

**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** 25<sup>th</sup> July 2017

**Time:** 2.00 – 6.10 p.m.

**Place:** KV Room, Shire Hall, Cambridge

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

**Apologies:** None

**Action**

**17. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

None.

There were no declarations of interest.

**18. MINUTES OF THE MEETING HELD ON 30<sup>th</sup> MAY 2017**

The minutes of the meeting held on 30<sup>th</sup> May 2017 were confirmed as a correct record and were signed by the Chairman.

Matters arising:

**19. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR JULY 2017 COMMITTEE MEETING**

- A) Minute 292 Draft Internal Audit Report – Delayed Transfers of Care (DTC) - Request for Cross Cutting Review on the processes involved in the multi-agency provision of Home Care / the Care Home sector (and whether recommendations could be made aimed at improving a whole systems approach).**

At the July meeting there was a request for an update on progress and suggestions for the review to be provided as part of the July Internal Audit Progress Report. **Action: As an update Internal Audit explained that the intention was not to include it in this year's Audit work plan as there was already work being undertaken in this area by the Adults Service Committee. There was a request to update the forward plan accordingly.**

**Rob Sander-  
son**

- B) Page 26 Item 6 Trading Units Update - Council Recruitment Processes being the main barrier to successful recruiting to the Music Service**

It was noted that further to the update provided in the Minute action log, a further progress report would be presented to the November meeting regarding

- i) managing traded reserves.
- ii) Whether any improvements transpired in respect of recruitment practice once the new system came into operation in September.

All other actions would be followed up by Democratic Services before the next meeting.

**It was resolved:**

To note the Minutes Action log update.

**20. SCHOOLS SAFEGUARDING AND SAFER RECRUITMENT UPDATE**

Further to the request for regular update reports the Committee received the latest update regarding the position of safeguarding and safer recruitment in schools presented by Chris Meddle with support from Diane Stygal.

Highlights included the following:

- Since January the two Education Advisers had carried out 44 half day reviews in maintained schools (with 10 to go to be undertaken in November), in one independent school and for some academies buying into the service. From these, in 29 schools visited the inspections found no concerns. In 16 schools, where some concerns had been identified, return visits had been arranged to ensure the concerns were put right. They related to the quality of older employment files and clerical errors on the single central record.
- New headteachers of maintained schools were visited soon after taking up appointment to ensure that they understand their leadership of safeguarding responsibilities.
- One independent school has been reviewed at the request of the Cambridgeshire Local Safeguarding Children's Board and monitoring was continuing. The review had provided reassurance that the school understood the issues and had put in place all of the recommendations made.

- One secondary academy has been supported after being placed in an Office for Standards in Education, Children's Services and Skills (Ofsted) (OFSTED) 'inadequate' category following safeguarding concerns and had since been reassessed to 'good'.
- The reviews identified that the Local Authority (LA) can support all Cambridgeshire schools by providing training on the leadership of safeguarding for Heads, senior leaders, governors and administration staff and this would be repeated again in the next academic year.
- In respect of OFSTED reviews undertaken, 46 of the 49 schools inspected had been judged to be 'effective in terms of safe recruitment. The three judged ineffective had been visited promptly by the Local Authority and support involving appropriate procedures / training put in place.
- The Local Authority reviews safeguarding complaints received and passed on by OFSTED. These are followed up and the Director responds to OFSTED.
- During the summer term 16 safeguarding complaints received had been followed up (none relating to safer recruitment). One OFSTED complaint in the autumn term was linked to safer recruitment, but was on investigation unfounded.
- Six full or refresher safe recruitment training sessions had been delivered during the current academic year and two in house sessions had been delivered to clusters of schools.
- The leadership of safeguarding was a topic presented at the summer term Governor Briefings to which 60% of schools attended.

Questions raised included:

- In reply to a question of how the local education authority could ensure safe recruitment practice was undertaken in academy schools in the County, it was explained that the authority could only visit and carry out checks if it was either invited to undertake a review by the academy, or if OFSTED received a complaint about safeguarding at a school. There was a request to ask the Cambridgeshire Local Safeguarding Children's Board for their assistance regarding safeguarding checks in academies and that their response should be reported back to the Committee in the next update report due in November. **Action**

**Chris Meddle**

- What steps were taken to ensure parents were made aware of safeguarding issues / any safeguarding failures at a school. In response, it was explained that annual leadership training was undertaken for school governors which included safeguarding. Checks on safeguarding included specific questions to parents. Governing Body minutes were expected to highlight any safeguarding issues raised. It was clarified that most were in relation to bullying, rather than safe recruitment.
- There was a request that the November update should highlight details of the 40% of schools who had not attended leadership training. **Action.**
- The Chairman and Committee thanked the officers for an excellent update report which showed an improvement in non-compliance on safeguarding which was welcomed as moving in the right direction.

