**TITLE**       **INTERNAL AUDIT PROGRESS REPORT TO 31ST MAY 2017**

To:         **Audit & Accounts Committee**

Date:       **25th July 2017**

From:       **Duncan Wilkinson, LGSS Chief Internal Auditor**

**1.         PURPOSE**

1.1         To report on the main areas of audit coverage for the period 1st March 2017 to 31st May 2017 and the key control issues arising.

**2.         BACKGROUND**

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

2.2         The Committee is requested to consider the contents of this report.

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# LGSS Internal Audit & Risk Management

# Cambridgeshire County Council

*Quarterly update report*

*Q1*

*As at 31st May 2017*

# 1. FINALISED ASSIGNMENTS

1.1 Since the previous Progress Report to SMT in March 2017, the following audit assignments have reached completion as set out below in table 1:

**Table 1: Finalised Assignments**

| No. | Directorate | Assignment | Compliance Assurance | Systems Assurance | Organisational impact |
|---|---|---|---|---|---|
| 1. | Economy, Transport & Environment | Section 106 | Good | Moderate | Minor |
| 2. | Cross-Cutting (CCC-wide) | Off Contract Expenditure | Good | N/A | Minor |
| 3. | Cross-Cutting (CCC-wide) | European Union (EU) Procurement Regulations | Moderate | N/A | Minor |
| 4. | Cross-Cutting (CCC-wide) | Treasury Management | Substantial | Substantial | Minor |
| 5. | Cross-Cutting (CCC-wide) | Bank Reconciliation | Substantial | Substantial | Minor |
| 6. | Cross-Cutting (CCC-wide) | Purchase to Pay | Substantial | Substantial | Minor |
| 7. | Cross-Cutting (CCC-wide) | Accounts Receivable | Substantial | Substantial | Minor |
| 8. | Cross-Cutting (CCC-wide) | Payroll | Substantial | Substantial | Minor |
| 9. | Cross-Cutting (CCC-wide) | Pensions | Substantial | Substantial | Minor |
| 10. | Cross-Cutting (CCC-wide) | General Ledger | Substantial | Good | Minor |
| 11. | Cross-Cutting (CCC-wide) | IT General Controls | Substantial | Good | Minor |
| 12. | Cross-Cutting (CCC-wide) | Transformation Programme - Benefits Realisation | Moderate | Moderate | Moderate |
| 13. | Cross-Cutting (CCC-wide) | Business Planning Compliance | Moderate | Moderate | Moderate |
| 14. | Children, Families & Adults | Residential Care Homes Project | Good | Good | Minor |
| 15. | Cross-Cutting | Key Performance | Substantial | N/A | Minor |

| No. | Directorate | Assignment | | | |
|---|---|---|---|---|---|
| | (CCC-wide) | Indicators | | | |
| 16. | Cross-Cutting (CCC-wide) | Contract Extensions | Good | Good | Minor |
| 17. | Corporate & Customer Services | Information Governance Policies | N/A | Good | Minor |
| 18. | Cross-Cutting (CCC-wide) | Procurement Governance | Good | Good | Minor |
| 19. | Cross-Cutting (CCC-wide) | Contract Procedure Rules | Good | Good | Minor |
| 20. | Cross-Cutting (CCC-wide) | Following the Money Strategy | Consultancy report benchmarking financial data to identify future areas for transformation | | |
| 21. | Cross-Cutting (CCC-wide) | Corporate Policy Statements | Consultancy report on the development of Council-wide corporate policy statements, including drafting a cash handling policy. | | |
| 22. | Economy, Transport & Environment | Section 31 Grant | Grant certification provided | | |
| 23. | Economy, Transport & Environment | Local Growth Deal | Grant certification provided | | |
| 24. | Children, Families & Adults | Disabled Facilities Grant | Grant certification provided | | |

1.2 Summaries of the finalised reports with satisfactory or less assurance are provided in Section 6. This excludes individual schools audits, which are reported collectively once all reviews have been finalised.

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

**Table 2: Draft/Interim Reports**

| No. | Directorate | Assignment |
|---|---|---|
| 1. | Economy, Transport & Environment | Schools Capital Programme |
| 2. | Cross-Cutting (CCC-wide) | Contract Management |
| 3. | Cross-Cutting (CCC-wide) | Scheme of Delegation Compliance |
| 4. | Cross-Cutting (CCC-wide) | Capital Programme Assurance |

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

# 2. *FRAUD AND CORRUPTION UPDATE*

## 2.1    CURRENT INTERNAL AUDIT INVESTIGATIONS:

A summary of the current investigative caseload of the Internal Audit team is provided below at table 3. This includes investigations relating to suspected theft, fraud or misuse of funds, which are led by Internal Audit. As at the end of May 2017, 3 cases had been referred to Audit.

