

AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: 20th March 2014.

Time: 2.30 p.m. – 4.25 p.m.

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: Councillors: J Clark, S Crawford, R Henson, M McGuire (substituting for S Count), J Reynolds (Vice-Chairman), M Shellens, (Chairman) and J Williams.

Apologies: Councillor S Count

Action

43. DECLARATIONS OF INTEREST – there were none.

44. MINUTES

The minutes of the meeting held on 28th January 2014 were confirmed as a correct record and signed by the Chairman.

45. ACTION LOG FROM MINUTES

The Committee considered the latest update log on progress on previously agreed actions. It was agreed to remove those actions requiring no further action from future updates. Members received oral updates in relation to the entries listed below:

Action 1 - Code of Corporate Governance

The Chairman reported that he had not been satisfied with the explanation that no public responses to the recent budget consultation had required a review of any existing policies. He was therefore meeting with officers regarding how many residents had been consulted and whether the consultation had been sufficiently comprehensive.

Annual Audit Letter from PWC

Action 2 a) Each Committee to be asked to consider as part of their future work programme, two previous projects within their remit to confirm value for money had been achieved

Internal Audit was seeking to identify two previously evaluated projects for the exercise.

**John
Davies**

Action 2b) General Ledger Review

This was the subject of on-going action and would be integrated into the closing annual accounts for the September meeting.

C Malyon /

Action 2c) Fixed Asset Accounting and the Indexation Analysis

C Yates

An update would be provided at the September meeting.

C Malyon /
C Yates

Action 3a) Assurance Framework Update – Shared Services Programme - providing details of the LGSS Customer Satisfaction Survey Results

The LGSS Board had met on 12th March to discuss the survey results and had agreed that it should go to the LGSS Joint Committee on 27th March, before being released to a wider audience. **The LGSS Risk Manager undertook to provide an update following that meeting.**

J Davies

Action 3b) Whistle Blowing Policy

One Member highlighted a separate discussion which had taken place at Resources and Performance Overview and Scrutiny Committee on 'Zero Hours Contracts'. At that meeting, he had raised concerns regarding whether staff were able to go beyond their line manager if they had an issue. He had also sought clarification on whether the Whistle Blowing Policy included provision to raise concerns anonymously.

The Risk Manager agreed to circulate the Whistle Blowing Policy to the particular Member.

J Davies

Action 5 Superfast Broadband Project

The Chairman requested further details in relation to the speeds that had been achieved in rolled out areas. He was interested in information / statistics to substantiate what was already included in the update.

Another Member made the point that the Committee was interested in the second element of service (commercial organisations connecting households) in terms of the improvements made to response times / connectivity. It was suggested that a further update should include a map to identify the areas which had been covered.

In terms of the update provided on the Mobile Infrastructure Project (MIP), a further update was requested for the next meeting detailing the results of the technical review for Cambridgeshire locations.

The Committee requested:

a) a further follow up report to its September meeting on progress by BT in terms of providing the infrastructure as part of the Contract, and the improved connectivity gained in areas covered by the roll out, in terms of both the increased take up of the service and the improvement in speeds;

N Godfrey

b) a further update on MIP to its June meeting.

N Godfrey

Action 6 d) Integrated Resources and Performance Report - Update on lobbying progress in relation to the shortfall on Education Capital Resources

It was noted that negotiations were still on-going. **The Committee therefore requested an update at its next meeting.**

**A Loades /
C Malyon**

Action 8 - Internal Audit Progress Report - Recovery of historic costs incurred on the Science Park Station – The Committee requested a further update to its September meeting.

**G Hughes
/ C Malyon**

46. CABINET DISCUSSION OF THE REPORT 'INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR PERIOD ENDING 31st JANUARY 2014'

The Committee received a report and the relevant extract from the minutes of the Cabinet meeting on 4th March 2014. It was noted that Cabinet had agreed all the recommendations as set out.

The Committee was reminded that the Audit and Accounts Committee's role was to receive the report for information so that it could consider whether effective processes were in place for financial management.