**Chris Meddle**

It was resolved:

to note the report and receive the next update in November.

## **21. REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES**

Further to the last report received at the January meeting, this six month update set out the progress on the Highways Assets project to register with Her Majesty's Land Registry (HMLR) all 6,000 parcels of land purchased for highways schemes. Key issues highlighted included:

- That the scanning of the deeds in-house had now commenced with a temporary worker having been recruited to help with the scanning.
- The electronic lodgement stage was still being scoped by the Land Registry, but the timescale for the scanning and submission of the deeds had now been agreed.
- Spatial analysis of the land parcels had been undertaken. It was estimated that 20% of the parcels may have commercial value, but issues with the data made it impossible to draw meaningful conclusions at present on possible value.
- Changing national priorities resulting from the Government's White Paper on Housing, combined with a lack of HMLR resource, had resulted in the Land Registry no longer being able to commit to completing registration within 18 months

(target had been Autumn 2018) as the level of resources they would be able to allocate was minimal. Their priority was to identify areas of land that could be used for development. It was therefore likely that the funding set aside for the project would need to roll forward to the 2019-20 financial year.

- **There was a request for officers to liaise with the Land Registry on clarifying their priorities to enable a more detailed timetable up to 2020 to be developed and reported back. Action**

**D Ashman**

- That as this was a pathfinder project the Council would explore the possibility of offering their expertise on a consultancy basis to other councils wishing to undertake a similar exercise. In light of HMLR's deadline of 2020 to register all local authority land, it was agreed that a further milestone report would be presented to the November meeting, with specific reference to the possibility of a consultancy service.

**Issues raised / responses provided included:**

- confirming that the 6,000 identified parcels of land was likely to be accurate and include nearly all the land purchased for highways between 1930 to 1990. It was possible that a number of small parcels of land had not been included on the land terrier if deeds had not been taken out of the legal files. Checks in respect of this were being undertaken with LGSS Law.
- In reply to whether it was possible to obtain a discount from the Land Registry due to the amount of land involved, it was explained that the Authority was already receiving the maximum discount.

**It was resolved:**

- a) To note the progress to date and the revised timescale for completion of the project.
- b) To receive a further progress update at the November meeting including any update on both negotiations with the Land Registry and the consultancy marketing exercise.
- c) To support the rolling forward of funds.

**22. CHILDREN'S SOCIAL CARE CASE-LOADS QUARTERLY UPDATE**

Concerns were raised previously at the March Committee on the Risk 15 on the Risk Register 'Failure of the Council's arrangements

for safeguarding vulnerable Children and Adults' and particularly the trigger reading 'Children's social care caseloads reach unsustainable levels as indicated by the Unit case load tool'. As a result, there was a request for a quarterly update to be provided to the Committee to enable monitoring of the risks involved. It had been agreed at the March Meeting that it should come forward to the September meeting. At the request of the Chairman at the May Committee meeting, the first quarterly update was brought forward from September to the current July meeting.

The report highlighted that following the children's change programme units and teams had now located into the new districts. Over the previous seven weeks most of the districts had remained at a consistent case load level although Fenland and Huntingdonshire had around 30-40 fewer cases compared to Cambridge City and South Cambridgeshire. 60 cases per team was the target although the graph in the report showed that the period in question 08/05/17 – 19/06/17 South Cambridgeshire, East Cambridgeshire, Cambridge City and Huntingdonshire were above this target.

Details were provided regarding the successful recruitment exercise for newly qualified social workers (62) as well highlighting that there had been a 70-72% retention figure for newly qualified social workers over the last two years. This was an improvement on previous figures and reflected the level of support they received in the revised district configuration as detailed in the report. Wisbech was an area where the full staffing figure had been achieved while Cambridge City was a pressure point which reflected difficulties of recruitment due to property prices.

