INTERNAL AUDIT ANNUAL REPORT 2017/18

To:	**Audit & Accounts Committee**
Date:	**29th May 2018**
From:	**LGSS Chief Internal Auditor**

Purpose:	**The Public Sector Internal Audit Standards require that the Chief Internal Auditor presents an annual report to the Authority's Audit & Accounts Committee. This is reflected in the terms of reference of the Authority's Audit & Accounts Committee.**
	The purpose is for Audit & Accounts Committee to consider the Annual Internal Audit Report for 2017 – 18 and be made aware of the Chief Internal Auditor's opinion on the state of the Internal Control Framework within Cambridgeshire County Council.
Key issues:	**The Annual Internal Audit Report forms part of the evidence that supports the Authority's Annual Governance Statement 2017 – 18.**
Recommendation:	**Audit & Accounts Committee is requested to consider and approve the Annual Internal Audit Report.**

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INTERNAL AUDIT SERVICE

INTERNAL AUDIT ANNUAL REPORT 2017/18

DUNCAN WILKINSON, CHIEF INTERNAL AUDITOR 29th May 2018

LGSS Internal Audit & Risk Management
Annual Report 2017/18

Cambridgeshire County Council

Contents:

1. INTRODUCTION

1.1 The Annual Reporting Process

1.1.1 The Public Sector Internal Audit Standards (PSIAS) (Performance Standard 2450) state that the Chief Audit Executive (CAE) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement (AGS) that forms part of the Council's official accounts. Cambridgeshire County Council's Chief Audit Executive is the LGSS Chief Internal Auditor.

1.1.2 The annual report is required to incorporate the opinion; a summary of the work that supports the opinion; and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement plan.

2. CHIEF INTERNAL AUDITOR OPINION 2017/18

2.1 Chief Internal Auditor Opinion

2.1.1 The annual opinion of the Chief Audit Executive (CAE) must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.

2.1.2 My opinion is derived from an assessment of the range of individual opinions arising from assignments contained within the risk-based Internal Audit Plan. This assessment has taken account of the relative materiality of these areas, and management's progress in addressing control weaknesses.

2.1.3 Public Sector Internal Audit Standards (PSIAS) also require the CAE to confirm that the Internal Audit service has operated with an adequate level of resource to deliver an annual audit opinion. Internal Audit operates independent of the organisation, as per the Internal Audit Strategy and Charter, and there have been no compromises of Internal Audit's independence in its operation this year. I confirm that the above was compliant with PSIAS requirements.

> *On the basis of the audit work undertaken during the 2017/18 financial year, an opinion of **good** assurance is awarded. The internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. In addition, there are no outstanding significant issues arising from the work undertaken by Internal Audit*
>
> *However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.*
>
> *I am pleased to report that the level of assurance therefore remains at a similar level from 2016/17.*

3. REVIEW OF INTERNAL CONTROL

3.1 How Internal Control is reviewed

3.1.1 In order to support the annual Internal Audit opinion on the internal control environment, each year Internal Audit develops a risk-based Audit Plan. This includes a comprehensive range of work to confirm that all assurances provided as part of the system of internal audit can be relied upon by stakeholders.

3.1.2 The changing public sector environment and emergence of new risks increasingly necessitates a flexible approach and re-evaluation of the Audit Plan throughout the year. In 2017, revisions to reflect the changing risk profile of the organisation were approved on an ongoing basis throughout the year by SMT and the Audit and Accounts Committee.

3.1.3 Each Internal Audit review has three key elements. 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.

3.1.4 However, controls are not always complied with, which will in itself 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 enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

3.1.5 Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.

3.1.6 Three assurance opinions are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact. To ensure consistency in reporting, the following definitions of audit assurance are used:

Control Environment Assurance	
Level	**Definitions**
Substantial	There are minimal control weaknesses that present very low risk to the control environment

Good	There are minor control weaknesses that present low risk to the control environment
Satisfactory	There are some control weaknesses that present a medium risk to the control environment
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment

Compliance Assurance	
Level	**Definitions**
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

3.1.7 Organisational impact will be reported as major, moderate or minor (as defined below). All reports with major organisation impacts are reported to SMT, along with the 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.