In a discussion on tracking capital slippage updates, the Chairman noted that the Committee had only received the most recent Integrated Resources and Performance' report which had been to Cabinet. As the Committee did not meet as regularly as Cabinet, Members were not routinely receiving some of the intervening reports, which was not helpful when trying to track progress.

The Committee therefore requested to receive electronically each Integrated Resources and Performance update report following its publication for Cabinet or its successor committee.

**R
Sanderson**

Comments from Members included:

- The current format of the chart shown on page 4 titled 'Forecast Outturn Position for 2013/14' made it difficult to identify individual Service progress, as several of the service lines were too close together. The Chairman suggested a more legible scale should be used. **The Section 151 Officer undertook to review the presentation format, which might involve showing percentages as an alternative, in future reports.**
- Queried in relation to the first bullet on Page 5 'Older People Update' - Increase in Homecare Demand' - whether there was a staffing issue to meet this demand, as the text also made reference to vacancy savings. In response, it was indicated that the service was statutorily required to be provided. This could involve having to recruit Agency staff if staffing levels became critical, but only then as a last resort. It was acknowledged that

**P Emmett/
C Malyon**

there was a recognised staffing recruitment issue. It was noted that the social care market was very competitive and other authorities, including Northamptonshire, offered higher salaries. Work was being undertaken with the Eastern Region regarding ways to recruit more social workers. It was acknowledged that key worker accommodation was an issue. The Committee was informed that the County Council was working with districts on ways of providing in the longer term, both additional affordable, and also key worker housing. It was noted that this would also be explored as part of the 'City Deal'.

- Page 8 'The number of people starting apprenticeships', highlighted that the wrong academic year was being shown in relation to 'The number of people starting apprenticeships'. Members also queried that given this indicator target had already been exceeded for the year, if consideration could be given to a higher target being provided for future years.
- The need to check that the target of 735 in the line with the title 'The rate of admissions of people aged over 65 to residential and nursing care homes per 100,000 population' was a cumulative annual target for the year.
- Noting the failure again of LGSS to meet the target for responding to complaints within 10 working days. As a response and as indicated at the previous meeting, it was only recently that LGSS had received any complaints. It was noted that initially no mechanism had been available for dealing with complaints, but this had now been addressed and performance was expected to improve going forward.
- Page 9 - Requesting more information on the indicator titled 'A reduced volume of acute bed days attributable to adult social care' which was showing red as its direction of travel. In response it was highlighted that the target had been halved from 7,000 in the previous year to 3542 as an incentive to reduce costs associated with the penalties around delayed discharges. It had been acknowledged that this was now seen as having been too ambitious. Discussions were progressing between the Council, Addenbrooke's Hospital and other social care partners on moving to a different discharge policy model, with the supply of intermediate care being one of the issues to address. It was noted that the new Adults Committee would be receiving an update report. **The Committee requested that it should also receive a progress update at its next meeting detailing the changes being made to the discharge policy model.**
- Regarding a discussion on the funding received from Government to help finance the provision of free school meals from September, It was explained that the monies would not appear in next year's Accounts as it was included in the Dedicated Schools Grant and was not the Council's money. **The Section 151 Officer in response to a request undertook to provide the Committee with a briefing note on how**

RVS/ P
Emmett

Charlotte
Black /
Richard
O'Driscoll

C Malyon

maintained schools would be able to access the money.

- Highlighted the fact that the title headings in the table at paragraph 7.1 on page 20 under the main heading 'Balance sheet' were misleading. The Section 151 Officer indicated that they would be corrected for future reports, explaining that the right hand column should read "Target at end of year". It was also suggested that in relation to the first line, first column, for clarity the word "plan" should be changed to read "Business Plan".
- **Table at paragraph 7.3 - requested that the Committee be provided with the missing figures in relation to the line titled 'Prior year Comparator (2012/13 actual)' in terms of the headings 'Original forecast for end of March' and 'Revised forecast for end of March'.**
- Page 28 - the reference to a forecast underspend in relation to 'Cycle City Ambition Schemes'. It was noted that it had not been possible to spend the full level of this funding by 31st March 2014 due to resource, planning and consultation constraints. This had resulted in a forecast underspend of £-1m in 2013/14, with the remainder of the funding being carried forward to 2014/15"

C Malyon /
P Emmett

C Malyon.