The officer was thanked for a very good report. In discussion issues raised / questions responded to included:

- That there more than one social unit per district in East Cambridgeshire, Fenland and Huntingdon which traditionally reflected the areas of higher demand.
- One Member queried why North West Cambridge was not handled by Peterborough? It was explained that previously there had been 14 different localities and that the biggest risk with this number was in terms of consistency of service and that five districts was felt to be an appropriate number with health and the police services being the main partners. In terms of the Peterborough model, this was very expensive and resulted in less early help offers. The aim was to combine the best of both systems. In respect of child and adolescent mental health services the aim was to offer the service earlier and assess at the end of 16 weeks whether the service was still required. There was a far greater

demand for the service in the County than was the case with the County's statistical neighbours. As a result of the training undertaken with teaching staff schools were particularly good at identifying both pupils with a mental health service need and safeguarding issues.

- In reply to a question on whether there were more referrals for mental health issues in deprived areas, it was explained that there were fewer from some schools in Fenland compared to those in Cambridge City. The biggest challenge in some communities was if they accepted certain behaviours as being normal and the fact that consent was required before help could be provided. Sometimes it was necessary for the situation to deteriorate further before interventions could be arranged. The quality of schools and the education provided, was highlighted as being crucial, as young people spent so much time in school.
- **There was a request that the next monitoring report should provide an update on the Early Help offer in the districts which had begun in the first week of July, and on the action plan activities to address the different district workloads.**

**Action**  
**Theresa**  
**Leavy /**  
**Sarah-Jane**  
**Smedmor.**

In terms of discussion around communications issues concerning children from deprived family backgrounds, this would be part of the Children's Centre Change Programme. The Chairman suggested that this was an area that the Health Committee should be involved with.

**Cllr Hudson**

**Having commented it was resolved:**

- a) To note the report.
- b) That continued monitoring of caseloads for the Children's Social Work Units by Children and Families Leadership Team should continue to be reported on a quarterly basis with the next report to be presented to the November meeting.

**23. ANNUAL RISK MANAGEMENT REPORT**

This report was split into two parts:

- Section 2 presented the final Corporate Risk Register for 2017-18 which included 18 risks with none added or removed during the year, and of which 16 had the same score at the end of the year, while two scores had improved.

- Section 3 identified the proposed developments in risk management in 2017-18 following a workshop in GPC July. This included that the Corporate Risk Register would in future be part of the Integrated Resources and Performance Report to enable finance, performance and risk information to be included in a joined-up way, while also reducing the risk of having to produce separate reports. Going forward 11 risks would be managed and monitored corporately as listed in paragraph 3.4. paragraph 3.5 explained how removed risks from the previous register had been mapped to the new risks to ensure continuity.

In discussion clarification was sought on why the actions scores were green on Risk 26 'Increasing manifestation of Busway Defects' and 32 'Insufficient Capability of Care Services at affordable Rates'. In reply it was explained that scores showing green on the Register was when they were on track to deliver. For the Guided Busway, negotiations were taking place as planned.

It was resolved;

To endorse the 2016-17 Annual Risk Management Report.

## **CHANGE IN ORDER OF THE AGENDA**

At the request of the Chairman and with the agreement of the meeting, the Integrated Resources and Performance report was taken next.

### **24. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2017**

This was the first report where risk information had been included as referred to in the previous Minute, with the information on the new, agreed, indicators provided in a revised, easier to read format. This included making the information previously provided on the A3 schedule as individual risk A4 pages.

The key issue on the report highlighted that the overall revenue budget forecast position was showing a forecast year end overspend of +£2.1m (+0.6m the previous month) largely from Children, Families and Adults (CFA) £+2.0m (+0.9m the previous month).

Key issues requested / additional information raised in discussion included:

#### **a) Looked after Children (LAC)**



Attention was drawn to Appendix 4 page 121 'Looked after Children Demography Virement' where it was highlighted that after spending £16.52m in 2015-16, the Looked After Children (LAC) placement budget for 2016-17 had been set at £12.51m. This had proved to be an unrealistic budget expectation predicated on reducing the numbers of looked after children. In fact demand had actually increased during 2016-17 with final spend totalling £16.66m. The Strategy had not taken into account national trends on the growth of looked after children which showed a 5% increase nationally during 2015/16. By May 2017, there were 688 Looked After Children in Cambridgeshire, the highest level for at least 5 years but in line with East of England average.