**Table 3: Internal Audit Investigations Caseload**

| Case Category | Description of activity or risk example | Cases | Outcomes |
|---|---|---|---|
| **Direct Payments** | Concerns regarding misuse or fraud relating to a direct payment. | 1 | Draft report issued. |
| **Theft or misappropriation** | • Theft of property<br>• Staff misappropriation | 1 | Ongoing investigation work. |
| **Investigations** | FACT Investigation | 1 | Ongoing investigation work. |
| **Totals** | | **3** | |

## 2.2    CURRENT HR CASELOAD:

A summary of the caseload of work currently being progressed by HR, primarily relating to disciplinary matters, is provided below at table 4.

**Table 4: Human Resources (HR) Caseload**

| Case Category | Description of activity or risk example | Open/Ongoing Cases |
|---|---|---|
| **HR caseload** | Disciplinary | 7 |
| | Grievance | 2 |
| | Performance | 13 |
| | Whistleblowing | 0 |
| | Attendance management | 72 |
| **Totals** | | **94** |

## 2.3    POLICY UPDATES:

Revised versions of the Council's Whistleblowing Policy, Anti-Fraud and Corruption Policy, and Anti-Money Laundering Policy were approved by the Audit & Accounts Committee at their meeting on the 30th May. The Anti-Fraud and Corruption and Anti-Money Laundering policies are being presented to the meeting of the General Purposes Committee on the 25th July for final approval, and the Whistleblowing Policy will be taken to the September meeting of the Constitution and Ethics Committee for approval.

Following this, the plan is to conduct awareness-raising exercises around each policy in conjunction with the Transformation team, who are developing a new rolling programme of awareness for key corporate policies and have agreed to feature these policies as some of the first to be promoted through this new programme. A further update will be brought to Committee when timescales and details of this awareness-raising work have been agreed.

# 3   IMPLEMENTATION OF MANAGEMENT ACTIONS

3.1   The outstanding management actions as at the end of May 2017 are summarised in Table 5, which includes a comparison with the percentage implementation from the previous report (bracketed figures).

3.2   Please note that an exceptionally high number of actions have become due following on from the previous Internal Audit Progress Report, which covered actions due to the end of February 2017. In total, 47 actions have required follow up in this three-month period; for comparison, 52 actions were followed-up in the entire 2016/17 year.

3.3   This has placed a strain on the ability of Internal Audit to obtain full information for all actions in this period. In four instances, the service has provided an update that the action has been completed, but Audit has yet to receive evidence of this and consequently these actions have remained marked as open.

3.4   A summary of the outstanding recommendations, and the current progress with implementing them, is provided in a table at Appendix B.

**Table 5: Outstanding Management Actions**

|  | Category 'Essential' recommendations | | Category 'Important' recommendations | | Total | |
|---|---|---|---|---|---|---|
|  | **Number** | **% of total** | **Number** | **% of total** | **Number** | **% of total** |
| **Implemented** | 2 | 4% (0%) | 29 | 60% (74%) | 31 | 65% (74%) |
| **Actions due within last 3 months, but not implemented** | 0 | 0% (0%) | 14 | 29% (4%) | 14 | 29% (4%) |

| Actions due over 3 months ago, but not implemented | 0 | 0% (4%) | 3 | 6% (17%) | 3 | 6% (22%) |
|---|---|---|---|---|---|---|
| Totals | 2 | | 46 | | 48 | |

# 4. SUMMARIES OF COMPLETED AUDITS WITH SATISFACTORY OR LESS ASSURANCE

## A.    CROSS-CUTTING (COUNCIL WIDE)

### A.1    European Union (EU) Procurement Regulations

Internal Audit conducted a review of a sample of eleven contracts in excess of the EU procurement threshold, reviewing the process followed in awarding each contract to confirm whether key aspects of the EU Public Contracts Regulations 2015 and the Council's Contract Regulations had been complied with.

It was found that the majority of the key aspects of these processes were followed in all eleven cases, including requirements around advertising contracts and establishing criteria for selecting the most economically advantageous tender, and adhering to minimum timescales. The overall level of assurance for the review was reduced to moderate due to two compliance weaknesses.