Members questioned whether more resources should be targeted to ensure the £1m was spent in the current financial year. There was then further discussion regarding the complex negotiations involved in some of the schemes i.e. Huntingdon Road. It was considered this made it unlikely that the money could be spent, even with significant additional work being undertaken by the officers. **The Committee considered this a significant issue in terms of targeting resources. Members expressed concern that it could result in the Council losing a large amount of the money if schemes could not be progressed and the spend undertaken by the final May, 2015 deadline. The Cabinet Portfolio Holder agreed to look into this.**

RS to
obtain
more
details

It was resolved:

- a) To note the report with the comments provided.
- b) To receive updates as requested during the debate and as recorded in the minutes.

47. QUARTERLY RISK MANAGEMENT REPORT

The Committee received a report providing details of the key risks faced by the Council at both Corporate and Service levels. It was reported that the Corporate Risk Register (CRR) had been reviewed by Strategic Management Team (SMT) on 10th February 2014. SMT was confident that the CRR was a comprehensive record of the main risks faced by the Council and that mitigations were in place, or in the process of being developed, to ensure that each risk was appropriately

managed.

Appendix 1 of the report profiled Corporate Risk against the Council's risk scoring matrix and illustrated that there were two red residual risks. Paragraph 2.3 set out the detail of the significant changes made since the last review in relation to:

- Risk 9 - Failure to secure funding for infrastructure. – Increased to a Red Residual risk as Government had reduced funding for schools infrastructure from £34m to £4m.
- Risk 15 - Failure to Safeguard Vulnerable Children and Adults - Changed from amber to red as the residual risk of harm was always high, despite considerable focus on ensuring that the Council's safeguarding arrangements were effective and improving.
- Risk 25 - Failure to transfer effectively from the Leader / Cabinet Model to a Committee system. This had been added to the CRR to illustrate the inherent risk from the changes to governance arrangements, but for the reasons provided it represented a relatively low residual risk level.

Issues raised by Members included:

- Suggesting that the authority operated a risk adverse culture and that the fear of making mistakes was leading to missed opportunities. This refuted by a Cabinet Member who explained that Cabinet made difficult decisions on a regular basis. The LGSS Risk Manager also pointed out that the County Council had a good risk management record which was not the same as being risk adverse.
- Expressing concern regarding Risk 9 highlighting that the text indicated that the reduction in funding for schools infrastructure "will mean that the Council will be unable to provide basic school places which is likely to have a negative impact on companies wishing to invest in the Cambridgeshire economy". It was suggested that the comment should have been expressed in terms of the impact on people such as pupils of residents. As already indicated in an earlier item, the outcome of County Council representations challenging the allocation made and the changed methodology around 'basis need' was still awaited. It was queried what would happen if the resources lost were not forthcoming. In response, it was explained that the significant methodology change affected the financial year 2015/16. It further explained that the Head of Infrastructure: Education Planning had very good information in relation to the demography pressures and the data was used to map demand against places and contributed to the development of the Capital Programme. If there was a resource shortfall, the gap would be dealt with from the overall Capital Programme and if this was not possible and there was still a funding issue, then there would need to be a report back to Cabinet or its successor committee.
- **A request for more detail on the red risks in relation to**

Public Health. In response it was indicated that this information had already been provided to the Chairman by the LGSS Risk Manager via an e-mail from the Director of Public Health. The Chairman agreed to share this information with the Committee.

J Davies
to provide
copy to
RS to
circulate

- Appendix 2, the column headed 'Key Controls', it was suggested that the title it should include additional text reading: "/ mitigations".
- In the description column on 9 "Failure to secure funding for infrastructure" to change the reference to 'Cambridgeshire District Council' to "Cambridge City Council". On description 6 reading 'City Deal bid for Greater Cambridgeshire' the latter should read 'Greater Cambridge'. On 15 'Failure to Safeguard Vulnerable Children and Adults', it was suggested that other Key Controls / Mitigations could include the Whistle Blowing Policy, visits by Ofsted and by Councillors, External Peer reviews and from complaints made / received.