As a result, General Purposes Committee that morning had agreed the request to allocate £2.913m from the corporate demography budget to Looked After Children placements in Children's, Families & Adults Services (CFA). This was seen as being an appropriate allocation from the corporate demography budget, as it reflected demand continuing to rise since detailed budget consideration took place.

In discussion on the LAC budget position, the Chairman asked what was being done to ensure that going forward CFA set a realistic budget. Year on year their budget had proved insufficient and as a result, had continually put pressure on other areas of the Council budget. Questions were also raised on whether some children were still being sent out to expensive out-county placements.

Theresa Leavy explained that officers were optimistic regarding budget forecasting going forward as a result of:

- the valuable work undertaken by the Business Intelligence Unit on future forecasting.
- The composition of placements – there were now fewer out-of-county placements which made a difference of approximately £250k per placement. However, for some children with very complex needs, there was still a requirement for such placements where there was not the facilities in-county. What was required was more foster carers in this area as well as more foster carers becoming adopters of children with complex needs.
- The belief that the number of looked after children was flattening out and so officers were far more confident of the figures going forward.
- An increase from 5 to 63 unaccompanied asylum seeking children had originally placed a great deal of pressure on the system, but the regional dispersal system quota of 0.07% which would increase the number to 91, had now been accounted for in the budget.

b) **LAC Seminar** - In discussion there was a request for a seminar on LAC and its budget (including projects to reduce the numbers and their rationale) to be held an hour before the November Committee meeting to include comparative data from statistical neighbours on:

- Age profiles
- length of looked after stay
- composition of placement
- Nos. of received in a specified time frame
- Nos of unaccompanied asylum seekers

**T Barden to provide T Leavy with statistics**

**T. Leavy to contact D Cave to schedule an item on a future Member seminar.**

**Action.**

*Note: At the end of the meeting in discussion on the work programme and bearing in mind the number of reports scheduled for the November meeting, it was agreed that a seminar with this information would be more useful as part of a general seminar on looked after children (including details on the budget position) for all Members of the Council. See Minute on Future Work Programme (Minute29)*

Other issues discussed included:

d) **Tracker appendix to be provided as A3 document in future – Action.**

**Tom Kelly / Democratic Services**

e) **Page 103 Overspend - Fulbourn Primary increased by a third - request for explanation of increase to Cllr Williams. Action**

**T Kelly**

f) Page 111 – Net Borrowing chart – the Chairman queried an apparent £33m reduction between the closing balance borrowing activity in 2016/17 and the opening 2017-18 balance. It was clarified that the April figure was actually the figure at 30<sup>th</sup> April rather than the opening balance figure for 1<sup>st</sup> April (*Note: The reduction in £33m had therefore occurred during the whole month of April rather than being the difference between the opening and closing balance*).

g) The Vice Chairman queried whether the Audit and Accounts Committee or at least the Chairman, should receive the report in advance of the General Purposes Committee (The executive decision making committee on budget issues) so that it could make suggestions for any changes to recommendations in an overview role, as opposed to a scrutiny role as was the case at present. The Chairman responded that he was satisfied with the current arrangements as the Committee made its voice known when

it had issues in its designated role of providing both independent scrutiny of the authority's key financial and non-financial performance and independent assurance of the risk management framework.

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|--|-------------|
| h) Page 111 – balance sheet – levels of debt outstanding – The Chairman queried why the level of outstanding debt had not reduced. In response it was indicated that <b>GPC would be receiving a report in September on actions to deal with the performance shortfall in debt recovery. (There was a request that the Committee should be provided with a copy of the report)</b> Action. | R Sanderson |
| i) Carry forwards <b>PAGE 118 Adult Social Care capacity on Adult Social Care Procurement and Contracts - associated home care savings target – detail required on £143,000 figure to Chairman.</b> Action.  | Tom Kelly   |
| j) <b>Page 119 Develop Traded Services – There were no targets for sales, but the officer agreed to provide more information on the detail of the figures on this line in an e-mail outside of the meeting.</b> Action.  | Tom Kelly   |

