

AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: 21st November 2017

Time: 2.00 – 5.00 p.m.

Place: Room 128, Shire Hall, Cambridge

Present: Councillors: S Crawford, P Hudson, M Shellens, (Chairman) T Rogers
(Vice Chairman) D Wells and J Williams

Apologies: Councillor M McGuire

Action

42. DECLARATIONS OF INTEREST - none

43. REQUEST TO SPEAK FROM A MEMBER OF THE PUBLIC

Although not included as a standard agenda item for the Committee, the Chairman indicated that he was allowing Mike Mason (who had registered to speak as a member of the public but had submitted the details to Democratic Services after the required deadline), to speak under his Chairman's discretionary powers. This however was not to be seen as setting a precedent and the expectation was that public speakers requesting to speak should in future meet the Council laid down Constitution deadlines.

Mr Mason had within the required statutory period submitted a formal objection and request to inspect the County Council Accounts for the year ended 31st March 2017. His request to speak to the Committee was to inform Members on the current status of his objection. The objection had been referenced in the External Auditor report presented to the September Committee meeting and at that meeting the External Auditor, when asked by the Chairman, had given an initial oral view that the details of the objection, while still being reviewed, were not considered material to the Financial Statements (*Note: and would therefore not prevent the Accounts from being signed off*). At the time of the current meeting the External Auditor was still investigating the non-material issues raised by Mr Mason and would, on completion, present her conclusions in writing to both him and the Council's Section 151 officer. Following this the Accounts sign off certificate would be completed.

Mr Mason explained that he had undertaken two interviews with the Auditor and, prior to this, had attended an inspection meeting at Shire Hall with the Chief Finance Officer and two members of the close-down team. He placed on record his thanks for the assistance provided in terms of making documents and accounts

data available to him. He indicated that once he had completed his analysis of this complex and detailed information, he intended to provide a further report to both the Council and the External Auditor. He highlighted that in his judgement as an objector his personal view was that the Auditor would be unable to issue an unqualified final opinion and had urged her to consider whether a public interest report should be issued. He also challenged the Council and the Auditor on their interpretation of the CIPFA code in respect of the use of future City Deal funding as useable reserves within the current balance sheet.

While it was not appropriate for the Committee to provide a response on an ongoing objection to the Accounts, the Chairman asked whether any Members of the Committee had any questions of clarification they wished to raise. As none were received, the Chairman thanked Mr Mason for his contribution and the Committee noted the update he had provided.

44. MINUTES OF THE MEETING HELD ON 19th SEPTEMBER 2017

That subject to the following change:

Page 6 Minute 32 'Integrated Resources and Performance Report for the period ending 31st July 2017: second bullet second line replace the word "more" with word "less" so that it reads "... in less affluent years there might be the need to suspend spend-to-save"

the minutes of the meeting held on 19th September 2017 were confirmed as a correct record and were signed by the Chairman.

CHANGE IN THE ORDER OF THE AGENDA

The Minute action log was taken at the end of the meeting.

45. REGISTRATION OF LAND PURCHASED FOR HIGHWAY PURPOSES

Further to the previous milestone report presented to the July Committee, this report updated the Committee on the Highways Assets project to register with Her Majesty's land registry (HMLR) approximately 6,000 parcels of land purchased for highways schemes.

The update's key issues being:

- Lodgement Process and Costs - The first of the scanned deeds was electronically lodged in August and formally registered by HMLR in October. A further batch was lodged in October. (batches of 20 have been requested). HMLR has offered stepped targets for the registration of highway land, with priority sites

(publicly held land in areas of greatest housing need) to be completed by 2020 and all remaining sites by 2025. This was likely to require a rollover of the budget.

- That the identification of specific parcels not required for highway purposes which might have development potential had commenced.
- Publicity regarding the pioneering electronic lodgement process had also begun, with a view to generating potential income from consultancy/advisory services to other public bodies.
- Adopting an 'asset management' approach toward the highway land, to allow land parcels under the Highway Service's responsibility to be more effectively and efficiently managed.
- Explaining in response to request at the July meeting regarding seeking a discount from the cost of registration that the current Service Level Agreement already provided for County Council to receive the maximum available discount for registering voluntarily.