3.1.8 Specifically for the compliance reviews undertaken, the following definitions will be used to assess the level of compliance in each individual reviewed:

Opinion for Compliance Audits – Levels of Compliance	
Level	**Definitions**
High	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
Medium	There was general compliance with the agreed policy and/or procedure. Although errors have been identified there are not considered to be material.
Low	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

3.2   The Basis of Assurance

3.2.1   The findings and assurance levels provided by the reviews undertaken throughout 2017/18 by Internal Audit form the basis of the annual opinion on the adequacy and effectiveness of the control environment.

3.2.2   In 2017/18, the Audit Plan has been based on assurance blocks that each give an opinion on the key control environment elements, targeted towards in-year risks, rather than a more traditional cyclical approach that looks at each system over a number of years. The Audit Plan reflects the environment in which the public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, transformation, safeguarding and achieving value for money.

Section 4

4.   *INTERNAL AUDIT IN 2017/18*

4.1   *Overview and Key Findings*

4.1.1   This section provides information on the audit reviews carried out in 2017-18, by assurance block.

4.1.2   For the reviews undertaken during 2017/18, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole.

4.1.3   In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis. An overview of the implementation of actions in 2017-18 is summarised in Table 1, below[1]:

Table 1: Implementation of Audit Recommendations 2017-18

	Category 'Red' recommendations	Category 'Amber' recommendations	Total
Agreed and implemented.	6	81	87
Agreed and due within the last 3 months, but not yet implemented.	0	7	7
Agreed and due over 3 months ago, but not yet implemented.	1	22	23
TOTAL	7	110	117

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[1] Please note that the total reflects the number of recommendations required to be cmplemented within 2017-18, and therefore includes recommendations made in 2016-17.

4.1.4   An exceptionally high number of actions became due for follow-up in 2017/18; for comparison in 2016/17, 52 actions were followed up during the year. The delay in implementation of ERP Gold created delays in implementing nine audit actions which were reliant on the new system, which is reflected in the figures for outstanding actions in Table 1, above. Four actions outstanding relate to the implementation of the new project management methodologies framework, which was presented in draft to CLT in April 2018. It is therefore anticipated that Internal Audit will be able to close these actions early in 2018/19.

4.1.5   One action relating to risks rated "red" remains open at the end of the year. This relates to governance arrangements within the Transformation Programme. This action focussed on clearly defining responsibilities for oversight of the transformation, specifically to ensure projects align with strategic priorities and to monitor benefits realisation. Progress has been made with implementing this recommendation in 2017/18 but it has not yet been fully completed.

4.2   Financial and Other Key Systems

4.2.1   This is the 2017/18 suite of annual core systems reviews, undertaken to provide assurance to management and External Audit that expected controls are in place for key financial systems; that these controls are adequately designed and are routinely complied with in practice. The work is focused on the systems that have the highest financial risk; these are agreed in advance with External Audit and assist in providing assurance to External Audit that systems recording transactions within the 2017/18 financial year are free from material misstatement. These reviews also give an opinion as to the effectiveness of financial management procedures and the arrangements to ensure the integrity of accounts.

4.2.2   During 2017/18, the audits were undertaken as joint reviews of Cambridgeshire County Council and Northamptonshire County Council LGSS systems.

4.2.3   Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that these controls continue to work well in practice although there are some minor areas where improvements have been recommended. The level of assurance provided for all key financial systems reviews was good or substantial overall.

4.2.4   Table 2 below details the assurance levels of all key systems audits undertaken in 2017/18, compared to the assurance levels in 2016/17. Where audits are marked with an asterisk, this indicates that the report is at draft stage at the time of writing, but the emerging opinion is included:

Table 2 – Key Financial Systems Audits 2017/18

Key Financial Systems:	Audit Opinion 2017-18		Audit Opinion 2016-17	
	Environment	Compliance	Environment	Compliance
Treasury Management	Substantial	Substantial	Substantial	Substantial
Bank Reconciliation	Substantial	Substantial	Substantial	Substantial
Purchase to Pay*	Substantial	Substantial	Substantial	Substantial
Accounts Receivable*	Good	Good	Substantial	Substantial
Payroll*	Substantial	To Be Confirmed	Substantial	Substantial
Pensions	Substantial	Substantial	Substantial	Good
General Ledger*	Good	Good	Substantial	Substantial
IT General Controls*	Substantial	Satisfactory	Substantial	Substantial

4.2.5   In relation to the Accounts Receivable review, the reduced level of assurance compared to 2016/17 relates to several findings during the course of the review. It was identified that debt collection processes and monthly reconciliations of unapplied receipts are not always undertaken in a timely manner or at all, and the current Collection Strategy may not support a clear and consistent understanding of the collection process. A review of debt reporting has been proactively identified by the LGSS Head of Debt and Income as a priority and is planning to implement a formal process for addressing performance against targets.