The Council's Constitution states that a 'key decision' is one which incurs expenditure or makes savings in excess of £500,000; these decisions require Committee approval, but four of the seven procurements in the sample which required approval under these rules did not receive it. The audit identified that the reason for this primarily appeared to be confusion among some officers regarding whether re-procurement of existing services counted as a key decision, or whether this was only applicable to new procurements. As a result of the audit, this has now been clarified to officers and guidance on writing Committee reports has also been updated to set this out more clearly.

The second issue identified was that, for two procurements which received fewer than the three bids required, exemptions should have been sought from the Council's Contract Procedure Rules but this did not take place. In many cases it is likely to be difficult for officers to gain an exemption from Committee for high-value contracts where fewer than three bids are received (which may be the case where there is a restricted market for particular services or goods) due to the restrictive timescales under the EU rules and the long lead-in time for Committee papers. To address this, an update to Contract Procedure Rules has been proposed whereby written approval to read and evaluate responses to a competitive procurement which has received fewer than three bids must be obtained from three senior officers (the Chief Finance Officer; the Monitoring Officer; and the Chief Officer for the area conducting the procurement) without the need to return to Committee.

Committee approval would still be required prior to initiating the procurement process (if the contract would constitute a key decision), and in order to award the preferred bidder. This proposal was agreed by Constitution and Ethics Committee at their meeting on the 20th June, and is being progressed to Full Council.

For exemption requests for contracts below the key decision threshold, exemptions are also now reviewed by the Council's Commercial Board.

## A.2    Transformation Programme – Benefits Realisation

An audit review was undertaken focusing on benefits realisation arrangements within the Transformation Programme. This involved reviewing a sample of projects within the programme, including those with both financial and non-financial expected benefits. The audit began at a time when the Transformation Team were in the process of taking up their new roles following the Corporate Capacity Review, meaning that the projects within the Transformation Programme were at an early stage.

Moderate assurance was assigned over the control environment, and moderate assurance for compliance relating to benefits realisation arrangements within the Transformation Programme. This recognises the significant level of organisational change between the initial planning of the Transformation Programme, which led to a need to re-scope the programme on a project-by-project basis.

A number of recommendations have been agreed with the Transformation Team to strengthen the control environment and compliance and provide greater clarity over governance of the programme. This includes the production of a clear structure defining the roles of the different management and scrutiny bodies and their relationships, a process for escalating major risks and a system for monitoring benefits realisation of cross-directorate projects. A defined plan will be created to ensure that key benefits, performance indicators, milestones and details of responsible officers will be input into the Council's new Project Management System, and to identify any projects where these measures need to be more fully developed.

## A.3    Business Planning

Internal Audit conducted a review of Business Planning processes. Moderate assurance was awarded over the control environment around Business Planning, and moderate assurance over compliance; in providing these opinions, it is recognised that the Business Planning process at Cambridgeshire County Council

has undergone a rapid, recent transformation to meet the continuing and changing financial pressures facing the Council. At the time of the audit, new processes were not sufficiently embedded to allow a higher level of assurance to be provided with complete confidence; however it is considered that the ongoing and planned changes will, over time considerably improve the Business Planning process and the controls within it.

Key changes include the introduction of the Savings Tracker to improve monitoring over the progress of planned savings. The audit identified that the Tracker has facilitated early identification of areas that are not performing to the expected level, but that implementing interventions to bring savings back on track or minimise the impact of under-performance against savings targets has proved more challenging. Discussions with budget holders indicated that several officers felt that the pressure to identify savings for inclusion in the 2016/17 Business Plan resulted in some savings targets being included without complete confidence that the amount stated was realistic; by the point of the audit actions had already been implemented to address this, with the introduction of the pipeline process and Business Cases for all proposals as part of the 2017/18 Business Planning process. This should ensure a greater level of scrutiny prior to inclusion in the Business Plan, however due to the mix of processes applied during the period of the review, it is difficult to draw firm conclusions over the effectiveness of the changes at this stage.

# B.    ECONOMY, TRANSPORT & ENVIRONMENT

## B.1    Section 106

Under Section 106 of the Town and Country Planning Act 1990, the Council is able to partly offset the cost of providing and maintaining the County's infrastructure by negotiating contributions from developers, in conjunction with District Councils. The agreed obligations of developers are then set out in Section 106 Agreements and may include monetary contributions.

