial Governance	20	Review of processes for forecasting high demand demographically-driven budgets across People & Communities to ensure processes are robust and budget setting is accurate.
Late Payments in Commissioning	Adults	Financial Governance	15	Review to provide assurance over processes in place to ensure timely payment of social care providers.
Investment Properties	Finance & Resources	Value For Money	20	The Council holds a number of investment properties. This would review management of investments, income streams etc. Reputational risk area.
Business Planning	Strategy & Partnerships	Financial Governance	30	Review of governance, compliance, management and monitoring, and benefits realisation.
Early Years Funding Process	Children's	Value For Money	20	To provide assurance that robust and efficient processes are in place to ensure payments to Early Years providers are timely and accurate and there are appropriate controls in place to reduce the risk of fraud.
ICT Procurement	Finance & Resources	Procurement & Commissioning	20	Review of ICT procurement function including commissioning, contract management, efficiencies etc.
Health & Safety in Place & Sustainability	Place & Sustainability	Safeguarding	20	Review of controls and compliance for key health and safety considerations in P&S Directorate including how management obtains assurance that key controls are met.
Contract Price Variations	Finance & Resources	Procurement & Commissioning	20	Sample testing for compliance with the Council's guidelines for agreeing price variations in contracts, to provide assurance that cost increases are controlled appropriately

Current Proposed Flexible Internal Audit Plan for Q2 24/25:			160	
Inspection Programmes & Trading Standards	Finance & Resources	Value For Money	20	Review of Trading Standards service (managed jointly via PCC) to affirm value for money is achieved.
Asset Management Strategy	Finance & Resources	Value For Money	20	Review of the Council's asset management strategy to provide assurance that the Council's assets are managed to deliver value for money.
Direct Payments	Adults	Financial Governance	20	Review of direct payments policies and procedures and compliance with procedures in practice, to provide assurance that direct payments are managed in a way that safeguards public funds and ensures that they achieve best value.
Contract Management Policies & Compliance	Finance & Resources	Procurement & Commissioning	20	This would review contract management guidance and training available to managers in the organisation, and implementation of contract management processes.
Social Care Debt	Adults	Financial Governance	20	Reviewing Council management of social care debt.
Projects Assurance (Non-Capital)	Strategy & Partnerships	Project Management & Transformation	40	Provision of assurance over a sample of key non-capital projects and review of the efficacy of extant asssurance processes.
Contract Management - Minor Works Framework	Finance & Resources	Procurement & Commissioning	20	Review of Minor Works Framework contract with an estimated annual value of £8m.

7. *FOLLOW UP OF AGREED AUDIT ACTIONS*

7.1 The outstanding management actions from Internal Audit reports as at 31st August 2023 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

7.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate up to date position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		**Category 'High' recommendations**		**Category 'Medium' recommendations**		**Total**	
	Number	**% of total**	**Number**	**% of total**	**Number**	**% of total**	**Number**	**% of total**
Implemented	1 (0)	0.63% (0%)	20 (18)	12.58% (12.33%)	68 (65)	42.77% (44.52%)	89 (83)	55.97% (56.85%)
Actions due within last 3 months, but not implemented	0 (1)	0.00% (0.68%)	7 (6)	4.40% (4.11%)	12 (5)	7.55% (3.42%)	19 (12)	11.95% (8.22%)
Actions due over 3 months ago, but not implemented	1 (1)	0.63% (0.68%)	7 (7)	4.40% (4.79%)	20 (20)	12.58% (13.70%)	28 (28)	17.61% (19.18%)
Capital Programme Actions[1] due over 3 months ago, but not implemented	0 (0)	0.00% (0.00%)	0 (0)	0.00% (0.00%)	23 (23)	14.47% (15.75%)	23 (23)	14.47% (15.75%)
Totals	**2**		**34**		**123**		**159**	

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[1] These 23 actions related to a review of capital project management. Internal Audit is currently conducting a full follow-up audit of these; as such further updates on implementation will not be provided until the audit is complete. At the close of this audit, if it is identified that further action is required to strengthen the control environment for the capital programme, these actions will be agreed with the service with new target implementation dates and issued as new.

7.3 There are currently 70 management actions outstanding (47 excluding the capital programme actions). Further detail on outstanding actions is provided at Annex B.

7.4 There is currently one outstanding 'Essential' recommendation. This recommendation passed its target date at the end of November 2021. This relates to the Light Touch ICT Security Healthcheck review issued in May 2021, which identified that the Council's Public Sector Network (PSN) Certification had lapsed. The Council's ICT Service has been preparing to apply for re-certification, with regular updates provided to the Audit & Accounts Committee. The service has confirmed that the PSN IT Health Check has now been completed and a PSN Remediation Access Plan (RAP) is now in place. The remediation of the high vulnerabilities has a target date of the end of September, and the medium vulnerabilities have a target date at the end of October. The Service intends to submit the PSN application at the start of October 2023 assuming the high risk vulnerabilities have been either resolved or mitigated.

7.5 There are two recommendations relating to open-book accounting in Public Health contract management. The question of whether quarterly open-book accounting should be adopted in the public health directorate has been escalated to conversations at the Procurement Governance Board and involving the Head of Diligence and Best Value. This issue has been discussed at a meeting of the Procurement Governance Board, but a conclusion is yet to be reached on the best way forward. Internal Audit is awaiting the outcome of further discussions and will provide a further update in our next progress report.

7.6 One recommendation has been closed as unimplemented since the last committee cycle, from the Budgetary Control audit. This recommendation related to amending ERP Gold to rectify an issue with the way budget variances affect forecasted outturn positions. Business Systems have confirmed that this recommendation cannot be implemented through a change to ERP. However, the Head of Finance has confirmed that a workaround is now in place which "fixes" the forecast impact of centralised virements. This workaround being in place mitigates the risk to a lower level which the Head of Finance has confirmed is acceptable.

7.7 Table 8, below shows the number of outstanding recommendations in each directorate.

Table 8: Outstanding Actions By Directorate

Directorate	Outstanding recommendations
Children's	3
Adults, Health and Commissioning	1

Place and Sustainability	*Capital Programme*	23
	Other	0
Finance and Resources Directorate	*Key Financial Systems*	4
	Other	26
Public Health		5
Strategy and Partnerships		8

8.0 *RISK MANAGEMENT*

8.1 A training session on risk management was held for all Members of the Council on the 14th September.

8.2 Support and guidance on risk management has also been provided by the Internal Audit & Risk Management team to officers. This has included supporting reviews of the Adults Health & Commissioning Directorate and Strategy & Partnerships Directorate Risk Registers.

8.3 The next CLT Risk & Assurance meeting will take place on the 10th October. The outcomes from CLT's review of the Corporate Risk Register will then be reported to the subsequent meetings of Strategy & Resources Committee and Audit & Accounts Committee.

9 *FRAUD AND CORRUPTION UPDATE*

9.1 FRAUD INVESTIGATIONS

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 7. As at the 31st August 2023, Internal Audit has received 11 whistleblowing referrals in the 2023/24 financial year, similar to the number of referrals received by the same point in 2022/23 (9 cases). There are no open cases which have been carried forward from 2022/23.

Table 9. Current Internal Audit Investigations Caseload

All Cases Reported in 2023/24 *To Date*		**Open**	**Closed**	**Total**
Fraud and Theft	Conflict of Interest	1	1	2
	Theft	1	0	1
Governance	Internal Governance Issue	3	0	3
	Schools Governance	0	1	1
Grievance/Bullying	Staff Conduct/Grievance	0	1	1
Safeguarding and Health & Safety	Safeguarding	1	2	3
Total		**6**	**5**	**11**

9.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.3 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Conflict of Interest (1 open case)** – Internal Audit is currently investigating one case relating to conflicts of interest involving a person working for CCC, which is currently being investigated by HR.

- **Safeguarding (1 open case)** – One case of safeguarding concerns raised by a member of the public is currently open, which is being investigated by Children's Social Care.

- **Internal Governance (3 open cases)** – Internal Audit are currently investigating three cases of internal governance concerns. These

investigations are all in their initial information-gathering stages, utilising communication with the services involved.

- **Theft (1 open case)** – Internal Audit is currently investigating one case relating to the possibility of theft. Work in relation to this investigation is ongoing.

9.2 WHISTLEBLOWING, ANTI-FRAUD AND ANTI-MONEY LAUNDERING E-LEARNING

9.2.1 Following the implementation of the new Anti-Fraud and Corruption Policy and new Anti-Money Laundering Policy which both came into force in 2022, Internal Audit is undertaking, in conjunction with the Learning and Development team, to create two e-learning modules to support the embedding of these new policies for both existing and new staff.