It was resolved:

to note the report and to request a further update at the May 2018 Committee meeting and, if practicable, include details on:

- Any income generated from consultancy work from the sale of any surplus land
- How much land had been identified for potential sale
- Any further detail of what the above identified land might be used for.

**RVS to add
to agenda
plan**

46. SAFER RECRUITMENT IN SCHOOLS UPDATE

This report updated the Committee on the Schools Intervention Service monitoring of the Leadership of Safeguarding, including safer recruitment in maintained schools.

It was highlighted that:

- Sixteen new maintained school Headteachers had received a safeguarding visit so far in the term with four to be completed in November.
- 33 schools had received a safeguarding review in the current term. 17 had been full safeguarding reviews with the rest receiving a health check following previous reviews.

- Only 16 remaining maintained schools which had not been recently inspected still require a safeguarding review to be undertaken during the term.
- No major safeguarding issues had emerged from the reviews, but in a small number of cases there had been revisits to ensure that recommendations had been followed up. This was an improved position on a year ago and a significantly improved position on two years ago, which was recognised and commended by the Committee at the meeting.
- The Service had also carried out six Child Protection Safeguarding Audits to ensure that this aspect of safeguarding was effective with Headteachers having found the recommendations helpful in improving their practice.
- Details were provided of the School Intervention Service updated review tool to ensure that safeguarding and safer recruitment in schools was effective.
- It was highlighted that one maintained school had received an ineffective judgement for safeguarding from OFSTED since the last report. This school was previously advised on the changes it needed to implement which had not been followed. Since then an Education Adviser and the Schools Intervention Service had ensured that the necessary changes were implemented and a recent monitoring visit had described safeguarding as effective. From the current reports published OFSTED comments on school practice and Local Authority support had been very positive. None of the safeguarding complaints made to OFSTED during the current term had been in respect to safer recruitment.
- The Schools Intervention Service had set up a comprehensive training programme for all schools on the Leadership of Safeguarding with details set out in section 6 and Appendix 1 to the report.
- In terms of Schools accessing nationally accredited safer recruitment training, two sessions had been planned for the current term with the current month's course fully booked. One in-house session had been requested by one Cambridgeshire Multi-Academy Trust with another completed in the summer holidays at an Independent school. Records were kept of who attended the training allowing challenge for continued not non- attendance.
- Regarding the issue of assistance being provided from the Cambridgeshire Safeguarding Children's Board on

undertaking safeguarding checks in academies - an action from the July meeting – there had been discussions with the Board and as an additional point, it was highlighted that new guidance required academies to co-operate with partners.

Responses to issues raised by Members included:

- Confirmation that Academies were charged for requested audits, the exceptions being those arising from a complaint to Ofsted or from the Local Safeguarding Children's Board.
- In reply to whether checking the background of teachers on safeguarding grounds could also be extended to families, this was not possible on data protection grounds. However it was explained that for primary school and early years teaching there was an exclusion based on 'disqualification by association' if the person lived in the same household as someone who had been barred from teaching on safeguarding grounds. Schools were adopting the same approach for sports coaches.
- Being informed that Government appointed trusts to run a school were currently exempt from Local Authority safeguarding inspections unless invited in, even though the Local Authority was technically responsible for safeguarding in schools in the County. **In a discussion on whether representations should be made to the Secretary of State to require such audits, Councillor Williams undertook to raise the issue with the Executive Director of People and Communities. Action.**
- In response to a query on whether the review inspections looked beyond the tick boxes in term of the necessary paper work being completed to provide assurance that schools were actually implementing the guidance, this was the purpose of the Leadership of Safeguarding training.
- Clarification that spot checks involved not only speaking to teachers, but also other staff and students.

Cllr Williams

It was resolved:

To note the report and to receive a further report at the March Committee meeting.

47. CHILDREN'S SOCIAL CARE-LOADS QUARTERLY UPDATE

Concerns were previously raised by this Committee regarding high children's social care caseloads. It was agreed that the Committee

should initially receive on a quarterly basis update reports to enable the Committee to monitor the potential risk involved. This was the second report.