## Risk Management

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|---|---|
| k) <b>Page 149 risk 03 'Personal data is inappropriately accessed / shared' – it was suggested fines could be added to the list in the potential consequences box – Officers would look at this suggestion</b> Action           | Tom Barden  |
| l) <b>Page 151 Risk 04 Serious incident prevents services from operating – Target date 30/06 2017 - explanation to be provided outside of the meeting on whether the action plans had been undertaken by this date.</b> Action  | Tom Barden  |
| m) <b>Page 155 Risk 06 Our resources –</b>  |   |
| a) layout on Triggers 1-3 should be swapped   |   |
| b) <b>Likelihood factors / Triggers - suggested that reference to BREXIT should be added in terms of freedom of movement restrictions and the implications for staffing recruitment in social care / older people services.</b> | Tom Barden<br>to take these<br>suggestions<br>back to the<br>Review Group |
| c) <b>On the action plan – suggested that exit interviews should be added.</b>  |   |

n) **Page 157 - Risk 07 - The Infrastructure and Services – action plan explanation of how additional funding would be obtained if insufficient**

T Barden

o) **Page 161 – Risk 09 - Our partnerships are not successful in delivering intended outcomes – Need details on list of partnerships and what the proposed objectives are outside of the meeting.**

Tom Barden

There was no score information as the risk had only been proposed two weeks ago at the convened workshop so it was still in the development stage.

p) **Page 164 - Risk 11 – Changes and transformation is unsuccessful. – Suggestion that control should include Members - as relying on Members to agree transformation proposals**

Tom Barden

It was resolved:

to note the report.

## 25. DRAFT STATEMENT OF ACCOUNTS

This report presented the unaudited draft 2016-17 statement of accounts for comments and any suggested changes in advance of the final review and approval by the Committee on 19<sup>th</sup> September. In his introduction the Chairman stated that he was pleased that a good quality document had been produced and was an improvement on previous years.

Page 171 the Vice Chairman queried the reference in paragraph 2.3.9 on the overspend in Children, Families and Adults asking whether this should be further differentiated between adults or the childrens' budget. It was explained that this was in compliance with revised CIPFA guidance and reflected the same format as used for the monthly budget reports and was the same approach used for the ETE budget. **Action: Officers to speak to the Vice Chairman outside of the meeting regarding the complexities of changing the format of the accounts at this late stage.**

T Kelly

In discussion issues were raised including the following;

- **Page 6 Table Key Financial indicators**

Jeff Abbott

- 1) **brackets in the table should be around the 50 not the 8.**
- 2) **In the text below the table there should be explanation of what the indicators are.**

It was explained that the County Council paid for the required repairs to the guided busway and then would seek payment from the original contractor as part of the recovery process.

<b>Page 11 – third paragraph - There was missing figures that needed to be added so that the second sentence made sense.</b>	<b>Jeff Abbott</b>
<b>page 13 – New name for City Deal needs to added (Greater Cambridge Partnership)</b>	
<b>Page 19 – request to remove the shading from table</b>	<b>Jeff Abbott</b>
<b>Page 23 – The huge change in the Impairment and revaluation line required a note</b>	<b>Jeff Abbott</b>
<b>Page 25 – Intangible assets – requires a note of explanation on what they were.</b>	<b>Jeff Abbott</b>
<b>Page 25 note 13 on provisions figure - the figures were different from the table – it was explained that the notes split the provision between short and long term. Officers would look at the presentation to see if it could be made clearer.</b>	<b>Jeff Abbott</b>
<b>Page 37 – Income and expenditure in relation to investment properties and change in their fair value - note required outside of the meeting to explain the substantial change in the figures between the two years.</b>	<b>Jeff Abbott</b>
<b>On this page and other pages (41 also referred to regarding figure 13,439) the heading did not line up with the figure and officers were asked to review the whole document to correct these presentation issues.</b>	<b>Jeff Abbott</b>
<b>Page 38-39 query on whether the tables should be on the opposite pages as the 2015-16 information was on page 39 and the 2016-17 was on page 38.</b>	<b>Jeff Abbott</b>
<b>Page 49 - Council's surplus assets there was a query regarding the process of deciding Heritage Assets sales. Democratic Services were asked to find out and report back.</b>	<b>R Sanderson / Christine May</b>
<b>Page 51 – Assets held for Sale table – Note requested as an e-mail outside of the meeting on what assets had been sold.</b>	<b>Jeff Abbott</b>
<b>Page 53 – Note 25 - Usable Reserves - The statement did not have any explanatory graphs or figures. Officers indicated that they would review the format.</b>	<b>I Jenkins / Jeff Abbott</b>
<b>Page 69 – better explanation against those figures shown at 31<sup>st</sup> march 2016 and 31<sup>st</sup> March 2017 e.g. City Deal.</b>	<b>I Jenkins / Jeff Abbott</b>