9.2.2 Following the update provided in July's report, creation of these e-learning modules is still underway. Progress has been hindered by resourcing issues in Internal Audit, which have resulted in a scarcity of time to work on the modules in light of priority audit work.

9.3 NATIONAL FRAUD INITIATIVE (NFI)

9.3.1 The NFI compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud.

9.3.2 The current exercise commenced in September 2022 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output was released by the NFI in January 2023. The total number of matches for CCC as at January 2023 was 4,200 across 34 reports which have a high or medium risk rating, depending on the nature of the data. The NFI released an extra data set recently regarding residential parking permits therefore the total number of matches is now 4,229 across 35 reports.

9.3.3 As at September 2023, 1,134 matches have been reviewed and cleared resulting in £1,462.46 identified to recover. This sum relates to pension payments made to a deceased person and the Pension Team Leader (West Northamptonshire) is progressing these cases. The purpose of the match is to identify instances where an occupational pensioner has died but the pension is still being paid.

9.3.4 Internal Audit is unable to provide an update on the number or value of investigated and closed matches from other data sets at this stage, as all data holders need to update the NFI online portal with the results of their investigations before these figures are available. Internal Audit expects that these figures should become

available before the next committee cycle, once data owners have updated the NFI online portal with the outcomes of their investigations.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2022/23 KEY FINANCIAL SYSTEMS AUDITS

10.1.1 The Lead Authority Board agreed in August that for the 2022/23 financial year, Cambridgeshire's Internal Audit team would continue to deliver the Accounts Payable, Income Processing and Debt Recovery audits for the Lead Authority partners, in line with the approach taken in previous years. West Northamptonshire's Internal Audit team were due to deliver Payroll, Pensions and an IT Access Controls audit.

10.1.2 An audit report has now been delivered to Cambridgeshire County Council on the Administration of the Pension Fund for 2022/23. This gave an opinion of "substantial" assurance for both the control environment and compliance, indicating that there are minimal weaknesses that present very low risk to the control environment, and that controls had substantially operated as intended with no notable errors. It is noted that the compliance opinion provided was based upon a single "walkthrough" test of each key control process (i.e. transfers in/out of the scheme, set-up of a dependant's pension etc.). This restricted sample size reduces the opportunity for the auditors to identify non-compliance or inconsistency in the operation of key controls, and may therefore reduce the amount of reliance that should be placed upon the compliance assurance opinion given.

10.1.3 A report on ERP IT Access Controls has also been delivered by West Northamptonshire. This gave an opinion of "good" assurance for both the control environment and compliance over access controls within the ERP system. The report also confirmed that recommendations from the 2021/22 ERP IT Access Controls audit had been implemented.

10.1.4 The delivery of the Payroll audit by West Northamptonshire Council has been further delayed due to staff sickness, and as yet a confirmed estimated delivery date has not yet been confirmed. However, a draft of the Payroll report has been shared with Cambridgeshire County Council, indicating that the work is at an advanced stage.

10.2 2023/24 KEY FINANCIAL SYSTEMS AUDITS

10.2.1 The Head of Internal Audit & Risk Management attended a meeting with the other Heads of Audit from the Lead Authorities on the 18th August 2023. The interim proposal agreed was that:

- The Cambridgeshire County Council team will undertake the Payroll and Pensions audits for 2023/24.
- The West Northamptonshire (WNC) team will provide the Income Processing and Debt Recovery audits for 2023/24.

- The North Northamptonshire (NNC) team will undertake the Accounts Payable audit for 2023/24.

10.2.2 This remains an interim proposal; final approval of this approach will be given by the Lead Authority Board. A paper setting out the approach is planned to be taken to the October meeting of the Board.

Annex A

Internal Audit Plan Progress 2023/24

Progress to 31st August 2023 with the core Internal Audit Plan 2023/24 and the agreed Q1 and Q2 'flexible' plan, on the basis of individual reviews completed, is summarised as follows:

Audit Plan 23/24 Progress In-Year		
Total Completed & Closed Reviews	13	16%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	19	23%
Draft Report Issued	1	1%
Fieldwork In Progress	19	23%
Reviews at Terms of Reference (ToR) stage and before	7	8%
23/24 Planned reviews yet to start	24	29%
Reviews on hold/paused at Director request	0	0%

Detail of the agreed Core and Q1 and Q2 'flexible' Internal Audit Plan 2023/24, including progress to 31st August 2023, is provided below:

AUDIT TITLE	Directorate	TYPE OF WORK	PROGRESS
Client Funds & Deputyships	Resources	Audit	Complete
Schools Capital Programme	Childrens	Audit	Fieldwork
Street Lighting PFI Variations	P&S	Audit	Complete
Pathfinder Legal Services	S&P	Audit	Fieldwork
Climate Change & Environment Strategy	P&S	Audit	Fieldwork
FOI and SAR	S&P	Audit	Complete
ICT Incident & Problem Management	Resources	Audit	Fieldwork
Capital Project Management	P&S	Audit	Fieldwork
ICT Security	Resources	Audit	Draft report
ICT Records Management	Resources	Audit	Fieldwork
Review of draft Financial Regulations	Resources	Audit	Not started
Estate Health & Safety Inspections	Resources	Audit	Terms of Reference
Dedicated Schools Grant Safety Valve	Childrens	Audit	Terms of Reference
Safe Employment	CCC	Audit	Fieldwork
Asset Valuations for Statement of Accounts	Resources	Audit	Terms of Reference
Establishment Control	Resources	Audit	Terms of Reference
Grants to Voluntary Organisations Policy & Compliance	CCC	Audit	Terms of Reference
Supporting Families	Childrens	Grant	N/A
Local Transport Capital Block Funding (Highways Maintenance)	P&S	Grant	Complete
Pothole and Challenge Fund	P&S	Grant	Complete

Disabled Facilities Grant	CCC	Grant	Fieldwork
A14 Grant	P&S	Grant	Complete
Basic Needs Funding	Childrens	Grant	Fieldwork
Procurement Governance	Resources	Audit	Not Started
Procurement Compliance	Resources	Audit	Fieldwork
Waste PFI Review Support	P&S	Support	Ongoing
Lifestyle Services Contract	Public Health	Audit	Fieldwork
Waivers & Direct Awards Compliance	Resources	Audit	Fieldwork
Street Lighting PFI Contract	P&S	Audit	Fieldwork
Management of Consultants	S&P	Audit	Fieldwork
OPUS People Services & Interims	S&P	Audit	Fieldwork
Energy Contract	P&S	Audit	Not Started
Treasury Management	Resources	Audit	Complete
National Fraud Initiative	CCC	Support	N/A
Fraud Investigations Review Process	CCC	Investigations	N/A
Case 111 - Conflict of Interest	Resources	Investigations	Complete
Case 118 – Interims	Childrens	Investigations	Complete
Case 125 – Legal Procurement	P&S	Investigations	Fieldwork
Case 126 – Contracts Backlog	Childrens	Investigations	Fieldwork
Case 127 – Supported Living	Adults	Investigations	Fieldwork
Pro-active Counter Fraud Work	CCC	Investigations	N/A
Development of Anti-Fraud & Corruption Strategy	CCC	Investigations	Ongoing
Counter Fraud Training	CCC	Investigations	N/A
FACT/HACT Follow Up	CCC	Investigations	N/A
Council Tax NFI Project	CCC	Investigations	N/A
Whistleblowing Policy Annual Review	CCC	Investigations	Not Started
Schools Assurance Auditing	Childrens	Audit	Not Started
Information Management Board	S&P	Support	N/A
Annual Governance Statement/Code of Corporate Governance	CCC	Support	Complete
Public Sector Internal Audit Standards (PSIAS) Review	CCC	Support	Not Started
Corporate Key Performance Indicator Framework	CCC	Audit	Not Started
Annual Key Policies & Procedures Review	CCC	Audit	Complete
Annual Assurance on Risk Management	CCC	Audit	Complete
Risk Assurance Reviews	CCC	Risk Management	N/A
Development of Risk Strategy	CCC	Risk Management	Draft Report
Risk Management	CCC	Risk Management	N/A
Advice & Guidance	CCC	Support	N/A
Freedom of Information Requests	CCC	Support	N/A
Follow-Ups of Agreed Actions	CCC	Support	N/A
Committee Reporting	CCC	Support	N/A
Management Reporting	CCC	Support	N/A
Audit Plan	CCC	Support	N/A

ANNEX B *Summary of Outstanding Recommendations*

(Recommendation status as at 31.08.2023).