Internal Audit conducted a review of Section 106 contributions. Based on the fieldwork completed, moderate assurance was awarded over the control environment for Section 106 contributions, and good assurance over compliance with the control environment. This represents an improvement from the previous audit, where moderate assurance was awarded over both areas. The primary finding of the review was that the ability of the team to work effectively has been constrained by problems with their primary database and information system, which is inadequate for the effective monitoring and tracking of Section 106 agreements; however the team has developed ways to work around the lack of functionality from their main system. The current contract for this system is due to end in September

2017, and it was agreed that the service would develop a business case for the new system, with the tender going live in August. Internal Audit also worked with the service to review the existing contract and recommend items to include in the new contract to provide more control over payment.

The service has a spreadsheet in place to work around the constraints in functionality of their electronic system, and improvements to this spreadsheet were put in place during the course of the audit. Further recommendations which were agreed from the audit included working to reinstate a system whereby Legal Services provided the team with a monthly list of finalised Section 106 agreements, and ensuring that Finance colleagues are always made aware of any revenue elements of Section 106 funding in their area.

# 5. OTHER AUDIT ACTIVITY

In addition to completing ongoing audit reviews, the Internal Audit team is conducting work in the following areas:

## 5.1 UPDATE TO THE AUDIT & ACCOUNTS COMMITTEE TERMS OF REFERENCE

Following approval by the Audit & Accounts Committee at their meeting in May, an updated terms of reference for the Audit & Accounts Committee, revised in line with best practice, was presented to the meeting of the Constitution and Ethics Committee on the 20th June. This revised document has been approved by the Committee and will be presented to Full Council in July.

## 5.2 CHANGES TO THE INTERNAL AUDIT PLAN

In the last quarter, the Internal Audit Plan has been re-assessed in line with current risks facing the organisation and updated accordingly, as part of the ongoing re-evaluation of the coverage required to give stakeholders an appropriate level of assurance; and to ensure resources are prioritised to the areas of highest risk.

**Other Risk-Based Audits 2017/18** As a result of the identification of additional areas requiring review, the contingency allowance of 50 days for other audits to be identified in year has been reduced by 14 days to accommodate the following additions to the Audit Plan:

- **Social Media Investigations Review** (+ 4 Days) – the Office of the Surveillance Commissioner (OSC) wrote to local authorities raising concerns about covert surveillance of social networking sites and the risk that officers may inadvertently breach the provisions of the Regulation of Investigatory Powers Act (RIPA) if they use social media as part of investigations, particularly relating to social care. The OSC recommended that all local authorities undertake an internal audit of their use of social media sites and the internet for investigative or official business. Given the need to comply with RIPA and the fact that OSC inspectors would be likely to focus on this issue in the event that they did announce an inspection of Cambridgeshire County Council, a short audit review of this area has been added to the Internal Audit Plan for 2017/18.

- **Capital Programme Assurance** (+ 3 Days) – Towards the end of the previous financial year, the Audit & Accounts Committee requested Internal Audit to provide assurance by sampling a number of projects in the Capital Programme and reviewing project management arrangements. As there was not sufficient time available to complete this review in the previous year, a small allowance of time to finish the work has been added to the Plan for 2017/18.

- **Use of Consultants** (+ 7 Days) – Towards the end of the previous financial year, Internal Audit were requested to provide assurance by reviewing a number of consultancy contracts from the past year. As there was not sufficient time available to complete this review in the previous year, a small allowance of time to finish the work has been added to the Plan for 2017/18.

**Other Grants to Be Identified** – This contingency time budget for grant reviews has been reduced by seven days, as Internal Audit have now been made aware of two grants requiring review and certification by audit in 2017/18:

- **Disabled Facilities Grant** (+ 3 Days)

- **Section 31 Grant** (+ 4 Days)

## 5.3    UPDATE ON THE INTERNAL AUDIT PLAN

**Community Transport Investigation** (70 days) - Internal Audit has been assisting in an investigation into community transport, conducting investigative work and providing information to the police and external investigative firm. The high amount of time spent on this investigation reflects both the amount and complexity of information being requested, and the difficulties in accessing information.

At present, the time spent on this investigation is being managed within the authority's budget of 125 days for fraud investigations in 2017/18. This represents a significant pressure on this time budget, and if further reports of suspected fraud are received by the team in line with the pattern experienced in previous years, it is likely that towards the end of the year, a reduction in the number of audits within the 2017/18 Audit Plan would be required in order to resource further pieces of investigation work.