Key issues highlighted included:

- Following the children's change programme units and teams had now located into the new districts. This had caused some short term movement of cases, with some units over the anticipated caseload.
- Over the last quarter most of the districts had remained at a consistently high case load level. However Fenland, Ely and Hunts were showing around 40- 60 fewer cases compared to Cambridge City and South Cambridgeshire. This was being reviewed as it was believed that part of the issue was over- referring, due to different thresholds being applied.

Further to a request at the July meeting, details were also provided of the Early Help offer to the districts which had been established in the first week of July and reviewed whether children and their families were better supported by family workers rather than social workers. The integrated 'Front Door' had started in April focusing on identifying the right services for children at the right time, through one contact point.

In respect of the continued issue of recruiting sufficient social workers, there was still the need to approach agencies to try to cover vacant posts, but even agency staff were in short supply, due to the demand for them from other authorities.

Action - There was a request that lines on graphs in future should be in a format which would be distinguishable when printed in black and white. (e.g. using different symbols on different lines).

**SJ Smedmor
/ Lou
Williams to
action**

Other issues raised in discussion included:

- One Member raised the question of whether it was possible to monitor the effect of the closure of children's centres. In response it was explained that all children's services were monitored and the lead officer did not believe that the closure of children's centres would result in more children being admitted into care.
- Asking the impact of the shortage of staff in City / South Cambs in terms of the risk to children, it was explained that every referred child had an allocated social worker and checks and balances were in place on the work being undertaken. For obvious reasons more social worker time

was allocated to keeping children safe compared to children in need.

Regarding a question on staff retention, it was explained that the County Council had a good record with retaining established staff and while it did not lose many to other authorities, it did lose them to the Children and Family Court Advisory and Support Service (CAFCASS) who were always seeking experienced Social workers.
Action: The Chairman asked for a progress update to be sent to the Committee regarding the retention level of the 47 recently appointed social workers.

**SJ Smedmor
/ Lou
Williams to
action**

In response to a question on the cost of Looked After Children / foster placements (with there always being a shortage of foster parents) the approximate costs were as follows;

- In-house foster carers £200-£400 per week
- Out of county foster carers £800 a week
- Residential placements £3k per week.

There were currently 696 children in care in the County which was a higher number than for the County Council's statistical neighbours.

It was resolved:

- a) To note the report.
- b) To note the continued monitoring of caseloads for the Children's Social Work Units by Children and Families Leadership Team.
- c) To receive a further progress monitoring report at the May 2018 Committee meeting

48. CAMBRIDGESHIRE MUSIC – RECRUITMENT UPDATE

The Committee received a progress report regarding the previous request for officer action to help speed up the recruitment process for music teachers in order to allow the manager to manage his staffing establishment. This included the ability to place advertisements in a far more timely manner (currently the sign off process could take three weeks). Due to the nature of music teacher demand, any opportunity identified required quick fulfilment and the current delay was affecting the ability of the Music Service to undertake contracted provision and as a result, work was often lost to competitors.

Cambridgeshire Music recruited in almost all circumstances to fulfil requests for provision of chargeable services. Their ideal target would be to complete a recruitment process to contract and potential start in less than one month.

Matthew Gunn reported that in respect of his ongoing discussions with HR, progress had been slow which was further hindered by the delay in the introduction of ERP Gold which had been cited as the technical solution to improve the access and abilities managers would have to manage establishment. Members expressed concern that it appeared that very little progress had been made in the year since the last report, with one member stating that his recollection was that the Section 151 officer had undertaken to become involved to ensure a solution was provided.

The Committee's view was that for a Trading Service such as this, exceptions needed to be made and a streamlining process introduced to allow the manager to manage within the budget, as the additional recruitment of music teachers paid for itself through the fees charged.

The Chairman suggested it was a budgetary control problem and was therefore a finance issue. While the Deputy Section 151 Officer was of the view that it was a HR systems process matter, **he agreed to investigate further and provide a response on the issues by the end of the following week. Action**

Tom Kelly

The report was noted.

49. ANNUAL EXTERNAL AUDIT LETTER

The Committee received BDO's Annual Audit letter which summarised the key issues arising from the work carried out by the External Auditor in respect of the year ended 31st March 2017. It combined the information provided in the separate final ISA 260 Reports for the Council Accounts and Pension Fund also included on the agenda.