Audit	Risk level	Summary of Recommendation	Target Date	Status
Essential Recommendations overdue ***- over 3 months***				
ICT Light Touch Security	E	A target date for CCC re-obtaining PSN certification is agreed and JMT is kept updated of progress towards this target. In view of management's comments on the draft report, we recommend two separate target dates be agreed: • One for the completion of an ITHC and the submission of an appropriate Remediation Plan to PSN (if needed). Perhaps the target for this could be August 2021 • And the other target being for the completion of (at least the high priority elements of) the new Remediation Plan. We suggest this target date could be 3-6 months after the above.	30/11/2021	The PSN ITHC has been completed and a PSN Remediation Access Plan (RAP) is now in place. The remediation of the high vulnerabilities has a target date of the end of September and the medium vulnerabilities have a target date at the end of October. The Service intends to submit the PSN application at the start of October 2023 assuming the high-risk vulnerabilities have been either resolved or mitigated. Revised target date: 31 October 2023
Essential Recommendations overdue ***- under 3 months***				
There are no recommendations overdue by under 3 months.				
High Recommendations overdue - ***over 3 months***				
Consultancy Contracts Assurance	H	Reporting on consultancy expenditure to Committee should include whether or not an e-form has been completed for each separate consultancy assignment, to request approval to use consultants.	31/07/2022	The Head of Procurement & Commercial previously confirmed that the data for this is now being collected through the new e-form for approving consultancy spend. Information on

				approved spend will be part of the standard reporting on consultancy and agency spend. Internal Audit are awaiting an update on when this reporting will be implemented. Revised target date: TBC
Healthy Child Programme	H	Linked to the previous recommendation, Public Health should conduct an exercise to scrutinise all non-staffing costs in the CCS/Cambridgeshire element of the Section 75 Agreement and seek to bring these more in line with the CPFT costs, with particular challenge to the cost of estates and overheads. The Section 75 Agreement permits the cost of the contract to be varied each year as agreed in the Annual Development Plan, so the service should seek to agree a reduction to non-staffing costs to be implemented in the 2023/24 Annual Development Plan (or sooner if agreement can be reached with the provider).	31/08/2022	Internal Audit has not had an update for this recommendation since the previous Progress Report in July 2023. In their previous update, the service confirmed that they are now receiving robust 6-month financial reports from the Provider which includes details of non-staffing costs and new reporting enables them to have a more holistic overview of S75 agreement costs. There is ongoing work being conducted within CCS regarding estates costs, which is the main disparity between CCS & CPFT non-staffing costs, however this will not be concluded by the end of the 2022/23 financial year and the service will include it in the 2023/24 Annual Development Plan. Additionally, there are wider conversations underway within the ICB to take a more system-wide approach to reviewing estates. There is also inclusion with the 23/24 ADP a commitment to ensure that staffing costs always exceed 75% of total contract value. Inflation and increased cost of living pressures, including rising property maintenance/management costs of buildings also makes it challenging to bring down any estate costs this year.

				The service are asking CCS to provide updated HCP costs for all bases they are operating out of and a piece of work has already taken place between CCS and Huntingdonshire District Council to negotiate a reduction in rent costs for the Oak Tree Centre, which is by far the most costly building. However, the service are still waiting to hear back on what this means in terms of a reduction in HCP contributions. Revised target date: TBC
Healthy Child Programme	H	The Authority should seek to vary the Section 75 Agreement to remove the requirement that underspends are ring-fenced for use in the HCP.	31/12/2022	Internal Audit has not had an update for this recommendation since the previous Progress Report in July 2023. In their previous update, the service confirmed this has been agreed between Provider and Commissioner. A new s75 has been drafted and is currently with the provider for review and signature. New Target Date: TBC
Integrated Drugs and Alcohol Treatment System Contract	H	Public Health should alter financial monitoring so that, for budget variances as uncovered in the review of SMS reporting within quarterly contract monitoring meetings, are reconciled to prime evidence, as allowed by clauses 34.1 and 34.2 of the contract. This represents a shift to more open book financial reporting. To assist with this Public Health should utilise the detailed pricing schedule which includes a detailed list of allowable costs against each pricing element. This pricing schedule can be the	30/01/2023	Robust quarterly financial reports are received which reflect a detailed breakdown of variances against each pricing element (as per pricing schedule). Variances are scrutinised. The team have received training from the Head of Diligence and Best Value to improve knowledge. The question of whether quarterly open-book accounting should be adopted in the public

		basis for challenge in contract monitoring meetings allowing for efficient detection of budget variances. It will also allow the council to distinguish costs that should be absorbed by CGL. If the Service considers this unfeasible, they should consult with the Head of Diligence and Best Value for advice and guidance on how to implement a more open book financial reporting approach.		health directorate has been escalated to conversations at the Procurement Governance Board and involving the Head of Diligence and Best Value. This issue has been discussed at at least one meeting of the Procurement Governance Board, but a conclusion is yet to be reached on the best way forward. As these conversations are ongoing, officers have been unable to provide a revised target date. Internal Audit is awaiting the outcome of these discussions and will provide a further update in our next progress report. Revised target date: TBC
Fire Risk Assessments	H	The Property Compliance Team, Estates and Facilities Management should ensure that a review is undertaken to identify a definitive list of all properties for which the Council is required to undertake FRA's. If any such properties identified have not had an FRA in the last three years, the Property Compliance Team Manager should ensure that a FRA is undertaken as a matter of priority.	31/03/2023	The service confirmed the property lists have been reviewed and the definitive 'list' has been created as part of the data entry and data verification processes as part of the new Concerto property database. Once cleansed and verified this will provide the definitive schedule of properties in which CCC has an interest that the property function is aware of. Estimated completion for this is 30 October 2023. Under Corporate Landlord, a further exercise is required to identify property interests taken outside of corporate property processes (I.e. those properties not known or notified to CCC Property). This requires an audit of all services across the council and all risks relating to these sites sit with the appropriate services or functions.

				Estimated completion date 31 March 2024 subject to additional staff resourcing being provided. Revised target date: 31 March 2024
High Recommendations overdue ***- under 3 months***				
Direct Payments Consolidated Report	H	Internal Audit has consulted with staff in social care, Finance and Debt Recovery and drafted a proposed Direct Payments Fraud and Misuse Policy, attached as Appendix A. The Executive Director of People Services and the Service Director of Finance & Procurement should review this policy, make any amendments, and adopt the policy on behalf of the Council. Once the policy is adopted, it should be communicated to staff in social care and finance, alongside an awareness-raising exercise through the Council's internal corporate communication channels.	30/04/2023	The service have confirmed that they are awaiting feedback on the new policy. If no amendments are required, it will be circulated with the Director of Legal and Governance to ensure that the policy aligns with other internal policies before full ratification. Revised target date: 31 October 2023
GPC	H	As a deterrent measure, consideration should be given to automatically removing limits of any Cardholders who have not reviewed their last 3 transactions. On first missed review, an email reminder should be sent reminding cardholder of their responsibilities and the possible consequences i.e., card suspension or closure. Likewise, any approvers who are consistently not approving transactions on SDOL should have their approver rights suspended for a fixed period or removed. An accurate compliance log should be maintained that tracks monthly compliance and allows for instances of missed review/approval to be recorded to enable the above. Audit understand this to be in early progress.	01/06/2023	The Finance Team are currently reviewing the number of months over which non-compliance needs to take place to result in card removal to ensure that transactions are provided to the Finance team and reviewed quickly enough to ensure that there is sufficient time for a change of behaviour before action is taken. Currently, information provision is taking too long to enable a 3 strikes rule to be reasonable. Once a number of non-compliant months is decided upon, they will issue an email to all cardholders advising of the change and commence compliance monitoring. They hope to issue this in September with October being the commencement of compliance monitoring.