**ERP Gold** – The Internal Audit Plan for 2017/18 included a piece of work to test the IT controls within the new ERP system. In response to a request from management the timing of this job has been brought forward and the scope changes to cover a review of the design of the controls within the modules of the new system. When

drafted, the Internal Audit plan estimated the resources needed to audit this new system throughout 17/18 on the basis of it being live April 2017. With the live date now September 2017, additional pressures arise to audit the project, the old system and the new system. The additional pressure is being kept under review.

## 5.4 PROPOSED ADDITIONS TO THE INTERNAL AUDIT PLAN

**Members Travel & Subsistence** – At the March meeting of the Audit & Accounts Committee, Internal Audit was requested to undertake a review of elected members' compliance with the travel and subsistence scheme. It is estimated that this review would take 15 days. It is proposed that this will be added to the Internal Audit Plan, which will reduce the Other Risk Based Audits contingency budget to 21 days.

**Delayed Transfers of Care** - At the March meeting of the Audit and Accounts Committee, Internal Audit was requested by the Committee to investigate the possibilities for an internal audit review of delayed transfers of care (DTOCs, also known as delayed discharges), with a focus on the possibility of conducting a review across organisations involved in delayed transfers of care, to improve performance.

Discussions to explore the possibilities for a review were held with the relevant Head of Service, Service Director and the Senior Business Intelligence Analyst who reports on DTOCs. Delayed Transfers of Care are an area which has received a lot of focus within the Council. A key issue for the county council is local system capacity to discharge patients who require ongoing social care, and a number of projects are currently underway to address this, such as working to increase care home capacity in the county, and a proposed project with the NHS to increase reablement capacity. The Council's home care contract is also being re-tendered to enable new models of care, working with the Clinical Commissioning Group.

There is also a significant amount of oversight and review of DTOCs and the systems around transfers of care on an ongoing, business-as-usual basis. Each week, hospitals produce reports which are shared through operational channels following the formal weekly multi-disciplinary meeting to agree performance data. These reports give details of who is delayed where and why. The Business Intelligence team is currently working to develop more formal circulation of these weekly reports to social care teams and managers.

Performance measures on DTOCs are reported to the Adults Committee and the Health Committee on a regular basis as part of the Finance & Performance reporting, and review of the minutes of these meetings demonstrates that this is an area which is regularly discussed and reviewed by members. The Business

Intelligence team produce a monthly dashboard, which shows delays by hospital and reason for delay, which is circulated across the service including Directors, Heads of Service and locality team managers. It is also available to members of the Adults Committee and other interested members. This is based on national data collected and published by the NHS, and includes the past three years' worth of data, so that trends over time can be monitored.

Given the high levels of review in this area both within the Peoples & Communities directorate, by Finance and the Business Intelligence service, and by Councillors, an internal audit review would not be likely to add any value or provide additional assurance. It is therefore recommended that this review is not added to the Internal Audit Plan.

# *CCC INTERNAL AUDIT PLAN 2017/18*

| Audit Title | Status | Quarter Opened | Quarter Closed |
|---|---|---|---|
| Other Risk-Based Audits 17-18 (Contingency) | Ongoing | N/A | N/A |
| **Cross-Cutting and Council Wide Audit** | | | |
| Agency Staff Compliance 17-18 | Not started | 2 | |
| European Union (EU) Procurement Regulations - Compliance 17-18 | Not started | 2 | |
| Review of Procurement - Compliance 17-18 - Q1 | Open | 1 | |
| Review of Procurement - Compliance 17-18 - Q3 | Not started | 3 | |
| Overtime & Enhancements in CFA 17-18 | Open | 1 | |
| Procurement Exemptions Compliance 17-18 | Not started | 3 | |
| Unannounced Visits - Compliance 17-18 | Open | 1 | |
| Projects Assurance 17-18 Central Code | Open | 1 | |
| Project Assurance – Looked after Children (LAC) Property Project | Open | 1 | |
| Project Assurance - MOSAIC | Open | 1 | |
| Project Assurance - Energy Efficiency Fund | Open | 1 | |
| Project Assurance - Citizen First, Digital First | Open | 1 | |
| Project Management Methodologies 17-18 | Open | 1 | |
| Use of Consultants 17-18 | Open | 1 | |
| Social Media Audit 17 - 18 Cambs County Council (CCC) | Open | 1 | |
| Scheme of Delegation - Compliance 17-18 | Draft | 1 | |
| Capital Programme Assurance | Draft | 1 | |
| Capital Programme Board 17-18 | Open | 1 | |
| Commercial Board | Open | 1 | |
| Key Performance Indicators 17-18 | Not started | 2 | |
| Transformation Programme | Ongoing | All year | N/A |
| Fees and Charges Policy & Compliance 17-18 | Not started | 2 | |
| Property Portfolio Development Project | Ongoing | All year | N/A |
| Ethics Policies & Compliance 17-18 | Not started | 2 | |
| Whistleblowing Policy & Compliance 17-18 | Open | 1 | |