**Page 90 – Outstanding invoices table –request to revisit to ensure figures were accurate as there was a query on the very large increase of over £9m over the previous year.**

**I Jenkins /  
Jeff Abbott**

Page 99 – Confirmed that appendix 1 accounting policies was a CIPFA requirement and could not be removed.

The Chairman requested an update of the position regarding the accounts timetable to ensure they were available for the September meeting. For the benefit of new members he explained that sign off of the accounts for the last two years had been after the statutory deadline. Officers responded that from the early activity already undertaken and the good progress being made, there was every reason to believe the accounts would be finalised, ready for sign off at the September meeting.

David Eagles confirmed that BDO's work on the pensions section of the Accounts was almost complete, with just two outstanding issues in respect of senior officer remuneration and changes in the categorisation of investments.

The statutory deadline for sign-off is moving from the end of September to the end of July for next year's accounts (2017-18). The current year's activity and earlier deadlines in respect of working practices developed between finance and the external auditors meant that it was expected that only marginal changes would be required to achieve the new deadline in 2018. In response to a comment that the deadlines were still greater than for commercial organisations, it was explained that the accounts of schools as part of the information required for the local authority accounts did create unique and complex challenges.

Page 95 Civic Regalia Heading – Where it was stated that the value was not known, there was a suggestion that someone should be able to value it.

## **Pension Fund Accounts**

Page 117 – Regarding management expenses:

- a) there was a request for details to be provided to the Committee outside of the meeting of how the figure of £15,163k broke down, including details on LGSS administration costs, salaries and external consultants costs.**
- b) Page 124 paragraph reading “Prior year comparative figures have been restated on a consistent basis. The impact in 2016/17 has been to increase Manager fees by £6.9m (2015-16: £5.0m and transaction costs .....**

**T Kelly to  
inform Richard  
Perry**

**Richard Perry**

**There was a request for clarification of whether the £6.9m represented the new total figure or if they had increased by an additional £6.9m.**

**c) Page 136 top table % heading needed explanation of what it was % of.**

R Perry

Subject to receiving the explanation to queries raised at the meeting it was resolved to:

Acknowledge the 2016-17 Statement of Accounts as submitted for audit ahead of its final review and approval at the Committee meeting on 19<sup>th</sup> September 2017.

## **26. PROPOSED REVISIONS TO THE TERMS OF REFERENCE FOR THE AUDIT AND ACCOUNTS COMMITTEE**

This report provided details of a reference back from Constitution and Ethics Committee who, while unanimously recommending to Council approval to the revised terms of reference (approved by this Committee on the 31<sup>st</sup> May), invited this Committee to reconsider the following paragraphs:

*“1.2 To approve, but not direct, Internal Audit’s annual plan of work and monitor unscheduled work that could potentially divert audit resources away from a plan, and monitor performance against those plans, ensuring that there are no inappropriate scope or resource limitations.”*

*“1.12 To suggest work for Internal and External Audit.”*

Specifically, this Committee were asked to consider the efficacy of the term ‘but not direct’ in point 1.2 and its relationship to 1.12, reading ‘suggest’, and to consider whether this wording was appropriate. The issue from Constitution and Ethics Committee was that ‘suggest’ and ‘direct’ did not have the same meaning, and there appeared to be no capacity for the Committee to require something to be undertaken. They therefore requested that, if point 1.12 could not be changed, it should be numbered 1.3 and placed immediately after 1.2, so that it was clear that the Audit and Accounts Committee had an opportunity at least, to suggest work for Internal and External Audit, if not to direct it.

Internal Audit’s response was that the wording sets out the role of the Committee in approving the Internal Audit Plan and suggesting work to be included within the Plan, while also ensuring that the independence of the chief audit executive is clear. So, in answer to a further question as to whether the Committee or the Chief Internal Auditor made the final decision, the answer was the latter, the Committee could suggest, but could not enforce. This reflected the

Committee's role in Internal Audit Planning as set out in the Public Sector Internal Audit Standards of which relevant extracts were set out in the report for clarification.