				Revised target date: 31 October 2023
GPC	H	"The GPC team should carry out proportionate monthly monitoring of GPC expenditure. Responsibility for review of transactions and dormant accounts review should be delegated from the Head of Finance to the GPC team. This would bring GPC team activities in line with the guidance provided by RBS and supports the Council's management of key risks. Review of monthly transactions should identify for further review and investigation: • high value transactions • high value cardholders • prohibited spend categories • unapproved transactions • undeclared vat on spend categories that should be vatable • cardholders/app rovers who are not reviewing or approving Focused review in these areas should ensure high value transactions and non-compliant activity are identified, investigated, and escalated if necessary. Outcomes should be documented within the newly established compliance log to inform a regular compliance report to be shared with the Head of Finance for information. If a review of all expenditure is not practical, regular spot checks should be conducted in the above categories to provide ongoing assurances."	01/07/2023	Monthly reviews of data by the Finance team is taking place but this has not yet been formalised as a set process. The Finance Team will be putting in place more systematic monthly processes for an analytical review of transactions. Revised target date: TBC
GPC	H	"Clear guidance to schools on GPC use should be developed. This should include clear guidelines regarding prohibited categories of expenditure and requirements to review and approve spend. This could be the same as the CCC standard GPC guidance document, or a separate document if it is believed this is required to suit schools needs. Once agreed, a copy should be circulated to all maintained schools and should be shared when schools apply for new GPC or to change a cardholder/approver."	01/08/2023	The service has confirmed the GPC Team are working on new users guide and FAQ Document. Revised target date: 30 September 2023

Healthy Child Programme	H	Once a detailed Pricing Schedule has been developed for the contract, the Public Health team should implement quarterly open-book monitoring against the pricing schedule. This should include a detailed breakdown of actual costs incurred by the providers, with this information being reviewed and challenged by the Authority. The service should also ensure the year-end reconciliation of reported costs to actuals takes place in line with the Section 75 Agreement document.	30/06/2023	The question of whether quarterly open-book accounting should be adopted in the public health directorate has been escalated to conversations at the Procurement Governance Board and involving the Head of Diligence and Best Value. This issue has been discussed at at least one meeting of the Procurement Governance Board, but a conclusion is yet to be reached on the best way forward. As these conversations are ongoing, officers have been unable to provide a revised target date. Internal Audit is awaiting the outcome of these discussions and will provide a further update in our next progress report. Revised target date: TBC
Transparency Code	H	An Information Management Strategy (or equivalent) should be produced to establish how information should be produced and published. It should include: • A clear process for key officers to check that all required datasets are published correctly and on time ensuring compliance that the information is published quarterly and annually. • A timetable for key officers to get in touch with service contacts who own the datasets, to remind them that publication is due in advance of deadlines. • Guidance for ensuring if any delayed or absent publication is identified that it is discussed to find out the reasons for this with the officers involved and to establish whether there are ongoing issues with timeliness of publication and to identify the root cause.	30/06/2023	Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023. Revised target date: 31 October 2023

		• Processes to ensure that personal information is redacted appropriately.		
Transparency Code	H	Key Officers need to be identified in the Council who are responsible for ensuring that the Transparency Code data is published in line with requirements. This should include identifying, in a written document (such as the Information Management Strategy referenced at Recommendation 1): • The central team (i.e. the Information Governance team) with responsibility for requesting data due for publication; collating the data; ensuring that data accuracy checks have been completed; and publishing the data on the Council's external website. • For each individual dataset, identifying which team within the Council is responsible for owning and producing the data and supplying the data to the central team. This should include identifying a named key contact within each team for producing the data. • For each dataset, identifying the checks that should be conducted to verify that the information published is accurate and is compliant with the format requirements of the Transparency Code, by the key officers. This can then be followed consistently when officers change to ensure that the process is consistent.	30/06/2023	Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023. Revised target date: 31 October 2023
VAT	H	The VAT team should ensure that reconciliations of purchase VAT are undertaken on a monthly basis and include a detailed review of differences highlighted between the GL and the MTD report totals. This requirement and detailed process should be incorporated into the VAT procedures recommended at recommendation 1 above.	31/07/2023	The service has confirmed that this now takes place in practice and that they have submitted first month's claim since the large reclaim went through, and so are now on a more settled process without workarounds. Detailed process will be incorporated into the VAT procedures. These are being drafted and the service are intending to update them further whilst undertaking the September

				process (July's return) before finalising the notes mid-September. Revised target date: 30 September 2023
VAT	H	The VAT team should establish and document a procedure to ensure the HMRC regulations on the Partial Exempt rule to local authorities are complied with. This should include regular monitoring to provide in year assurance or to identify where it is likely that the partial exemption limit may be exceeded. This would also support timely completion of the full year calculation as potential issues will have been identified during the year. The VAT team should ensure the procedure requires officers to notify the S151 if it is identified that the partial exemption limit may be breached. The PE calculations should be reviewed and reported to the Deputy 151 Officer as a matter of priority.	31/07/2023	Notification is happening. Calculations are now included as part of the monthly VAT return process. process notes are being drafted and will be finalised in September. The calculations will be reported in line with the procedure outlined in the process notes (i.e. at certain times of year/if a certain level is reached) Revised target date: 30 September 2023
Medium Recommendations overdue - over 3 months				
This Land	M	Governance arrangements: A formal document is produced and presented to C&IC (as Shareholder) containing governance arrangements of: • Reporting to Shareholder; • Corporate performance indicators for delivery against the benefits identified; • Business plan; • Financing the company; • Reserved matters; • Risk, Audit, and internal control This could be a development of the drafted Memorandum of Understanding or a separate document which should be discussed and agreed by the committee, with changes made if	01/06/21	The arrangements for reporting to Committee, submission of the annual business plan and financing the company are established. Financing is also governed by loan/security documents (which have recently been updated and reviewed by the external solicitors Freeths). The latest monitoring update to Committee is at S&R on 11 July. Following recent appointments, This Land now has a complete board of directors. The shareholder agreement and articles of

		necessary. Implementation of this recommendation would substantially increase the audit opinion.		association are subject to active review currently, taking account of sector guidance. . The proposed shareholder agreement regulates roles and responsibilities between the Council and the company, its board and sub-committees, describing the governance arrangements for the business and business plan, financial, progress and performance reporting and monitoring, financing and supporting of the business, appointment of auditors, information governance, employment and business conduct. Provision is to be made for assessment and evaluation of the effectiveness of the board and codifying that a shareholder representative (on behalf of the Council) is empowered to request and receive information from the company, including to information relating to assurance and internal controls Revised target date: 31 October 2023
Capital Programme Governance Review	M	There are 23 recommendations in the Capital Programme Governance Review report that became due for implementation on 30 June 2021.	30/06/2021	These recommendations re currently under review as part of an internal audit review. As a result of the work undertaken to date, 3 of the 26 original recommendations have now been marked as 'implemented'. However, the audit work is yet to be completed and the officer conducting the review has now left. This has delayed completion of the review. Revised target date: Audit report expected to be issued in October 2023

General Ledger	M	Urgent action is taken in conjunction with the Payroll and HR Transactions Manager to address the weaknesses in the quality and accuracy of payroll control accounts.	30/09/2021	This action continues to be progressed by the Payroll Team in liaison with Corporate Finance. Aged items are being cleared and there is an action plan in place to address specific issues. The Strategic Finance Manager confirmed that system changes have been implemented that have resolved the root cause issue in relation to two control accounts. Latest analysis shows a significant reduction in aged items. Revised target date: While progress has been made Finance Colleagues have confirmed it will take some time to clear the remaining historic transactions. Internal Audit will continue to Liaise with Finance and provide a further update as part of our next progress report.
DSG - High Needs Block Demand Management	M	The service has indicated that there are already plans to review and update the Personal Budget policy. The service should ensure as part of this update that guidance is clear that where any provision is to be secured by a Personal Budget, Section J of the EHCP should include: details of how the Personal Budget will support particular outcomes; the specific provision it will be used for, including any flexibility in its usage; and the arrangements for any direct payments for education, health and social care.	01/04/2022	The EHCP Improvement Plan Programme of works contains projects such as Personal Budgets, EOTAS and EHE. In addition, Personal Budgets is reflected in the SEND Strategy working groups. However we will need to develop our own Education (SEND) PB Policy. Funding has been secured for a fixed term post for a SEND Policy and Guidance Development Lead. The Job Description is in draft for review and submitting to HR. The aim is to complete this by 31st April 2023 and advertise for recruitment this summer term. Once in post the Lead will undertake a review of current CCC Personal Budget Policy to ensure that we have robust and transparent Policies, so that across the system all services know what Personal Budget means. Clear and Transparent

				guidance is needed to ensure consistent approach and working practice across all of SEND and key stakeholders. This is also inclusive of EOTA's and EHE with are additional projects where Policy and Guidance will also be developed. The development of the EHCP Template also forms part of the EHCP Improvement Plan Programme of works. The development of a working group for Personal Budgets is in Phase 1 of this project as part of the Discovery, definition and design elements required. This is expected to commence in September 2023 Revised target date: 30 September 2023
DSG - High Needs Block Demand Management	M	A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an EHCP after an annual review has taken place. The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.	01/09/2022	The EHCP Improvement Plan Programme of works is split into two functioning workstreams, Annual Review and EHCP. Under Annual Review we will be conducting extensive research and engagement with our key stakeholders to understand what a good Annual Review looks like. Research will also include anonymised Quality Assurance Audits of Annual Reviews. This will feed into the development of work required to improve the Annual Review process and develop bespoke Training Packages for delivery across the whole system. Seconded SENCOS have been resourced with initial sessions being held alongside the Quality Assurance Lead and SEND Transformation Programme Lead after the Easter Break. The Annual Review workstream will run until, at minimum, end of 2025.