4.2.6   In relation to the General Ledger review, while overall it was found that effective arrangements were in place to oversee activity through the general ledger, there were weaknesses in the administration of the payroll control net pay reconciliation as well as the payroll suspense account. There was limited evidence of unreconciled items being cleared in a timely way and no evidence of management review of monthly reconciliations from April – November 2017. These issues were raised in the previous year's review, and the assurance level has reduced in 20177/18 as these issues have yet to be addressed. Actions to address these concerns have now been agreed and will be implemented in the coming year.

4.2.7 In relation to the IT General Controls review, it was found that clearly defined procedures and controls were in place for the key financial systems, but there were also areas of non-compliance with these procedures. In particular, quarterly reviews of access rights had not been completed for four out of the five system modules in 2017-18, access to eBusiness had not been removed for staff who left the Council, and access rights had been awarded to new users without appropriate approval. Actions to address these concerns have now been agreed and will be implemented in the coming year.

4.3 Compliance

4.3.1 Compliance work is fundamental, as it provides assurance across all Directorates and therefore underpins the Head of Internal Audit opinion on the control environment. The audit coverage for compliance is underpinned by an assessment of the Council's framework of controls (often directed by policies and procedures) and includes a focus on those core areas where a high level of compliance is necessary for the organisation to carry out its functions properly. The work involves compliance checks across the organisation to provide assurance on whether key policies and procedures are being complied with in practice. As a part of this work, the existing controls are challenged to ensure that they are modern, effective and proportionate.

4.3.2 As well as a range of procurement compliance reviews, discussed below at 4.4, the Plan for 2017/18 included coverage of compliance in the following areas:

- Compliance with the Council's Scheme of Delegation;
- Compliance with policies on the use of agency staff;
- Member compliance with the Council's policies on travel and subsistence;
- Officer compliance with the Council's policies on overtime and enhancements;
- Visits to two Council Children's Centres and the Archives service to verify compliance with the Council's financial procedure rules.

4.3.3 The sample testing undertaken throughout the year has not identified any significant non-compliance issues. Where weaknesses have been identified, recommendations have been made to improve compliance and/or procedures and controls; all recommendations which are considered to be of significant impact on the control environment are followed up by Internal Audit to ensure they have been implemented.

4.4   Risk-Based Reviews

4.4.1   Risk-based reviews have been a key element of the assurance on the entire control environment of the authority in 2017/18. This assurance block includes reviews which have been targeted towards key areas of high risk, as identified through consultation with senior management, review of risk registers, and the Internal Audit risk assessment of the organisation. This block also incorporates on-going work on initiatives to promote value for money. Each audit we undertake includes consideration of value for money at its core.

4.4.2   This assurance block includes audit work undertaken using our 'embedded assurance' approach; this applies to reviews where auditors attended Project Boards and/or gave independent advice and support to project or programme work, with periodic reporting as appropriate.

4.4.3   The outcomes of all risk-based reviews issued in 2017/18 can be seen at Appendix 1.

4.5   Procurement and Contracts Reviews

4.5.1   In 2017/18, Internal Audit has provided a review of the new Highways contract in its first year of operation. Ongoing work has also been conducted focusing on the Street Lighting and Waste PFIs. Reviews in these key high-value contract areas will continue into the 2018/19 financial year.

4.5.2   In addition, a number of cross-cutting reviews have been undertaken, with a particular focus on key aspects of the Council's procurement framework, including:

- A review of compliance with EU Procurement Regulations;
- A review of compliance with internal policies regarding procurement exemptions;
- Half-yearly reviews of compliance with the Council's procurement regulations.

4.5.3   In line with the findings from 2016/17, these reviews highlighted weak compliance with the processes for procurement exemption requests. A number of actions to address this have been agreed, including review of guidance documents and changes to the online exemption form, and awareness-raising on the Council's intranet has been undertaken. Procurement audit work in 2018/19 will continue to review this risk area to assess the effectiveness of these changes in improving compliance.