With respect to the Council's financial statements, BDO issued their unmodified opinion on the Council and Pension Fund financial statements on 12th October 2017. At the same time also issuing their unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

BDO's audit had identified material misstatements relating to both the recognition of grant income and presentation of items in the cash flow statement which had been reported to the Audit and Accounts Committee on 19th September 2017 with subsequent updates provided to the Chairman, Vice Chairman and Finance

Officers on 3rd and 11 October. BDO had previously reported on uncorrected misstatements which Management and the Committee had concluded were immaterial in respect of the agreed thresholds.

A public objection had been received regarding the lawfulness of certain transactions included in the financial statements and decisions made by the Council. At the time of this report's publication the work remained ongoing, although BDO were satisfied that the matters brought forward by the objector did not have a material effect on the financial statements or on BDO's value for money conclusion.

With regard to the Financial Statements, the following outcomes were reported against the said risk categories:

- Management override of controls (Council and Pension Fund) – no issues to report.
- Revenue Recognition (Council - Management had corrected the errors identified in relation to the matters listed in the report in their final financial statements.
- Property plant and equipment valuations (Council) - no issues to report.
- Pension Liability assumptions (Council) - no issues to report
- Valuation of investments (Pension Fund) – BDO had concluded that the valuation basis used appeared reasonable and the values were not materially misstated. They had identified immaterial variances arising from the fact that some investment reports used during the preparation of the financial statements were not coterminous with year-end. Officers had further discussed the issue of late unquoted investments and in future BDO would be asking for a valuation at the time and also a forecast for the end of the year. The latter would not require updating if it met a reasonableness test. Anything judged as not being clearly trivial would be recorded as a misstatement.
- Grant received in relation to City Deal – Finance officers corrected a misstatement of £100m in the final financial statements.
- Treatment of revenue expenditure funded from capital under Statute (REFCUS) (Council) – Finance officers had corrected the error identified in the final financial statements.
- Page 64 of the agenda (page 7 of the report) set out details of the material audit differences for the Council and Pension Fund that had been corrected in the financial statements.

The following issues were raised / discussed:

- It was clarified that all material misstatements identified had been rectified by the accounts sign off date. **As this was not specially stated in the Executive Summary it was**

requested that in future years this type of information should be included. The External Auditor agreed that while the Audit Letter could not be changed this year as it had already been published, this information would be provided in future letters. **Action**

Lisa Clampin

- External Audit clarified that they did not direct what should finally go into the Accounts but use professional scepticism to provide independent challenge to areas in the draft financial statements based on the requirements of financial reporting standards. Ultimately it was stated that the Council consider the challenge points made by the External Auditor on aspects of accounting treatment and estimation, and made the final decision on specific accounts treatments providing reasons for it. If the External Auditors did not agree, they had the option to issue a qualified opinion on the Accounts. However as set out in the report, BDO concurred with the assumptions made by the Council officers.
- There was a reference to page 64 bullet 4 regarding audit differences which remained uncorrected, **Action the Chairman requested Finance provide more details of the line reading £710,000 arising from unadjusted misstatements identified in the prior period in relation to the accounts.**
- Page 64 Audit Differences on the Pension Fund – the Chairman requested more detail on the two figures shown as bullets and why they had not been corrected in the final accounts. *Note: They were not adjusted as they were not material. The detail was included in the 'Final ISA 260 Report - Pension Fund Audit' page 136 included later on the Agenda.*

T Kelly

It was resolved:

To note the contents of the letter.

50. FINAL ISA 260 AUDIT COMPLETION REPORT

This report presented the final ISA 260 Audit Completion report and highlighted the changes made to the version presented to the Committee in September as detailed in section 2.1 of the report.

Issues raised included:

- Page 86 “We identified that employer pension contribution amounts disclosed for four of the eight senior officers included in the disclosure were overstated” In response the Deputy Section 151 officer explained that senior

management had been overstated with some applied incorrectly. This had been corrected in the final version of the Accounts.