It was resolved to note the report.

48. INTERNAL AUDIT PLAN

The Committee received details of the 2014/15 Internal Audit Plan for approval and for Member comment.

Members raised the following comments in relation to the report:

- In relation to the text in paragraph 3.1 asking what evidence there was to support the statement that there was "evidence of an increase in the level of fraud in the Public Sector generally in the current economic climate". In response, officers stated that Internal Audit records did not precede the financial slump of 2008 and that the level of investigations had been relatively static since 2009. However, it was generally understood that there was an increased incidence of fraud nationally as a result of the economic climate.
- **Suggesting that officers should consider an addition to the Plan in relation to work around the Pupil Premium which represented £900 per child. It was noted that this would need to be looked at further in relation to the practicalities involved.**
- Highlighting that the text in item 3 of the "Corporate Risks" table at the bottom of the second page of the appendix was missing some words, as the description was left in mid-sentence.
- Asking how much slack was included in the Plan to allow for new urgent audits that might occur during the year. In reply, attention was drawn to the line on the second page reading: 'unallocated contingency' which provided a figure of 218 days. This was considered enough to cover such contingencies.

J Davies

It was resolved:

To endorse the Plan as set out.

49. ASSURANCE FRAMEWORK UPDATE

This report provided an update to reflect work undertaken in the last four months, changes made to the corporate risk register and assurances due from the 2013/14 Internal Audit Plan.

Comments from Members included:

- **The need to ensure the appendix was individually page numbered in future.** J Davies
- **A request that the spreadsheet appendix should provide a key on the first page to indicate what G, A, R represented in terms of the right hand column titled 'Overall Assurance Level'. There was also a request on what the letter "w" represented on page 5 of the appendix.** J Davies
- Queried on Af1a) 'Formulation of 5 Year Business Plan commencing 2014/15' the action in bullet 4 of the 'First Level of Assurance' reading "regular meetings with Director of Finance / Section 151 portfolio holders etc." It was pointed out that the budget had not yet commenced. Clarification was also sought on the second level of assurance regarding who was involved in the "Quarterly Updates on progress with mitigation update....." etc. It was explained that this was carried out by SMT.
- Suggested on AF1b Business Plan 13/14 Delivery that the first level of assurance should also include: Scrutiny Committees, Peer Reviews and complaints / consultation processes. (*Note: The LGSS Risk Manager would be looking again at the first level of assurance column to ensure all entries were assurances*)
- Queried on AF2 Shared Services Programme the reference to Northampton Borough Council as being one of the 'Second Levels of Assurance'.
- Requested advice on who would take over the monitoring of key performance indicators currently the responsibility of Cabinet Members. In response it was indicated that these would become the responsibility of the relevant Service Committee Chairmen.
- Suggested in relation to AF3 Workforce Recruitment and Retention that a second level of assurance should include exit interviews from staff leaving the service to monitor their reasons for leaving. It was further suggested that local authority jobs were currently unpopular as an employment choice with poor security / and in some cases, lower wages. There was therefore a need to identify any reasons that might have influenced good calibre people to leave in order to avoid further loss. There was concern that there was a real risk of failing to recruit enough sufficiently skilled staff to continue to run the services.