| People & Communities Directorate | | | |
|---|---|---|---|
| Governance of Financial Assessments | Open | 1 | |
| Traded Services - Cost Recovery | Not started | 2 | |
| Deprivation of Liberty-Mental Capacity Act (DoLS-MCA) 17-18 | Not started | 2 | |
| Safe Recruitment | Open | 1 | |
| Multi Agency Safeguarding Hub (MASH) 17-18 | Not started | 3 | |
| Joint Safeguarding Board Arrangements 17-18 | Not started | 3 | |
| Deputyships 17-18 | Not started | 2 | |
| Direct Payments - Compliance 17-18 | Not started | 2 | |
| Children, Families and Adults (CFA) Contract Audit 17-18 | Not started | 3 | |
| Troubled Families Grant 17-18 | Ongoing | All year | N/A |
| Commissioning Board 17-18 | Not started | 1 | |
| Schools Payroll & Safe Recruitment 17-18 | Not started | 2 | |
| Disabled Facilities Grant 17-18 | Complete | 1 | |
| Economy, Transport & Environment Directorate | | | |
| Other Grants To Be Identified (Contingency) | Ongoing | All year | N/A |
| Section 106 & community Infrastructure Levy (CIL) 17-18 | Not started | 2 | |
| Highways Contract Management Arrangements 17-18 | Not started | 2 | |
| Highways Contract Open Book Reviews 17-18 | Ongoing | All year | N/A |
| Street Lighting Private Finance Initiative (PFI) 17-18 | Open | 1 | |
| Waste PFI Contract 17-18 | Not started | 2 | |
| Local Transport Capital Block Funding 17-18 | Open | 1 | |
| Local Growth Fund Grant (Growth Deal) 17-18 | Complete | 1 | 1 |
| Bus Services Operators Grant 17-18 | Open | 1 | |
| Pothole Action Fund 17-18 | Open | 1 | |
| Cycle City Phase II Grant 17-18 | Open | 2 | |
| Section 31 Grant | Complete | 1 | 1 |
| Public Health and Customer Service & Transformation Directorates | | | |
| Public Health Joint Commissioning Unit 17-18 | Not started | 4 | |
| Business Intelligence Continuity 17-18 | Open | 1 | |
| Corporate Capacity Review Outcomes 17-18 | Open | 1 | |

| Key Financial Systems | | | |
|---|---|---|---|
| Accounts Receivable 17-18 | Not started | 3 | |
| Purchase to Pay 17-18 | Not started | 3 | |
| Payroll 17-18 | Not started | 3 | |
| General Ledger 17-18 | Not started | 3 | |
| Bank Reconciliation | Not started | 3 | |
| Treasury Management 17-18 | Not started | 3 | |
| Financial Systems IT General Controls | Not started | 3 | |
| Risk Management Audit 17-18 | Not started | 2 | |
| Procurement Governance 17-18 | Not started | 2 | |
| CCC Debt Recovery 17-18 | Not started | 2 | |
| **Governance & Risk Management** | | | |
| Risk Management 17-18 | Ongoing | All year | N/A |
| Annual Governance Statement-Code of Corporate Governance 17-18 | Ongoing | All year | N/A |
| **Information Governance & IT Audit** | | | |
| Information Governance 17-18 | Not started | 2 | |
| Information Security 17-18 (CCC) | Not started | 4 | |
| Information Security Culture 17-18 (CCC) | Open | 1 | |
| ERP System IT Controls (CCC) 17-18 | Open | 3 | |
| Assurances from 3rd Parties 17-18 (CCC) | Not started | 2 | |
| Controls Review of Critical Systems 17-18 (CCC) | Not started | 4 | |
| Agresso Data Migration 17-18 (CCC) | Not started | 1 | |
| **Anti-Fraud and Corruption** | | | |
| Preventative & Pro-active Fraud Work 17-18 | Ongoing | All year | N/A |
| Fraud Investigations 17-18 | Ongoing | All year | N/A |
| Fraud Investigations (FACT) | Open | 1 | |
| CCC 17-18 Fraud - Initial Referrals | Ongoing | All year | N/A |
| Direct Payments - D. Investigation | Open | 1 | |
| National Fraud Initiative 17-18 | Ongoing | All year | N/A |
| **Other Planned Work** | | | |
| Advice & Guidance | Ongoing | All year | N/A |
| Freedom of Information Requests 17-18 | Ongoing | All year | N/A |
| Follow-Ups of Agreed Actions 17-18 | Ongoing | All year | N/A |
| Audit Plan 17-18 | Ongoing | All year | N/A |
| Committee Reporting 17-18 | Ongoing | All year | N/A |