				Revised target date: 31 January 2025.
Overall Schools Report	M	The School Finance Team should amend existing CCC regulations for schools to clearly specify areas where schools need to formulate their own internal policies in addition to the CCC regulations for schools. These include a Scheme of Financial Delegation and the other policy areas listed in Annex A to this report.	30/09/2022	Internal Audit has not had an update for this recommendation since the previous Progress Report in July 2023. In the previous update, the School Finance Team confirmed they were still implementing the new budgeting and reporting tool (EMS), which would be implemented by the end of the term but was taking the team capacity. The service stated this on the service's priority list for after the implementation of EMS as they want to ensure corporate documentation and guidance reflects requirements from the new system. Revised target date: 30 September 2023
Overall Schools Report	M	Where CCC regulations for schools allow for varying proportionality of controls such as separation of duties, the Schools Finance Team should consider clarifying in what situations it is acceptable to deviate from best practice, and to what degree. This could include setting a financial threshold above which schools must be able to evidence separation of duties in purchasing. It should also be made clearer in the regulations what constitutes sufficient separation of duties at different stages of the purchasing process. For example, can the same person approve a purchase order and then raise it on the system (such as the Headteacher)	30/09/2022	
Overall Schools Report	M	The School Finance Team should amend CCC regulations for schools to state that the Payroll Costing Report and Previous Pay Comparison Report should be used to identify all variances and illustrate the full cost of the payroll to be signed off. If these two reports are used, the Payroll Validation Reports and EPM Variance reports are not necessary and schools are able to conduct more detailed scrutiny of their payroll.	30/09/2022	

Overall Schools Report	M	The School Finance Team should consider amending CCC regulations for schools to include a requirement that a second officer must authorise individual payroll amendments. This would require schools to apply separation of duties in all individual payroll amendments, which if not demonstrated increases the risk of payroll fraud.	30/09/2022	
Key Policies and Procedures	M	The Partnership Governance Advice and Guidance to be allocated an owner, reviewed depending on the last review date and published on Camweb.	30/11/2022	The Service Director of Policy and Communities has confirmed this task has now been assigned to a Policy and Strategy Officer who will be undertaking the review which will be completed by October 2023. Revised target date: 31 October 2023
AR Income 21/22	M	Documented procedures should be created to govern the future ongoing use of the fortuitous income codes. These procedures should include clear criteria that should be met prior to a suspense item being moved to an income code. These procedures should also cover the process of moving transactions from customer accounts to a fortuitous income code. Once developed, the procedures should be agreed with the S.151 officers.	31/12/2022	This action was delayed due to the IMS project implementing a new income system – in part as changes resultant from the new system had to be considered. A draft process has now been developed in respect of how the fortuitous income code will be operated. As the Income Processing Service is a shared service the paper outlining the new process needs to be reviewed / approved with the S151 officers across each Partner organisation to obtain approval. A review of CCC will data be completed by 31-08-23 when Income Processing will be migrating the contents of ZIC02 suspense account to the new HeyCentric (new IMS system) Suspense Account. Once this is complete (and subject to approval from S151

				Officers) the new process can be implemented and relevant transactions can be transferred to the fortuitous income code. Revised target date: 31 October 2023
AR Income 21/22	M	A policy should be developed to govern how credit only customer accounts should be treated and managed. The policy should include at what point in time a credit only account should be considered as aged. For example, an aged account could be defined as one that has not had any invoices raised for 6 months. The policy should include a check to ensure that a credit only account is not due to failure on behalf of the Council to raise an invoice prior to any further action being taken. Once this policy has been developed, exception reporting should be developed to identify aged credit only accounts so that action can be determined and taken in line with the policy. Data on credit only accounts should be incorporated into the current reporting regime and in conjunction with unapplied items reporting (recommended above) and should include: • The number of credit only accounts • The value of transactions on credit only accounts • The volume of transactions on credit only accounts • Narrative on any issues and action taken in relation to clearing transactions from credit only accounts.	31/12/2022	Although credit only accounts is a situation that spans all customer groups the bulk of such situations is predominantly within the Adult Social Care (ASC) sphere. Bearing this in mind, principles on how to deal with credit-only customer accounts will be drafted in conjunction with ASC to ensure that we limit the impact to vulnerable customers and their financial representatives. ASC credit only accounts have been referred to Adults Directorate to work through and advise of refunds to be processed to Debt/Income This review will also consider the recommendation within the 2022/23 audit of Income Processing, in respect of a small difference write-off / write-on where the account balance is minimal and therefore further actions would not be cost effective. A Draft Process Policy has been created which, if agreed by partners, should be to be put in place start of Q4 The target date has been revised to 2023/24 Q3 to allow for the new Income system to be embedded across all Partner organisations.

				Revised target date: 31 October 2023 for partner approval and 31 January for implementation in practice.
Insurance Fund	M	The Claims Handling Manual should be updated following implementation of an Insurance Strategy, this should ensure that the service goals and objectives are supported by operational processes which target management resource accordingly. This could also include: current reporting review processes, betterment circumstances.	31/12/2022	Head of Insurance advised workings of the revised document are in progress, although the implementation of this recommendation relies to some extent on the Insurance Strategy being finalised. The strategy has not been formally approved and is under review by the s151 Officer. Revised target date: 01 December 2023
Insurance Fund	M	An Insurance Strategy is developed to provide a clear framework for the service goals and objectives including a structured approach to the Councils insurance arrangements. For example, this could include the following information: The strategic aims of the service, a breakdown of the risks the council self-insures and policies the council holds with external insurance providers, the process for projecting future risk profile, management and recharging arrangements, claims management processes and processes for reviewing the insurance strategy.	01/01/2023	Head of Insurance advised that this action has been delayed due to service pressures, however work has now commenced to form an insurance strategy and an initial framework for the document is with S151 for consideration and feedback. The strategy will then need to go to Lead Authority Board as the document will support all councils the Insurance Service supports. Revised target date: 01 December 2023
Money Laundering Risk Assessment	M	"The content on money laundering in the Fraud Prevention eLearning should be updated to include: • Updated information on money laundering laws. • Examples of the type of higher-risk transactions that staff might see in a CCC context. • Case studies with more of a public sector focus. • Reporting Procedure. • Customer Due Diligence process.	31/01/2023	The creation of e-learning modules on money laundering, and on fraud, bribery, corruption and whistleblowing is underway. Completion currently impeded by resourcing issues and other Internal Audit work. Revised target date 31 October 2023

		Key teams in areas at highest risk of money laundering (i.e. Finance Operations, Property and social care finance) should be targeted to encourage them to complete the eLearning. The Council should consider introducing a separate Anti-Money Laundering training module which could be offered as targeted or even mandatory training for staff in higher risk teams. "		
Healthy Child Programme	M	The Delegation & Partnering Agreement should be reviewed and updated to permit underspends to be carried forward within the HCP as specified in the Section 75 Agreement, rather than being repaid to PCC as currently required by the Delegation & Partnering Agreement. The updated document should include a clear governance process setting out how the use of any underspend on the PCC side of the contract should be approved (for instance, this could specify approval by the Director of Public Health). As part of this, the service should also consider whether it is practical to include more flexible provisions in the Delegation & Partnering Agreement around financial contributions, so that the Agreement does not have to be completely re-written and re-signed if the financial contributions are indexed or uplifted during the course of the partnership. This should include a clear governance route for approval of changes to the contract value (for instance, approval from the Director of Public Health).	31/03/2023	Internal Audit has not had an update for this recommendation since the previous Progress Report in July 2023. Revised target date: TBC
Fire Risk Assessments	M	Once a definitive list has been identified of all council properties requiring FRAs, a column should be added to the corporate portfolio spreadsheet to indicate where a FRA needs to be completed for a property, so the Compliance Team can regularly reconcile against their own FRA compliance spreadsheet to ensure they are carrying out required FRAs. An area of good practice would be to add another column for the rationale if a FRA is not required, as this would prevent the need to duplicate work if staff move on. The live corporate	31/03/2023	The service confirmed progress has been made on this recommendation but it is not yet complete. This work is being prioritised alongside other key H&S tasks and is linked to the work on compiling a verified list of properties. Revised target date: 31 March 2024

		portfolio list should then be made available to all Teams to ensure that they are aware of when new properties are added or when properties are deleted.		
DR 21/22	M	Regular reviews of aged debts should be undertaken with the aim of reducing existing aged debt. These reviews should be targeted to ensure they are proportionate to resources and focus on aged debts that may not have been reviewed recently or on a regular basis. Reviews should include: • Identifying any aged debts where no manual recovery activity has been undertaken. • Identifying any aged debts where no manual recovery activity has been undertaken for a significant period. • Determining whether action from the service who raised the invoice is required • Determining What recovery activity should be undertaken • Whether the debt is considered unrecoverable and should be written off Given that the portfolio prioritisation of high value debts means it is less likely that lower value aged debts are regularly as part of existing processes, it is recommended that these debts are subject to regular targeted reviews. Reviews could be undertaken by redistributing existing resources for a limited period	31/03/2023	Aged debts are reported as part of the monthly reporting pack which is distributed and discussed at Service Review meetings. Data shows that the majority of aged debt lies within the ASC sphere, where recovery of charges can be complicated due type of service, client base and other government bodies which elongate timeframes for resolution which are outside of the Authorities control. Improvements have been made by the introduction of statement style invoicing during 2022/23 for ASC debts so that all outstanding invoices are reminded to address low value debts that may not have been prioritised within portfolios. In addition, a one-off exercise that looked at low value aged debts against dormant accounts was undertaken. A review of Debts over 6 months old is being undertaken to identify any with no complaint codes recorded s to ensure that actions have been taken and debt statues are more accurate to aid reporting. Also changes have been made to Debt Status assignment within monthly Debt reporting to more accurately reflect debts with no complaint codes after 90 days to show that these are with the Debt Team to manage rather than still in Dunning Cycle.