- The Vice Chairman drew attention to the last two lines of the Audit findings and conclusion text reading “Management agreed to correct this error in the final version of the financial statements” with Audit confirming this should have read that “it had been corrected in the final version of the accounts”.
- Page 93 - Value of the Pension Fund - the Chairman queried the text reading

“We have compared the rate of return on fund assets by the actuary (25%) to the actual fund returns reported the pension fund accounts (24.17%) we have calculated the projected impact of the difference between the two rates on the net liability recognised in the Council’s balance sheet. This results in a judgemental understatement of the net pension liability of £6.047m. We have recorded this as an unadjusted error at Appendix 1”

asking which one was used and why was it different. In response it was explained that the value used in the Accounts was the estimated value 25% and that the Auditors looked at the final accounts to see the difference. £6.047m was the unadjusted figure.

- Page 94 The Chairman drew attention to the text at the top of the page reading “The draft financial statements were provided to us for audit two weeks later than planned....” The Deputy Section 151 officer clarified that they had been provided by 30th June as additional information had been requested.
- Page 96 – of the findings – “.... control deficiencies when determining the current year’s valuation estimate is likely to impede the Council’s ability to assess the reasonableness of its professional valuer’s conclusions and the accuracy of its estimates for the current and prior year valuations...”. The Chairman asked for more details of the recommendation and the management response. This was provided on page 110 of the report.
- The comment was made that on page 94 the auditors were asking for more information but on page 109 they were suggesting less information was required. Lisa Clampin indicated that additional information was only requested when required.

- Regarding Appendix II Recommendations and Action Plan and particularly pages 105-106 **Action there was a request for an update to be provided by the next meeting on the status of the management responses where the timeframe was completion by December or before.**
- Pages 114 the Chairman highlighted an example of a very long sentence with over 100 words when plain English recommended sentences of no more than 14 words. **He asked that in future External Audit should avoid using such long sentences.**

Tom Kelly

BDO to take account in all future reports.

It was resolved:

To note the final version of the Audit Completion Report.

51. FINAL ISA 260 REPORT – PENSION FUND AUDIT

This report presented the final ISA 260 Pension Fund Audit Completion Report and highlighted the changes made to the version presented to the Committee in September. Section 2 set out the changes to the report from the version submitted to the September Committee meeting.

Issues raised included:

- Page 133 – Pension Fund Annual Report – Requesting an update on the text reading “our review of the separate pension fund annual report is in progress and we will provide an oral update on the findings to the Audit and Accounts Committee” It was explained that the stand alone accounts were signed off the previous week, 16th November.
- Requesting an explanation of why the mortality figures shown on page 142 did not match the figures shown in the earlier report on page 91. The explanation was that it was an error when correcting an earlier typo. It was highlighted from the reply given that there was a quality control issue when only one person was cross checking the figures in two reports. As with all the errors identified as explained earlier, it was now too late to change them as the reports had been published.
- The Vice- Chairman queried why the Pension Fund report went to the Pensions Committee but the Pensions accounts only went to Audit and Accounts Committee. It was explained that this was in line with national requirements but that a more detailed explanation would be provided outside of the meeting.

Tom Kelly

It was resolved:

To note the final version of the Audit Completion Report and the changes made to the version presented to the Audit and Accounts Committee on 19th September. 2017.

52. PREPARING FOR THE 2017-18 CLOSEDOWN

This report detailed the work being undertaken in order to ensure that the 2017-18 accounts were delivered by the radical new statutory deadline for sign off of the accounts by the end of July. The intention was that the draft Statement for 2017/18 would be presented for audit before 31 May, with formal approval sought for the final Statement by 31 July. Work was already underway with colleagues across all LGSS authorities to identify and deliver the tasks required that would allow these deadlines to be met.

The work undertaken was based upon an analysis of the lessons learned from the 2016/17 process, identifying any causes of delay, together with an evaluation of the experiences of 'early adopters' - councils that already produce their accounts early. From this evaluation a series of key principles had been used to focus required activities into work streams under the headings: a) Financial system and quality of data b) Key improvements in Financial Processes, c) Improving the quality of financial reporting d) Engaging the External Auditor. The detail of the activities required were set out in section 1.4.1 to 1.4.4 of the report.

The Chairman expressed his concern that he had been assured that the 2016-17 year's accounts would be delivered on time and despite close liaison including meetings between officers and BDO, this had not been achieved. Officer indicated that a meeting was scheduled for 29th November to look at the lessons that had been learnt and could be applied to enable the early preparation of the 2017-18 accounts.