# *Summary of Outstanding Recommendations*

| Audit | Risk level | Summary of Recommendation | Target Date | Status |
|-------|-----------|---------------------------|-------------|--------|
| **Debt Recovery** | M | **Payment Plans and Debt Collection Notes** It was agreed that work would be undertaken to improve the recording of information against all debt written off or recovered, to ensure that there is an audit trail of action undertaken against each debt. Additionally, arrangements for Team Leaders to undertake period oversight and monitoring of debt collection activities undertaken and recorded will be put into place. | 30/4/17 | Guidance has been produced for staff working on debt recovery on effective use of notes. This has not yet been seen by Internal Audit. **Awaiting evidence, to be provided by Credit Control Service Manager by end of July 2017.** |
| **Domiciliary Care** | M | **Centralised System for Monitoring Missed Calls** Regular centralised monitoring of missed calls on AFM should be introduced, to identify any patterns. This should include cross-referencing to the Council's Soft Concerns Record. | 08/05/17 | The new Principal Social Worker who has been allocated responsibility for the improvements to the Soft Concerns Record started work in May 2017. As a result of her initial work it has been identified that the database requires some IT development work to deliver the improvements required. A plan for this work, including timescales and input from IT colleagues, will be completed by the 31st July. **Next update due: 31st July 2017.** |
| | M | **Use of the Soft Concerns Record** The Soft Concerns Record (SCR) should be used to log complaints from all service users, including self-funders. An SCR category for missed/short/late calls should be introduced. | 08/05/17 | |
| **Replacement of AIS system (MOSAIC Project)** | M | **Governance Arrangements and Benefits** Complete the final versions of the Business Case, Project Initiation Document and Terms of Reference for the Project Board, and have these signed off by the Project Board. Include the expected benefits of the project, defined in a way that is measurable and | 31/03/17 | Since this audit was completed, the Mosaic project has been re-scoped and effectively started again. A new project manager is now in place who is looking at how best the system can work for the Council. The implementation of the project has also been deferred, meaning that 'go live' |

| | | | | |
|---|---|---|---|---|
| | | with expected timescales. | | dates are not currently set. |
| | M | **Ongoing Contract Monitoring**<br>It was agreed that the project would develop a plan for ongoing contract monitoring, to include who is responsible for it and how often it will take place (including how this will be managed once the project moves into business as usual) in accordance with the Council's Contract Procedure Rules. | 31/05/17 | Given the significant changes that have taken place, Internal Audit need to meet with the project team is required to identify whether these recommendations are still relevant to the project.<br><br>**Internal Audit to meet with the service 13th July 2017 to discuss.** |
| | M | **Service Level Agreement with IT**<br>It was agreed that arrangements would be finalised for the support to be received from LGSS IT once Mosaic is live. As this will be a business-critical system, an SLA needs to be in place with LGSS IT which details the support to be provided, timescales and arrangements for fixing system issues, and to define the responsibilities of the supplier and LGSS IT. | 31/05/17 | |
| **Client Contributions** | M | **Charging of Client Contributions (1)**<br>Regular and frequent checks should be undertaken between the SWIFT and AFM systems to identify any service users who have been assessed for contributions where no collection is taking place. A report will be run to investigate the reason why SWIFT has not been set to bill and identify what further action should take place. | 30/04/17 | A quarterly process will be undertaken to reconcile commitments with what has actually been billed. The process for quarter 1 will be completed this month.<br><br>**Revised target date: July 2017** |
| | M | **Charging of Client Contributions (3)**<br>Cross-checking will be undertaken between the AFM and ABACUS systems, to confirm that all full- | 30/04/17 | A meeting is being set up between the Finance and Financial & Benefits Assessments teams to reconcile data between AFM and ABACUS and |