4.6   Anti-Fraud and Corruption

4.6.1 This is a high-risk area across the public sector. LGSS Internal Audit undertakes work on anti-fraud and corruption, which includes both reactive and pro-active elements, along with a number of initiatives to raise awareness of the council's anti- fraud and corruption culture and to report on the arrangements in place, and pro-active fraud strategy work.

4.6.2 In 2017/18, pro-active work included the approval and launch of a new whistleblowing policy. This included a poster campaign to raise awareness of the whistleblowing policy and distribution of leaflets in public areas. An online launch of the new policy is also planned for early 2018/19 with publicity on the Council's intranet and internal newsletters.

4.6.3 Details of specific cases have been reported to the Audit and Accounts Committee throughout the year. In addition to the full investigations outlined in Table 3 below, advice and guidance is provided to officers on an ad-hoc basis.

Table 3 – Investigations 2017-18

Type of referral	No. referrals	Outcomes
Concerns regarding financial irregularities or theft in schools	2 cases	Both cases were reviewed and a report issues with appropriate recommendations to address control issues.
Allegations in relation to misuse of concessionary travel passes.	21 cases	All referrals received have been reviewed with appropriate conclusions, which included seven cases where the concessionary travel pass was withdrawn, and one referral on to the Department for Work and Pensions.
Allegations in relation to misuse of Blue Badges.	21 cases	All referrals received have been reviewed with appropriate conclusions, which included 10 cases where badges were withdrawn.
Support to external investigation into allegations relating to transport service providers.	1 case	Internal Audit has provided support to the external investigation into transport service providers, in particular assisting with the collection of evidence. The external investigation report will be made public in 2018/19. An interim report to management was produced by Internal Audit in 2017/18, to highlight recommended actions identified through the process of gathering evidence.
Direct Payments Investigations	2 cases	Two reviews were undertaken into concerns regarding possible misuse of Direct Payments. As a result of one of these investigations,

		further work on Personal Budgets and Education Health & Care Plans has been included in the Audit Plan for 2018/19.
Social care charging investigation	1 case	Investigation into a whistleblowing complaint regarding charging for social care costs. No fraudulent activity was found, and a report was issued with some recommendations for improvements in the service.
Agency Worker	1 case	A review was undertaken into concerns regarding a former agency worker. A report was issued and no fraud was identified.
Conflicts of Interest Investigations	4 cases	Four possible cases of conflicts of interest were identified from NFI data. An investigation has been completed on the first case, which was identified as the most high-risk. Three further investigations are ongoing and expected to be completed in early 2018/19.
Review of travel and expense claims	1 case	A review was opened into allegations regarding an individual's travel and expense claims. An initial draft report was provided to management in March 2018 and the investigation is expected to be completed in early 2018/19.

4.6.4 The National Fraud Initiative (NFI) data matching exercise was carried out for Cambridgeshire County Council in October 2016. This statutory exercise involves a data-matching exercise between public and private sector bodies to prevent and detect fraud. The results of the exercise were received by the Council in February 2017, and the process of following-up on identified matches has been underway throughout the year, co-ordinated by Internal Audit's Counter Fraud Team.

4.6.5 A significant amount of time throughout 2017/18 was spent supporting the external investigation into allegations against community transport operators. This included supporting the collection and provision of evidence, as well as providing an interim report into control weaknesses identified as a result of evidence collection.

4.7   ICT and Information Governance

4.7.1 Internal Audit work was directed to assessing the adequacy of risk management in the following important ICT and information governance risk areas during 2017-18. Where audits are marked with an asterisk, this indicates

that the report is at draft stage at the time of writing, but the emerging opinion is included:

Table 4 – ICT and Information Governance Reviews 2017 - 18

Review Title	Control Assurance	Compliance Assurance
Planning for GDPR	Good	Good
IT Platform Stability Plan*	Good	Good
New ERP System IT Controls	Ongoing project support	
Agresso data migration	Ongoing project support	
Assurances from Suppliers and 3rd Parties	Satisfactory	Satisfactory
Information Security Culture	Good	N/A
General Computer Controls	Good	Good

4.7.2 The Internal Audit team began attending Information Management Board meetings in 2017/18, in order to gain assurance over information management on an ongoing basis, as well as provide advice and input to the board discussions.

4.7.3 Internal Audit was also interviewed as part of the NHS Digital review of data sharing Cambridgeshire County Council in autumn 2017. This review gave positive feedback on the approach to assessment of information management risks which had been developed and implemented through risk workshops held by Internal Audit and Risk Management with the Council's Information Governance team in March and April 2017.