Issues raised in discussion included:

- Key areas would be early engagement on identified technical matters e.g. the treatment of Cambridgeshire Housing Investment Company and the greater use of estimates based on reasonableness of the assumptions being made, while ensuring that all relevant statutory requirements were being followed, which would also ensure appropriate transparency.
- Redeploying sufficient additional staffing expertise in the right place to ensure early delivery and ensuring the quality of data was accurate were also seen as being crucial. This did not necessarily mean an increased volume of staffing

resources. The Chairman suggested that as the Council was undergoing significant transformation with staff undertaking new jobs, mistakes would inevitably be made, which would add to the complexity. He had already discussed with the Deputy Section 151 Officer the need to ensure there was additional staffing resource resilience.

- Regarding 1.4.4 g) - information required from third parties - and a question raised on when notification would take place, it was explained that all parties had already been informed of the target dates and for which delivery would be monitored.
- The Chairman raised the issue of the difficulties that could arise as a result of late questions being raised by the External Auditors and their impact on the timetable. Therefore early delivery and sign off was required on as much of the accounts as possible. Lisa Clampin clarified that audit queries were only raised where necessary clarification was required. Late receipt of both workings papers and evidence to support entries in the accounts delayed the audit process.
- The Chairman highlighted that identified complex errors needed to be highlighted and actioned at as early a stage as possible (*to avoid the issue that had delayed the 2015-16 accounts*)
- One Member queried what monitoring would be undertaken to ensure progress was being made before the May Committee meeting. It was suggested that as there were still a number of committee meetings before that date, update reports could be provided.

It was resolved

To note the report and to receive updates on progress to future meetings.

**RVS to add
to agenda
plans**

53. TRANSFORMATION FUND MONITORING REPORT Q2 2017-18

As part of a new approach to business planning, focused on outcomes, it was agreed that the Council would establish a fund that could be used to resource the costs of delivering transformation, ensuring that finance is not a barrier to change at pace across the organisation. A fund of nearly £20m was established and there was now a programme of schemes which have received funding and are supporting the delivery of saving in the current financial year (2017/18) and beyond.

General Purposes Committee (GPC) was responsible for stewardship of the fund, approving business cases for new proposals and reviewing progress with existing schemes. The report included on the agenda was for approval by General Purposes Committee and was provided for information to this Committee, outlining progress in delivery of the projects for which transformation funding had been approved at the end of the second quarter of the 2017/18 financial year.

In respect of the scheme description regarding enhanced Occupational Therapy Support to reduce the need for double handed care (A/R. 6.165) there was a discussion regarding the reasons for delayed hospital discharges. The pressures included the complex care packages required for increasing numbers of elderly as the elderly population increased. Measures being taken to improve the situation, included putting in place more reablement workers, although they were also currently difficult to recruit. Councillor Hudson the Chairman of the Health Committee outlined the role that his Committee had in scrutinising the NHS, including the performance of hospitals and that they were working closely with Adults Committee which was yielding positive results. The question was raised on whether the issue was a shortage of care places or care home and residential homes. It was confirmed that all were in short supply compared to the demand for them. Details were provided of the Adult Challenge Programme model of Social care which was to be reviewed in the new year.

Another member made the point that all projects needed to be assessed for whether they were providing value for money.

In discussion some concern was expressed regarding the number of layers of management included in the new People and Communities Directorate and whether this could be detrimental to economy efficiency and effectiveness in delivering front line services. In discussion, the Head of Internal Audit suggested that Human Resources should be asked to provide a briefing note in the context of overall Council structures. If the Committee still had concerns then Internal Audit could investigate further. Action:

Democratic Services contact HR

RVS

It was resolved:

To request a further update Report to the Committee's March meeting.

**RVS add to
Agenda Plan**

54. INTERNAL AUDIT PROGRESS REPORT TO 31ST OCTOBER 2017

This report provided an update on the main areas of audit coverage and the key control issues arising for the period 1ST September 2017 to 31st October 2017.

Paragraph 1.1 listed the audit assignments which had reached completion since the previous Committee report with Section 4 providing more detail on the summaries of completed audits with satisfactory or less assurance. Table 2 set out the audit assignments which had reached draft report stage. Further information on work planned and in progress was set out in the Audit Plan attached as Appendix A.