				ASC Debt Improvement Project set-up during Q3 of 2022/23 with the aim to improve all aspects of the customer journey, and the debt position. The outcomes of the review will be implemented during 23/24. Further update will be provided in the second half of 2023/24 once the outcome of the Improvement project is known and changes implemented. Revised target date: Internal Audit will re-engage with the Debt Recovery Service to assess progress with this in September 2023
GPC	M	Analysis Reports should be shared to the Information Governance team to be uploaded onto Insight to ensure CCC is complying with statutory Transparency Code requirements	01/04/2023	Format of data sets agreed with Professional Finance, GPC Team providing retrospective absent data sets with the process then being embedded as part of BAU with data sets to be published monthly. Procedure guides and all data sets to be published. These changes have now been made with a view to being signed off and published by the end of September. Revised target date: 30 September 2023
Medium Recommendations overdue ***- under 3 months***				
Chartwell Assurance	M	To maximise transparency, it is recommended that a checking mechanism is included within Project Management Office (PMO) gating or within project commissioning working procedures, that requires commissioning officers/project	01/06/2023	Guidance for this recommendation has been written up in new PPM Guidance and PPM Framework documents - these have been drafted but not yet formally introduced. Full

		managers to consider whether related party and/or conflict of interest declarations apply to their project and, if they do, document a plan for managing this. Declarations and linked management plans can be reported to and governed by the relevant project boards/groups. This may include the Capital Programme Board and Corporate Leadership Team for larger scale projects.		launch and implementation was put on hold earlier this year due to the restructure of PDD into the new PIP Service. Revised target date: 31 October 2023
GPC	M	It is recommended that the CCC FAQ document is used as the primary guidance for acceptable use. As an internal document, it can be tailored to be consistent with the policies of CCC. The RBS User Guidance provides a more general guidance, and details of the responsibilities of Cardholders, Approvers and the GPC team. The User Guide, CCC FAQ Document and Travel and Expenses Policy should be consolidated and updated to ensure that guidance on staff subsistence is clear and consistent to all staff, including those in Client Funds and Social teams where exceptions may be permitted.	01/06/2023	The GPC Team are working on new guidance documentation including the CCC FAQ and update to be consistent with the policies of CCC. This will include unacceptable use, Procurement contact details and retention of receipts. Updated guidance will be added to websites. Guidance to include uploaded of receipts. This will allow for one user guide/policy for CCC to negate an ambiguity Revised target date: 30 September 2023
GPC	M	Conditions and exemptions for spend (usually purchases on behalf of service users) within prohibited categories should be clearly specified in the CCC FAQ document	01/07/2023	The service has confirmed the GPC Team are working on new users guide and FAQ Document. Revised target date: 30 September 2023
GPC	M	"The service should review the current blocked categories to explore whether further categories of spend should be included. A starting point might be to align to the current arrangements at Milton Keynes council. As a further preventative control, the service should explore whether access to categories of spend should be tailored to the cardholder's needs and requirements as dictated at application stage. By allowing the cardholder to specify what the GPC card will relevant applicable categories need be unblocked. This should reduce the risk of inappropriate and unnecessary spend."	01/07/2023	The payables team are looking to change the current process for GPC, by transferring the majority of processes to ERP which will then enable improved controls in regard to approvals and reporting Revised target date: TBC

Transparency Code	M	A process should be introduced for reporting on compliance with the Transparency Code to the Information Management Board and/or senior management to include any issues with production of or access to data.	30/06/2023	Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023. Revised target date: 31 October 2023
Transparency Code	M	The process that the Information Governance Team undertakes for correcting published data which is subsequently identified as inaccurate is not documented. The process that the Information Governance Team undertakes for correcting wrongly published data should be documented so it is consistent.	30/06/2023	Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023. Revised target date: 31 October 2023
FOI and SARS	M	The Information Governance Team should review all policies and procedures on both Camweb and the Council's external website.	31/07/2023	The policies have been reviewed but need to go to the new Information Management Board when set up - so revised target date end of October. Revised target date 31 October 2023
Fostering Payments (In-House)	M	The service should undertake a review of its success to date in using IFA 'top up' fees to recruit and retain in-house foster carers and consider whether a higher level of payment should be rolled out across the board to attract and retain more in-house carers. If payment of higher fees significantly improves the availability of in-house placements, the additional cost of the 'top up' fees may be offset by the reduction in the need	01/08/2023	The service has advised that the fostering service is currently undergoing a transformation project, which includes reviewing the issue of payments to foster carers as outlined in the recommendation.

		for external placements. This should be fully explored by the service.		Revised target date 31 March 2024
IP 22/23	M	The Business Systems Team should ensure that the discrepancy in the CCC ZAR10 control account reconciliation is resolved. Once completed the details of the issue and resolution should be reported to the CCC Head of Finance.	31/07/2023	Business Systems working with Accounts Payables Colleagues to clear the low value discrepancy. NB – this is a minor discrepancy relating to one transaction of £354.25. Revised target date 31 December 2023
overall school audits 22-23	M	In conjunction with Recommendation 1, the Director of Education and/or Schools' Finance Team should write to all schools to explain that whilst schools do not use ERP Gold, they should follow the key purchasing controls of having an order form raised, approved by a separate approver, and a goods receipting process should be undertaken and evidenced before payment.	31/07/2023	The service has advised that this will be done through the School Finance Team's initial correspondence to schools at the start of the academic year. Revised target date 31 October 2023
overall school audits 22-23	M	In conjunction with Recommendation 1, the Director of Education and/or Schools' Finance Team should write to all schools to clarify that PTA and school bank accounts should be kept entirely separate. In conjunction with Recommendation 4 below, this information should be included in consolidated financial guidance for schools	31/07/2023	Internal Audit is liaising with the service to consider the best way to approach this recommendation and to agree a revised target date. Revised target date: TBC
overall school audits 22-23	M	The School Finance Team should consolidate existing CCC regulations for schools into a single document. This should include key controls for making purchases without the use of ERP Gold, which formerly existed in the Financial Regulations for Schools.	31/07/2023	The service confirmed that limited team capacity had prevented the team from being able to implement this recommendation by the original target date, alongside the introduction of the new digital finance system for schools. It was confirmed that the capacity issues have now been resolved, and that the outstanding audit recommendations are high on the team's priority list for the coming weeks. Revised target date: 31 October 2023
overall school audits 22-23	M	The School Finance Team should amend existing CCC regulations for schools to clearly specify areas where schools need to ratify their own internal policies in addition to the CCC regulations for schools.	31/07/2023	

VAT	M	"The VAT team should review all Tusker invoices to determine how much irrecoverable VAT from Tusker was reclaimed from HMRC. Once identified arrangements should be put in place to notify HMRC and ensure erroneously claimed VAT is refunded. The monthly VAT return process should include a check of all Tusker invoices related to the monthly return and ensure manual adjustments are made to ensure the correct amount of VAT is claimed. "	31/07/2023	These invoices are reviewed monthly. We are reviewing process with HR linked to identifying which costs are subject to VAT and are analysing whether there is a tax code in ERP that can be used to resolve this issue. Process notes will be updated once above procedure has been agreed before the end of September. Revised target date: 30 September 2023

Agenda Item No: 7

Annual Report of the Audit & Accounts Committee

To:	Audit & Accounts Committee
Meeting Date:	28th September 2023
From:	Mairead Claydon, Head of Internal Audit & Risk Management
Electoral division(s):	N/A
Outcome:	The Audit & Accounts Committee agrees an annual report on its activity which will be presented to Full Council on 12th December 2023.
Recommendation:	The Committee is asked to review the proposed annual report to Full Council and agree any changes required.

Officer contact:

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1. Background

1.1 The Audit and Accounts Committee exists to provide independent assurance on the adequacy of the Council's risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

1.2 As part of their role, the Committee provides an annual report to Full Council outlining the work of the Committee over the past year.