4.8   Grants and Other Head of Audit Assurances

4.8.1 In 2017/18, 9 grants received by Cambridgeshire County Council required review and certification by Internal Audit to verify that funds have been spent in accordance with grant conditions.

4.8.2 The Troubled Families Grant has been a particular area of focus for the team following an Internal Audit review of processes for claiming and reviewing this grant, which was undertaken in 2016/17. In total, the Council made 450 claims in 2017/18, an increase on the 405 claims made the previous year. Improvements made to both audit and service processes meant that there was a significant reduction in the level of queries on claims that were reviewed by Internal Audit, which has made the process more time efficient. Cambridgeshire has set a target to achieve 992 claims in total in 2018/19; given the impact of the improvements made to date and further changes planned for implementation next year, it is hoped that audit review of this increased number of claims can be managed without needing to increase the time allowance for this work.

4.9 Policies and Procedures

4.9.1 In 2017/18, Internal Audit has maintained a focus on review of key policies and procedures, to ensure that these are: up to date; fit for purpose; effectively communicated; routinely complied with across the organisation; monitored and routinely improved. This has included a review and relaunch of the Council's Whistleblowing Policy as well as review of how ethical standards are communicated throughout the Council's policy framework.

4.9.2 In addition to work which focuses specifically on individual Council policies and procedures, every risk-based audit review undertaken considers the current policies and procedures in the service area under review, and audit recommendations include suggested revisions or updates to policies as appropriate.

4.10 Schools Audits

4.10.1 In 2017/18, the audit team has focused on two key areas of risk within the Council's maintained schools, namely payroll and safe recruitment. Of the £209m schools costs funded through Dedicated Schools Grant in 2016/17, 77% related to staffing expenditure, making payroll costs a high risk area. Additionally, safe recruitment is a key risk area for schools, with strong recruitment controls mitigating some of the risks around inaccurate payment of payroll expenditure. Therefore a combined audit focusing on schools payroll and safe recruitment was undertaken.

4.10.2 Audit testing included conducting detailed compliance testing at a sample of five schools; reviewing the work of the Schools Intervention Service and the Schools finance teams; and reviewing the level of third-party assurance available over schools external payroll providers. This resulted in a 'good' overall assurance opinion. Four out of five of the schools tested obtained a 'good' assurance over both their safe recruitment and payroll processes, with the remaining school being given 'satisfactory' over safe recruitment due to a single issue identified whereby a DBS certificate was accepted from a candidate who was not registered on the DBS update service.

4.10.3 Actions for further improvement were agreed with all schools sampled. It was also agreed that the Director of Education would arrange for a review of contracts with external schools payroll providers to ascertain the arrangements for provision of third party assurance over systems.

4.11 Other Work

4.11.1 Internal Audit continues to provide advice and guidance to officers on a wide range of issues, including the interpretation of Council policies and

procedures, risks and controls within systems or processes, and ad-hoc guidance on queries relating to projects or transformation. Internal Audit aims to provide clear advice and risk-based recommendations with a view to reducing bureaucracy whilst maintaining a robust control environment. Where appropriate, we also refer queries or concerns on to specialist services such as Information Governance or IT Security.

4.11.2 In 2017/18, Internal Audit carried out a wide range of additional advice and guidance work, including:

- Input to reviews of a wide range of IT security policies including records management, equipment disposal, acceptable use, e-safety and incident management policies;
- Support to the People & Communities Quality Governance and Practice Development team including guidance on the development of new thematic audit methodologies for the team to undertake.
- Advice and guidance on new processes for the purchase and insurance of equipment for day centres when funded via social funds.

4.11.3 Internal Audit also leads on co-ordinating risk management work across the organisation. In 2017/18 the team has co-ordinated an external risk management health check review by the Council's insurers, Zurich. The team has also delivered a risk management seminar to Members alongside the Head of Business Intelligence, and is in the process of facilitating reviews of Directorate Risk Registers.

4.12   Summary of Completed Reviews

4.12.1 A summary of all audit reports issued in 2017/18 is attached at Appendix 1.

5.   INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE

5.1   Delivery of the 2017/18 Internal Audit Plan

5.1.1   The Cambridgeshire County Council Internal Audit Plan was agreed in March 2017, with the required resources approved at 1550 days based on each audit identified.