Section 2 - Fraud and corruption update – included details of:

- The investigations caseload of the Internal Audit team provided in Table 3.
- Details of Whistleblowing Policy.

Outstanding management actions at the end of October 2017 were summarised in Table 5, which included a comparison with the percentage implementation reported at the previous Committee. A summary of the outstanding recommendations, and the progress with implementing them, was provided in Appendix B of the report.

Section 5 ‘Other Audit Activity’ provided an update on ;

- NHS Digital Audit
- Support to quality Governance and Practice Development Team
- Information Management Board
- Pressures on the Internal Audit Plan. This highlighted that as previously reported the time needed to support the PKF Community Transport Investigation had been much higher than initially expected. As a result, the Audit Plan was currently at capacity. With the adjustments previously agreed at the September meeting it would not be possible to cover further audits without undermining the Plan’s coverage. Further additions to the Plan as detailed in the section were likely to require additional funding.

A proposal was put forward for the Council’s insurers, Zurich, to conduct a risk management health check and benchmarking review across each of the three LGSS partner Councils as set out in paragraph 5.5 of the report (the recommendation incorrectly showed it as 5.4). This would include a desktop review of key documents, interviews with senior managers, and a full report providing independent assurance into the effectiveness of risk management at each organisation and on developing common risk management approaches. This service would be offered at no extra cost, as part

of the service provided by Zurich and the Committee was invited to agree the proposed health check.

Issues raised included:

- In respect of the Project Management Methodologies audit undertaken on the implementation of new project management methodologies at Cambridgeshire County Council (CCC) this had resulted in limited assurance being given. The audit was undertaken after several project audits had highlighted weaknesses in project management at Cambridgeshire. It identified a need for a council-wide methodology for project management to be developed in order to provide staff working on projects with a clear process to follow, governance structures, and good practice guidance. New Council-wide project management methodologies, as recommended in previous audit reports, had not been developed and the control weaknesses around projects identified had therefore not been addressed. There was still a lack of comprehensive guidance to support project managers across the organisation. As a result, the Council remained exposed to an increased risk of project failure. While the report indicated that limited assurance applied at the time of writing the report, as a result of the audit findings, a meeting had been arranged for December between Internal Audit, the Transformation Team, the Business Intelligence service, and Finance. This meeting would discuss initial proposals for a project management process and a plan to address the lack of project management guidance.

As this was already an area of specific concern to the Council stemming from the large project cost increases in the Ely Archives Project compared to the original estimates, **The Chairman requested an update on progress required to be included as a section in the next Internal Audit Progress report, including an update on the progress against the original recommendations. Action.**

M Kelly

- The Vice Chairman asked why the audits on page 164 in table 2 (apart from the first one listed and referred to above) were not included in the current report. It was explained that they were still in draft or interim stage at the time the report was written. If once completed the audit concluded that they could only be given a satisfactory assurance opinion or below, they would come forward in summary form to the Committee at the next available meeting.
- Issues were raised regarding Appendix B with updates requested for future meetings where target dates were not

shown or had been passed. e.g. Page 182 Transformation programme benefits realisation where the governance arrangements had still to be clarified. A third were currently not meeting their target dates. It was clarified in answer to a question that with regard to the target entries for Section 106 and the Energy Efficiency Fund showing end of April 2017, they were an error and would be amended to read 2018. **The Head of Internal Audit confirmed that updates would be included in the next Internal Audit Progress report which was standard practice. Action**

M Kelly

Regarding the resourcing and timing of the independent investigation report on Fenland Association for Community Transport (FACT) while the consultants PFK expected to have the report finalised in January they were still currently at the interview stage. The final version would require review by senior management, including Legal Services, to agree a response and also the reporting path. It was agreed that an issue of this complexity would require a special meeting of this Committee. Democratic Services had proposed three dates in January but the date for a special meeting clearly would now have to slip to at least early February as sufficient notice needed to be given regard to setting up the meeting, securing a suitable venue to ensure stakeholder attendance could be accommodated, sending out an agenda to meet the legal deadlines, etc. (*Note Democratic Services would require at least three weeks notice*) It was suggested that as it was still too early to finalise a date, it should be agreed via a delegation outside of the meeting.