2. The Audit & Accounts Committee in 2022/23

2.1 Audit and Accounts Committees within Local Authorities are necessary to satisfy the wider statutory requirements for sound financial management as part of best practice so that the Council can meet its duties under the Accounts and Audit Regulations. The Audit and Accounts Committee plays a vital role in ensuring that the residents of Cambridgeshire County Council are getting good-quality services and value for money, i.e. economy, efficiency and effectiveness.

Membership of the Committee:

2.3 The Audit and Accounts Committee currently had seven members and met five times in the 2022-23 financial year, with all meetings held in public. The Annual Council meeting held on 10th May 2022 agreed to appoint Councillor Wilson as the Chair and Councillor Gay as the Vice Chair for the Municipal Year 2022-23.

2.4 At the Audit and Accounts Committee meeting in July 2022, Members agreed to seek up to two apolitical, non-voting members to be co-opted to the Committee. This intention of this decision was to position the Council well to comply with any future legislative changes and to meet the aspirations of the CIPFA Position Statement on Audit Committees in Local Authorities and Police, which recommends that Committees include an independent or apolitical member. The Committee felt that introducing this arrangement at Cambridgeshire would be a valuable addition to the Council's governance arrangements.

2.5 Following an open advertised recruitment process, a total of eight applications were received, of which four were shortlisted and interviewed by Councillors Wilson, Gay and Boden. On 28th July 2023, the Committee received a report from the panel recommending the appointment of Mohammed Hussain as an independent non-voting member of the Audit and Accounts Committee. This proposal was approved by the Committee.

Committee Terms of Reference:

2.6 The Committee has been structured around the following responsibilities:

- Considering and approving the Annual Statement of Accounts;
- Ensuring that the financial management of the Council is adequate and effective;
- Ensuring that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk;

- Reviewing annually the Council's system of internal control and agreeing an Annual Governance Statement;
- Ensuring that the Council has an adequate and effective Internal Audit function.

2.7 On 9th February 2023, the Audit and Accounts Committee considered a review of the Committee's Terms of Reference, which had been re-evaluated in light of CIPFA's recent Position Statement on Audit Committees in Local Authorities and Police, which set out the Audit Committee practice and principles that should be adopted. The Terms of Reference were then considered at the Constitution and Ethics Committee, before approval at full Council.

2.8 The report also included a proposal for the Committee to undertake a self assessment of its effectiveness. This proposal was agreed by the Committee and the review undertaken on 8th September 2023. The findings and actions from the review will be formally reported to the Audit & Accounts Committee in December.

2.9 At its meeting on the 26th May 2023, the Committee also agreed a proposed training programme for the financial years 2023/24 – 2025/6. Training sessions on the accounts and risk management have been delivered in August and September 2023.

3. The Committee's relationship with Internal Audit

3.1 A key part of the Committee's role is to both challenge and support the Internal Audit service. The Committee has supported a flexible approach from the Internal Audit team, which ensures that planned coverage is continually re-assessed to direct audit resource towards areas of emerging risk, rather than a static plan agreed some months before. The Committee has taken a proactive role in this approach, both by reviewing the proposed plan of work for Internal Audit and requesting updates from Internal Audit and Council services on implementation of actions.

3.2 In its role of overseeing the work of Internal Audit, every ordinary meeting of the Audit & Accounts Committee was provided with updates on progress in delivering the agreed Annual Audit Plan. For the 2022-23 financial year, the Head of Internal Audit produced an Annual Report setting out her annual opinion on the Council's control environment, which was presented to the Committee on 26th May 2023. The annual opinion is summarised as follows:

> *On the basis of the audit work undertaken by Cambridgeshire's Internal Audit team during the 2022/23 financial year, it is the Head of Internal Audit's opinion that overall Internal Audit can provide moderate assurance[1] over the system of internal control in place at Cambridgeshire County Council for the financial year ended 31st March 2023.*
>
> *This opinion is derived from an assessment of the range of individual*

[1] The opinion of 'moderate' assurance reflects the Council's Internal Audit service's standard definitions for assurance opinions, indicating that audit work has identified that there are control weaknesses that present a medium risk to the control environment; and that the control environment has mainly operated as intended, although errors have been detected. For more detail please see Section 3.2.4 of the Internal Audit Annual Report 2022/23.

opinions arising from work completed in 2022/23 by the Cambridgeshire Internal Audit team, taking account of the relative materiality of each area under review, and considering management's progress in addressing control weaknesses.

I would particularly highlight the following key pieces of evidence on which my opinion is based:

- *Assurance opinions from Internal Audit reviews in 2022/23 showing a predominance of 'moderate' audit opinions. No instances were identified in-year where audit findings were deemed to have a 'major' organisational impact, and one action was recommended which was risk assessed as being 'essential' to avoid exposure to a significant organisational risk.*
- *Reviews of Key Financial Systems for which Cambridgeshire County Council is the Lead Authority consistently demonstrating a good or moderate assurance across all systems. A prior-year issue around payroll control accounts is being addressed and will be reviewed in detail in a future audit undertaken by West Northamptonshire colleagues.*
- *Procurement and contract management remains a key area of risk and focus for Cambridgeshire County Council, and this has been reflected in the Internal Audit plan and work completed throughout the year.*
- *Review of the organisation's Code of Corporate Governance and the evidence supporting the Council's Annual Governance Statement, including Director's Assurance Statements. These documents demonstrate a sound core of organisational governance. There are some areas within the corporate policy framework which require further development, particularly with regards to project management and partnerships governance. There have been significant planned and actual changes in organisational structure at the Council in 2022/23 coupled with changes in senior management, and work to manage and embed these changes will continue into the new financial year. Organisational change of this nature may increase governance risk in the short term.*
- *62% of agreed audit actions due for implementation in 2022/23 have been completed by the organisation. This is broadly similar to the implementation rate of 64% for 2021/22.*

During 2022/23, the Council's Internal Audit service:

- *Had unrestricted access to all areas and systems in the authority.*
- *Received appropriate co-operation from officers and Members.*
- *Had only just sufficient resources to enable it to provide adequate coverage of the authority's control environment.*

As a result, there are no qualifications to the 2022/23 Head of Internal Audit position statement. It should be noted that no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

3.3 The issues referenced in the Head of Audit opinion are outlined in more detail in the full Annual Internal Audit report considered by the Audit & Accounts Committee on 26th May 2023. Assurance over the payroll system is currently provided by the Internal Audit team at West Northamptonshire Council under arrangements managed via the Lead Authority Board. In 2022/23, the Audit & Accounts Committee continued to receive regular updates on payroll system assurances via Internal Audit.

3.4 On 24th November 2022 the Committee received a report on the external assessment of the Council's Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS). In 2022 the external assessment was carried out by the Head of Internal Audit at Peterborough City Council, in line with PSIAS recommendations that it be undertaken externally every five years. The conclusion of the assessment of Cambridgeshire's PSIAS compliance was that the Internal Audit team fully conformed to the requirements of the PSIAS and the CIPFA Local Government Application Note.

3.5 As part of the Annual Report, the Head of Internal Audit highlighted ongoing resourcing issues within the Internal Audit team, primarily due to an extremely competitive market for audit professionals. The Committee continues to receive regular updates on the actions being undertaken to secure sufficient audit resource, including recruitment, succession planning and procurement of a co-sourcing arrangement to supplement internal resource.

4. Proactive Work of the Committee

The following section provides a summary of the proactive work undertaken by the Committee over the last year. This aspect of the Committee's work is vital, and has assisted in improving the effectiveness of the Council's overall corporate governance arrangements.

4.1 Corporate Governance

4.1.1 The Council's Annual Governance statement is compiled on the basis of the findings of Internal Audit reviews throughout the year, assurance statements from executive and corporate directors, and input from senior management and members of the Committee. The 2022-23 Annual Governance Statement was reviewed by the Committee on 26th May 2023, prior to final sign-off and inclusion in the Council's annual Statement of Accounts.

4.1.2 The 2022-23 Annual Governance Statement included an action plan to further strengthen the Council's governance arrangements. The implementation of this action plan will be monitored via the new Statutory Officers Group and reported to the Audit and Accounts Committee.

4.2 Council Finance and Statement of Accounts

4.2.1 Throughout 2022-23, the Committee has maintained its oversight of Council finances to assess progress in delivering the Council's Business Plan. The Committee regularly receives reports on specific risk areas. In 2022/23, this included reports on debt management and consultants and interims.

Cambridgeshire County Council Statement of Accounts and External Audit:

4.2.2 The Committee considers and approves the annual Statement of Accounts for Cambridgeshire County Council. During 2022/23, the Committee received and approved the Council's audited financial statements for the year ending 31st March 2021.