5.1.2   In accordance with best practice, the Internal Audit Plan was re-assessed and updated in line with changing risks throughout the year. Changes to the Plan were approved by Strategic Management Team (SMT) and the Audit and Accounts Committee (AAC) through regular progress reporting. The key performance measure for Internal Audit was approved as completion of the Audit Plan, which is reported to SMT and Audit Committee at least quarterly.

5.2   Customer Feedback

5.2.1   When final reports are issued, Internal Audit issue Customer Feedback Questionnaires to all officers who receive the final report, and request feedback. Officers have the opportunity to score the Internal Audit team against a range of criteria on a scale of 1 – 4, with 1 being "Poor" and 4 being "Excellent". Officers also have the option of providing more detailed feedback. The team's target is for each returned questionnaire to average a score of 3 or higher.

5.2.2   The results of the feedback received in 2017-18 is summarised in Table 5 below, with the figures for 2016-17 for comparison. The average score for all feedback received in 2017-18 was 3.29, a positive result and comparable to 2015-16. Of the 14 feedback forms received, 7 (50%) gave the highest possible rating of 'Excellent'.

Table 5: Customer Feedback Received

	2017-18		2016-17	
	No. responses	Avg. score	No. responses	Avg. score
Non-Schools Audit	14	3.29	17	3.56

5.3   Service Development

5.3.1   Continuing Professional Development has been a major focus of the quality assurance programme in 2017/18, to ensure that staff have the skills to carry out their responsibilities with proficiency and deliver work of the required

quality. Team meetings are used to deliver training and workshops to staff, and a system of post-audit assessments against the CIPFA Excellent Internal Auditor standard is used to identify areas for development on an ongoing basis, in tandem with regular supervision of all staff.

5.3.2 A new Internal Audit Strategy and Charter were implemented from the start of the year, to ensure that the service remains effective and focused in providing a modern, independent and objective assurance function to Councillors and management.

5.4   Compliance with Public Sector Internal Audit Standards

5.4.1 The Internal Audit service has operated in compliance with Public Sector Internal Audit Standards throughout the year.

5.4.2 An external assessment of Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS) was undertaken in 2016/17, and a number of recommendations were agreed to further improve the work of the service, including the introduction of a new Terms of Reference format, and the inclusion of some specific areas within the Annual Report. A follow up visit was undertaken in May 2017, which confirmed the implementation of these actions in 2017/18 and the service's compliance with the latest set of standards issued in April 2017.

CCC INTERNAL AUDIT

Summary of Completed Reviews 2017/18:

The table below summarises the Internal Audit reviews that were completed during the 2017/18 financial year, excluding counter fraud investigations which are itemised separately in section 4.6; and schools audits which are itemised separately below.

Audit Title	Directorate	Compliance assurance	Systems assurance	Organisational impact
MAKING EVERY PENNY COUNT				
Governance of Financial Assessments	P&C	Satisfactory	Satisfactory	Minor
Traded Services	Cross-Cutting	Briefing note style report provided		
Overtime and Enhancements in P&C	P&C	Satisfactory	Satisfactory	Moderate
KEY FINANCIAL SYSTEMS				
Accounts Receivable*	Cross-Cutting	Good	Good	Minor
Purchase to Pay*	Cross-Cutting	Substantial	Substantial	Minor
Payroll*	Cross-Cutting	Substantial	TBC	Minor
General Ledger*	Cross-Cutting	Good	Good	Minor
Bank Reconciliation	Cross-Cutting	Substantial	Substantial	Minor
Treasury Management	Cross-Cutting	Substantial	Substantial	Minor
Financial Systems IT General Controls*	Cross-Cutting	Substantial	Satisfactory	Minor
Risk Management	Cross-Cutting	External report on risk management commissioned from Zurich.		
Pension Fund	Cross-Cutting	Substantial	Substantial	Minor
Debt Recovery*	Cross-Cutting	Limited	Limited	Moderate
SCHOOLS				
Payroll Transaction Testing & Safe Recruitment in Schools	P&C	Good	Good	Minor
Wilburton Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
Westwood Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
Pendragon Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
Colville Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Satisfactory Assurance Payroll – Good Assurance		
Duxford Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
GRANT VERIFICATION				
Local Growth Deal	P&E	Grant certification provided		
Local Transport Capital Block Funding	P&E	Grant certification provided		