Regarding Appendix B 'Summary of Outstanding Actions' and those with a target date of the end of September, these would be updated for the next report (as the report had been written and presented before the end of September).

It was resolved:

- a) To note the contents of the update report.
- b) To agree the provision of the risk management health check and benchmarking review service by the Council's insurers 'Zurich' as detailed in paragraph 5.5 of the report.
- c) That following agreement by SMT, the Chief Internal Auditor in consultation with the Chairman, Vice Chairman and Democratic Services, be delegated to agree the date for a special meeting to discuss the FACT report.

**55. INTEGRATED RESOURCES AND PERFORMANCE REPORT
FOR THE PERIOD ENDING 30th SEPTEMBER 2017**

This draft report presented for information the financial and business information to assess progress in delivering the Council's Business Plan. It was in draft form as it was not due to go forward to General Purposes Committee, the Committee for agreeing the recommendations, until later in the month.

The overall revenue budget position was showing a forecast year end pressure of £+4.8m, an increase of £38k on the forecast pressure reported in August. There had been increases in People and Communities offset by improvements forecast for Economy Transport and Environment (ETE), with the detail set out in section 3 of the report. The Capital programme was forecasting a balanced budget at year end.

In discussion issues raised included:

- Paragraph 3.2.2 People and Communities Learning Disability Partnership – a request for an explanation for the text stating that there has been an increased pressure of £317k from that reported in August. This was mainly due to the reduced slippage on staffing costs following the transformation of the service. It was also asked whether this had been built into the budget. It was explained that the restructuring had taken place in the current year and needed to reflect posts deleted or vacancies.
- Regarding the savings tracker, the Council was on track to deliver £27.6m of savings against the original Plan. Green rated savings totalled £21.7m exceeding the target for those initiatives.
- Page 209 Appendix 2 – Reserves and Provisions – There was a query regarding line 9 Commercial and Investment (C and I) under the heading 'Equipment Reserves' of the amount shown of £726K It was explained that the Education IT Service had just transferred and needed a new server replacement.
- A3 colour appendix page 219 A/R 6.205 'Children's Social Care support for young people with complex needs' with reference to the forecast commentary reading "Currently forecasting shortfall in 2017-18 due to delayed start of the hub but still forecasting ability to meet total savings over the next two year's" **Councillor Crawford requested additional information regarding the reasons for the delay with the hub which was part of the 'No Wrong Door approach'.**
Action

Democratic Services to request Sarah-Jane Smedmor provide the response

It was resolved;

To note the report.

56. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR NOVEMBER 2017 COMMITTEE MEETING

The Minute Action Log

The following issues were raised in relation to issues in the Minutes and the Action Log:

- Page 21 Item 5 Integrated Resources and Performance Report – Children, Families and Adults – Basic Need Secondary – revised budget (for St Bedes school) - **Action request for an update on the insurance discussions to be sent to the Chairman outside the meeting** **Tom Kelly**
- Page 22 Corporate Risk Register - further response requested on what other funding options could there be if there was insufficient infrastructure funding – this related to the further response received on the definition of insufficient infrastructure funding – **This was to be actioned by Bob Menzies arranging a meeting with the Chairman.** **Bob Menzies**
- **Page 30. Audit and Accounts Training Plan – It was agreed that the session to take the Committee through the detail of a non- contentious project should be before the March meeting.** **M Kelly / Democratic Services to seek suitable room.**

It was resolved:

To note the Minutes Action log update.

57. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN

In discussion the following changes were agreed:

- The Following update reports to the May 2018 Committee meeting:
 - Registration of Land Purchased for Highway Purposes
 - Social Care Case Loads
- Removing FACT from the January meeting. A special meeting to be called.
- The Workforce Strategy to be taken off the next agenda as the draft was to be shared with the Chairman before being presented to the January General Purposes Committee and February Council meetings.

- The following update reports to go to the March meeting:
 - Transformation Fund
 - Safer Recruitment
- Progress Reports on preparing for the 2017-18 Closedown to be added to the January and March Committee meetings.

The Forward Plan with the above changes was noted.

58. DATE OF NEXT MEETING – 2.00 P.M. 23rd JANUARY 2018

Chairman
23rd January
2018