- Suggested in relation to AF5 Infrastructure Funding Shortage that this should include ensuring with District Council partners that Section 106 monies were maximised and that the first level of Assurance could include lobbying Central Government.
- Highlighted in relation to AF9 Compliance with Legislative and regulatory requirements there was the need for management to ensure that staff were aware of relevant legislative requirements in their service area.
- Suggested in relation to AF11 Cambridgeshire Future Transport that target numbers of passengers per mile would be useful in terms of establishing what was to be achieved by a particular service and measuring its success against the expenditure proposed. **It was agreed that officers should be asked for details on how they proposed to measure the success of particular schemes.**
- Requested an explanation for the acronym SOLACE (Society of Local Authority Chief Executives) and the need for it to be spelt out in full in future reports.
- Questioned in relation to AF19 'Developing the capacity and capability of Members and Officers to be effective' whether there was sufficient promotion of the positive role of Councillors in contributing to improving the life of Cambridgeshire residents. This was required to counter the amount of bad press around cuts to services which could deter good candidates coming forward to become future councillors. Members discussed the following points in relation to AF19 as follows:
 - Concerns regarding the amount of paperwork that Councillors currently had to read.
 - The failure of over half of Councillors to attend Members' Seminars.
 - the possibility of raising Members' Allowances to attract a better cross section of Members.
 - the possibility of moving to evening meetings or even holding weekend meetings. On the former point the Cabinet Member commented that this might be appropriate for those Members based near or in Cambridge, but it was an issue for those travelling from Fenland and other more outlying areas of the County.

RS to
contact
Joseph
Whelan

It was resolved:

To note the report.

50. INTERNAL AUDIT PROGRESS REPORT TO 28TH FEBRUARY 2014

This report detailed the main areas of audit coverage for the period 1st January to 28th February 2014 which included:

- CRIP (Commitment Records Implementation Project) – Moderate Assurance provided
- Park and Ride (Embedded Assurance) – Moderate Assurance provided
- Service Transformation – Substantial Assurance provided
- Budgetary Control - Substantial Assurance provided
- E-Auctions - Substantial Assurance provided
- Safer Recruitment in Schools – As the review was only part way through, it was not considered appropriate to provide details at the current meeting. **An update would be presented as part of the report to the June Committee.**

J Davies

In relation to the section on 'Fraud and Corruption Update' details of current reviews / investigations were set out in section 2.7 of the report. Section 2.8 of the report summarised the position in relation to the implementation of management actions as at 31st January 2014, with a more detailed explanation set out in Appendix 2, along with a more a detailed summary of fundamental recommendations outstanding for over three months.

Members' comments included:

- Suggesting the moderate assurance provided for the Park and Ride Review of the introduction of a £1 parking charge per vehicle was somewhat generous and did not address the issue of displacement of vehicles. It was noted as a response that SMT had received a report on the issue, but it was not part of the current review.

The Chairman reminded officers that it had been agreed at the last meeting that where management actions continued to slip from the revised target dates a relevant officer should be requested to attend the next meeting to explain the reasons. In relation to the three areas identified in Appendix 2 currently shown as being outstanding for under three months, **the Chairman requested that officers write to the lead officers before the end of March to ask whether they expected to meet the deadline and if not, that they should be summoned to attend the June Committee to explain the reasons.**

J Davies

One Member cautioned that the use of these powers should be selective and take into account any reasonable explanations provided, so that only those without any such explanation should be summoned. The Committee received an oral update on the following three areas updating the position from that set out in the published report :

1. Children in Entertainment – the recommendations had now been implemented.
2. The two outstanding issues / actions relating to Key Financial Systems - the position was being looked as part of the annual audit which was due to conclude by 31st March as set out in the report.

It was resolved:

- To note the report with the update requests included above.
- **To request that Internal Audit arrange that where management actions continued to slip from the revised target dates a relevant officer be requested to attend the next meeting to explain the reasons.**

John
Davies

51. DRAFT AGENDA PLAN

The Draft Agenda Plan was noted subject to the deletion of the Internal Audit Progress Report to the July meeting as this was too soon after the report's presentation to the June Committee.

RS to
change
Forward
Plan

52. DATE OF NEXT MEETING 2.30 P.M. 10th JUNE 2014

53. THANKS TO STEVE TINKLER

While not present at the meeting, as this would have been the Head of Internal Audit, Risk Management and Insurance last Committee meeting before he took up a new post away from LGSS, the Committee wished to place on record its thanks for Steve Tinkler's service to the Council and to wish him well in his future endeavours.

Chairman
10th June 2014