Bus Service Operators	P&E	Grant certification provided		
Pothole Action Fund	P&E	Grant certification provided		
Cycle City Phase II	P&E	Grant certification provided		
Troubled Families Grant	P&C	Grant certification provided		
Section 31 Grant	P&E	Grant certification provided		
Disabled Facilities Grant (2016/17)	P&C	Grant certification provided		
Disabled Facilities Grant (2017/18)	P&C	Grant certification provided		
COMMISSIONING & CONTRACTS				
Highways Contract	P&E	Report provided on contract management in the first year of the Highways contract.		
Waste PFI Contract*	P&E	Review of contract and contract management processes.		
Capital Programme Board*	Cross-Cutting	Satisfactory	Good	Minor
Commercial Board*	Cross-Cutting	Satisfactory	Satisfactory	Moderate
Commissioning Board*	Cross-Cutting	Satisfactory	Good	Minor
RISK-BASED AUDITS				
Deputyships	P&C	Good	Good	Minor
Deprivation of Liberty/Mental Capacity Act (DoLs/MCA) – Residential Settings*	P&C	Limited	Limited	Moderate
Deprivation of Liberty/Mental Capacity Act (DoLs/MCA) – Children's*	P&C	Good	Satisfactory	Minor
Joint Safeguarding Board Arrangements*	P&C	Good	Good	Minor
Safe Recruitment	P&C	Satisfactory	N/A	Minor
Business Intelligence Continuity	C&CS	Good	Good	Minor
Property Portfolio Development Project	Resources	Ongoing embedded assurance support.		
Project Management Methodologies	Resources	Limited	Limited	Moderate
Projects Assurance – Energy Efficiency Fund	Resources	Satisfactory	Satisfactory	Minor
Projects Assurance – Looked After Children Property Project	P&C	Satisfactory	Satisfactory	Minor
Projects Assurance – Cambridgeshire Public Services Network	C&CS	Good	Good	Minor
Projects Assurance – Citizen First Digital First	C&CS	Briefing note report with recommendations for project governance framework		
Use of Social Media (Regulation of Investigatory Powers Act)	Cross-Cutting	Report provided on policy and compliance with RIP in use of social media		
Transformation Programme	Resources	Ongoing embedded assurance support.		
POLICIES & PROCEDURES				
Whistleblowing Policy & Compliance	Cross-Cutting	Launch of new policy and awareness-raising campaign.		
Scheme of Delegation Policy & Compliance	Cross-Cutting	Good	Good	Minor
Ethics Policies & Compliance	Cross-Cutting	Good	Good	Minor
COMPLIANCE				
Direct Payments Compliance	P&C	Satisfactory	N/A	Minor

Agency Staff Compliance	Cross-Cutting	Limited	N/A	Minor
Wisbech Children's Centre Financial Management	P&C	Good	Good	Minor
St Neot's Children's Centre Financial Management	P&C	Good	Good	Minor
Archives Financial Management	P&E	Satisfactory	Satisfactory	Minor
Key Performance Indicators Compliance	Cross-Cutting	Audit fieldwork completed but has identified a need for a systems review. Both reviews will therefore be reported jointly in 2018/19.		
Members Travel & Subsistence	Cross-Cutting	Good	N/A	Minor
Procurement Compliance Q1	Cross-Cutting	Good	N/A	Minor
Procurement Compliance Q3	Cross-Cutting	Satisfactory	N/A	Moderate
Procurement Exemptions Compliance	Cross-Cutting	Satisfactory	N/A	Minor
EU Procurement Regulations*	Cross-Cutting	Satisfactory	N/A	Minor
ICT AND INFORMATION GOVERNANCE				
Planning for GDPR	C&CS	Good	Good	Minor
IT Platform Stability Plan*	C&CS	Good	Good	Minor
New ERP System IT Controls	Cross-Cutting	Ongoing audit engagement with the project		
Agresso data migration	Cross-Cutting	Ongoing audit engagement with the project		
Assurances from Suppliers and 3rd Parties	C&CS	Satisfactory	Satisfactory	Moderate
Information Security Culture	Cross-Cutting	Good	N/A	Minor
General Computer Controls	C&CS	Good	Good	Minor
ANTI-FRAUD AND CORRUPTION				
National Fraud Initiative	Cross-Cutting	Co-ordination of review of data matches following data collection in 2016/17		
Interim Report to Management	P&E	Report to management on issues identified in the course of gathering information for the Community Transport investigation.		

* These audit reports were still at draft stage at the time of writing this report but the emerging opinions are included.