4.2.3 On 26th May 2023 Members received a report setting out progress with the Statement of Accounts for the year ending 31st March 2022, and matters relating to the production of accounts for 2022-23. Members noted that the objections for years preceding 2022-23, i.e. relating to the periods 2018-22, had been determined by the External Auditor and the statement of reasons issued to the objector, with no further actions proposed. The appeal period had elapsed without the objector applying to the Court and these matters are now closed. There are also two objections lodged in 2017 and 2018 with the predecessor external auditor. The Committee has requested regular updates on their progression and required the attendance of a senior representative of that auditor at the Committee to press that point.

4.2.4 In relation to the External Audit for 2022-23, the deadline in the national regulations was for the draft version of the Council's accounts to be published by 31st May 2023. The County Council was not able to meet the 31st May deadline due to awaiting for and responding to outstanding external audit work. The Council has made strong representations in response to the government consultation on this issue, highlighting capacity constraints and the lack of External Audit resources available nationally. The draft accounts were subsequently published on 20th July 2023 and presented to the Committee on 28th July 2023.

4.2.5 The Regulations require the accounts to be audited and fully signed off by 30th September 2023, but this has also not been possible, with the reasons for this and the national context in terms of local government audit set out in full in the report to Committee on 28th July 2023. No local authority is due to meet this deadline and Government and regulatory bodies continue to explore a way to resolve the national delays.

4.2.6 In respect of the process of closedown of accounts and external audit for the 2023/24 year, officers have engaged with the Department for Levelling Up, Housing and Communities (DLUHC) to note that the audit of the 2022-23 accounts will still be taking place at the time that the Council is closing down its accounts for 2023/24. Additionally, the Council will be changing its External Auditors from EY to KPMG, and there will also be significant Code changes likely to be issued between December 2023 and March 2024, making this an extremely complex process.

4.2.7 The Committee will continue to check and ensure the Council's finance team are preparing for early closedown next year, whilst officers continue to lobby for a reasonable and pragmatic closedown date.

Pension Fund:

4.2.8 The Committee reviews and approves the Cambridgeshire Pension Fund Annual Statement of Accounts, alongside the Annual Report of the Pension Fund. The Fund's audited Statement of Accounts for the year ending 31st March 2022 was presented to the Committee on 24th November 2022 and approved.

4.3 Procurement and Commercial Annual Report

4.3.1 On 26th May 2023 the Committee received the Procurement and Commercial Annual Report. The Committee noted that many actions that had been undertaken in response to the Value For Money conclusions for 2017-18 by the previous external auditor, BDO, which had been critical in relation to the Council's procurement arrangements. Members were reminded that in 2021 the County Council had exited the Local Government Shared Service (LGSS) arrangements, and an enhanced procurement team had been established within the Council.

4.3.2 The report highlighted key areas of activity, how compliance was improving, the reduced number of waivers being issued and changes to procurement legislation. It was noted that there would be further changes resulting from decoupling from the arrangements with Peterborough City Council.

4.4 Performance Management Framework

4.4.1 The Committee received a report on the revised and refreshed Performance Management Framework on 31st May 2022 and its role in the Council's governance framework. The Performance Management Framework sets out how the Council manages performance in delivering services against its overarching priorities. It describes performance management activity at three levels: strategic (Committees and senior officers), operational (directorate and senior management teams) and individual (based on the Our Conversations framework).

4.5 Whistleblowing, Fraud and Corruption and Investigations

4.5.1 On 29th September 2022 the Committee reviewed the updated Anti-Fraud & Corruption and Anti-Money Laundering policies, and on 24th November the Committee approved an updated version of the Council's Whistleblowing Policy.

4.5.2 The Committee received periodic updates on all referrals received under the Whistleblowing Policy in the quarterly Internal Audit Progress reports throughout 2022/23, and also received a report on the awareness raising campaign, including the staff whistleblowing survey. The Committee also received the annual update on the use of the Regulation of Investigatory Powers Act 2000 (RIPA) at its meeting on 26th May 2023, which confirmed that the Council's RIPA policy had been reviewed and updated, and that no RIPA powers had been used by the authority in the previous 12 months.

4.6 Risk Management

4.6.1 Under the Council's Constitution, the Strategy & Resources Committee is responsible for the development and oversight of the Council's risk management strategy and process. The Audit & Accounts Committee also has important functions in relation to risk, including considering the effectiveness of the risk management arrangements and associated control environment and to seek assurances that appropriate action is being taken in response to risk.

4.6.2 During 2022/23, the Corporate Leadership Team and Directorate Management Teams formally considered risk on a quarterly basis. The Audit & Accounts Committee received updates on the risk management approach adopted via reporting from Internal Audit.

4.6.3 On 28th July 2023 the Committee received the Annual Risk Management Report, which summarised activity for 2022-23, highlighting key changes to the Risk Register, and outlining the introduction of new regular Corporate Leadership Team (CLT) risk assurance meetings, and a new system of risk assurance reviews. The report also detailed the assessment of the Council's risk maturity, which aimed to identify any gaps in current arrangements as well as helping plan and prioritise actions to further enhance and embed effective risk management, and the action plan appended to the report as a Risk Strategy, which will be reported back to CLT and the Committee at regular intervals.

5. Forward Plan for the Committee

5.1 Following the review of effectiveness undertaken on the 8th September 2023, a report on the review and a supporting action plan for the Committee is being developed and will be presented to the Committee in December. Key areas that the Committee is intending to focus on within that action plan include:

- Continuing implementation of the Committee's training plan;
- Further building relationships between the Audit & Accounts Committee and the other Committees of the Council, and reminding other Committees that they can refer matters to the Committee for its consideration or action;
- Conducting a review of the Committee's terms of reference to ensure this is aligned to best practice.

6. Alignment with ambitions

6.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes

There are no significant implications for this ambition.

6.2 Travel across the county is safer and more environmentally sustainable

There are no significant implications for this ambition.

6.3 Health inequalities are reduced

There are no significant implications for this ambition.

6.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

There are no significant implications for this ambition.

6.5 Helping people out of poverty and income inequality

There are no significant implications for this ambition.

6.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

There are no significant implications for this ambition.

6.7 Children and young people have opportunities to thrive

There are no significant implications for this ambition.

7. Source documents

7.1 Source documents

Minutes and reports of the Audit & Accounts Committee, 2022 - 2023

7.2 Location

https://cambridgeshire.cmis.uk.com/ccc_live/CambridgeshireCommittees/RegulatoryCommittees/tabid/139/ctl/ViewCMIS_CommitteeDetails/mid/530/id/9/Default.aspx

Audit and Accounts Committee Forward Agenda Plan

Updated 20th September 2023

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Financial Reporting and Related Matters Update – Monitoring at each meeting, covering Integrated Finance Monitoring Report. Lead officers: Tom Kelly/Stephen Howarth/Michelle Parker/Eleanor Tod.
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update, Update on the value of the National Fraud Initiative and Risk Register. Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date. Lead Officer: Mairead Claydon
- Agenda Plan/Training

Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
28/09/23 (20/09/23)	Audit & Accounts Committee Annual Report 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	External Audit Plan for Cambridgeshire Pension Fund 2022-23	Annual	External Auditor/Investments and Fund Accounting Manager - Pensions	Mark Hodgson/ Ben Barlow
01/12/23 (23/11/23)	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
	Debt Management Update	Six monthly	Head of Revenue & Benefits	Alison Balcombe
	Corporate Risk Register	-	Head of Internal Audit & Risk Management	Mairead Claydon
	Audit & Accounts Committee Review of effectiveness	-	Head of Internal Audit & Risk Management	Mairead Claydon
	Cambridgeshire County Council Statement of Accounts 2022-23 and Audit Results Report	Annual	External Auditor/ Head of Finance	Mark Hodgson/ Stephen Howarth

	External Audit Plan for Cambridgeshire County Council 2022-23	Annual	External Auditor/ Head of Finance	Mark Hodgson/ Stephen Howarth
	Pension Fund Annual Report and Statement of Accounts 2022-23	Annual	Investments and Fund Accounting Manager - Pensions	Ben Barlow/ Fiona Coates
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
06/02/24 (29/01/24)	External Audit Annual Plan	Annual	KPMG	External Auditor
	Annual Whistleblowing Report 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Debt Management Update	Six monthly	Head of Revenue & Benefits	Alison Balcombe
28/03/24 (20/03/24)	Draft Internal Audit Plan 2024/25		Head of Internal Audit & Risk Management	Mairead Claydon
30/05/24 (21/05/24)	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
	Draft Annual Governance Statement 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Procurement Report	Annual	Head of Procurement and Commercial	Clare Ellis
	Annual Risk Management Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon

+ = indicates Exempt report