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| | | cost service users are completely and correctly recorded. | | address any inconsistencies.<br><br>**Revised target date: July 2017** |
| | M | **Collection of Client Contributions**<br>Monitoring of the take-up of the direct debit payment method will be undertaken on a quarterly basis and reported as part of the Finance dashboard. | 30/04/17 | This has been delayed due to the resource requirements for ERP Gold and year end.<br><br>**Revised target date: September 2017** |
| | M | **Deferred Payment Agreements**<br>A management review process will be introduced to confirm that all deferred payment agreements are documented correctly. Five new deferred payment agreements will be selected every quarter to identify if they have been appropriately signed and dated. | 30/04/17 | There have only been eleven new applications since the Care Act, so in practice all are being checked. A new checking system has been implemented, but no new applications have been completed since then. Evidence will be provided when applications have been completed.<br><br>**Awaiting evidence – to be provided July 2017.** |
| | M | **Monitoring Deferred Payment Agreements**<br>A sample checking and verification system will be introduced to ensure that deferred payment agreements are managed appropriately, to enable the Council to protect its financial interests. This will involve sampling five cases every quarter to check that the statements/Abacus system/spreadsheet and spreadsheet information is all correct and in agreement. | 30/04/17 | The service is required by law to do annual reviews, so will incorporate this recommendation and review all cases annually rather than five per quarter. Detailed procedures for these checks are currently being produced.<br><br>**Revised target date: July 2017** |
| **Payment Methods** | M | **Digital Payment by default**<br>A Business Case will be taken to SMT outlining the | 30/09/16 | Work is ongoing within the Transformation Team to define priorities for applying the Citizen First, |

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| | | case for the Council to take the approach that digital payment should be the default option. | | Digital First approach. This work ties in with the reviews of traded services which is planned for July 2017 – March 2018. |
| | M | **Services should apply to be transformed**<br>Once services are able to determine the total cost of transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation. | 30/11/16 | **Awaiting revised date – to be determined with the Transformation Team July 2017.** |
| | M | **Lack of Budget Holder oversight of costs**<br>Once work to develop an understanding of the costs of processing transactions has been completed, consideration will be given as to whether the Council may benefit from a review of which traded services are charged payment processing costs, particularly given the increased shift towards trading in services. The methodology by which the costs of processing are charged out to services should be reviewed to confirm that it reflects the number/profile of transactions processed by the service. | 30/09/16 | Work has been undertaken by the Transformation Team during the first quarter of 2017/18 to ensure that all traded services have payment processing costs built into their budgets. Internal Audit has not yet seen evidence of how these costs are charged to budgets, which will enable the action to be confirmed as closed.<br><br>**Awaiting evidence – to be determined with the Transformation Team July 2017.** |
| **Information Governance Policies** | M | **Information Security Policies**<br>Representatives from the IT and Digital service will meet with staff from LGSS IT to ascertain: which information security policies are needed by CCC; which are currently in use; which have already been created by LGSS IT and can be adopted by CCC; and which still need to be created. An action plan should be created to ensure that policies are available to CCC staff within an appropriate time | 31/05/17 | LGSS IT has shared their list of policies in existence with the CCC IT and Digital Service, and a meeting between the IT and Digital Service and LGSS IT is scheduled for the second week in July. Following this, an action plan will be created for any policies which need to be adopted by CCC.<br><br>**Revised target date: July 2017** |

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| **Appointee-ships** | M | **Arrangements for Community-Based Appointeeships**<br>Develop and implement a new policy around whether the Council manages appointeeships for service users in the community, and how appointeeships are managed. | 31/03/17 | Guidance for Appointeeships has been drafted. It will be finalised and circulated by the end of July.<br><br>**Revised target date: July 2017** |
| **Ely Archives** | M | **Compliance**<br>Responsibility for ensuring compliance with policies and procedures rests with the Senior Responsible Owner (SRO) for each project. Programme Boards also have a role in monitoring and enforcing compliance for the projects which fall within their remit. A CLT workshop is planned in April, to map the responsibilities for this for projects across the organisation. | 31/05/17 | The Transformation Team is doing some work to define the roles and responsibilities of SROs and Corporate Leadership Team (CLT). Internal Audit is awaiting copies of the documentation created from these workshops, which will enable the action to be closed.<br><br>**Awaiting documentation.** |

| Source Documents | Location |
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| None | |