In terms of Committee input and approval, Internal Audit presented their draft Plan to Committee in March each year and then provided quarterly updates detailing proposed changes to the Plan as part of the Internal Audit Progress Report. This provided the opportunity to suggest areas for review. It was also clarified that the previous Terms of Reference for the Committee did not include a reference to the Committee's ability to suggest areas of work and therefore the revised Terms of Reference represented a clarification of the role of Committee in this area.

It was resolved:

To agree Internal Audit's recommendation in responding to the matter referred back to the Committee that:

- a) the proposed wording of point 1.2 should be retained,
- b) That section 1.12 is moved within the Terms of Reference to sit at 1.3 in order to clarify the relationship between the two sections and the fact that Committee does have a role in suggesting areas of work for Internal Audit.
- c) To refer the decision back to Constitution and Ethics Committee for information.

## **27. INTERNAL AUDIT PROGRESS REPORT TO 31<sup>ST</sup> MAY 2017**

This report provided an update on the main areas of audit coverage and the key control issues arising for the period 1<sup>ST</sup> March 2017 to 31<sup>st</sup> May 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.
- A summary of the caseload currently being progressed by HR set out in table 4.



Outstanding management actions at the end of May 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 work in other areas, changes to the Internal Audit Plan and proposed additions to the Internal Audit Plan.

Issues raised included:

- Highlighting that the high level of management actions outstanding were being followed up.
- As explained in paragraph 5.4 the request from the Committee for an internal audit review of delayed transfers of care (DTOCs) was not being included in the Internal Audit Plan in the current year as it duplicated work being undertaken by other Committees.
- With reference to Table 1 page 69 'Transformation Programme Benefits Realisation', which had only received moderate assurance it was explained that at the time of the Audit, the Transformation Team were in the process of taking up their new roles and therefore the projects were at an early stage within the programme and a lot of work had at that time not been progressed far enough for audit to provide assurance over benefits realisation arrangements. A number of recommendations were agreed with the Team to strengthen the control environment as set out in the report. An update from the Transformation Team on Verto and the linked project management processes was included in the forward agenda plan to come forward to the November Committee meeting.
- Concern was expressed on whether sufficient funding was being allocated to the process of transformation. It was acknowledged that a Transformation Plan of the scale being proposed was a high risk area and required ongoing monitoring. Internal Audit were doing this as part of its work in reviewing individual projects in the Programme and on other work being carried out on the Business Plan. The Transformation had been reconfigured following the referred to capacity review. In addition, as set out in the report text, previous over optimistic savings targets were less likely going forward as a result of the introduction of the pipeline process with business cases being required for all

proposals, linked with the introduction of the savings tracker to improve monitoring of the progress on planned savings.

- The revised Whistleblowing Policy was due to go the Constitution and Ethics Committee in September and should it require any changes, they would be reported back to this Committee's November meeting.
- **Regarding the proposed addition to the internal Audit Plan of 'Members Travel and Subsistence' one Member asked that it should also include a comparison with the scheme operated in Northamptonshire. Action** He also made reference to a concern of the Conservative Group regarding no longer being able to claim travel expenses for attending group policy planning meetings, suggesting that it was a result of a change in legislation which Members had not been informed about.
- In response to a query on the time scale for reporting on the Internal Audit investigation on Fenland Association for Community Transport (FACT) it was indicated that the draft report was scheduled to be produced by October and due to the sensitive nature of the issues in term of the allegations that had been made, would require consultation with key stakeholders regarding quotes to be included. The very earliest the report could come forward to Committee would be to the November meeting and it might have to slip to January, bearing in mind lead in times for reports in terms of agenda publication. Given the number of reports already scheduled for November, it might be necessary to arrange an additional special meeting around the October / November period to deal with the FACT review, on the basis that as a sensitive major investigation it could take a considerable amount of Committee time.

M Kelly

It was resolved:

to note the contents of the update report.

## **28. AUDIT AND ACCOUNTS COMMITTEE TRAINING PLAN**

It was agreed to defer consideration of the report to the September meeting.

## **29. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN**

In discussion and taking into account the number of reports to be presented to the November meeting, including potentially the FACT report, it was agreed that the LAC seminar would not be held

before the November meeting but should be a general seminar to which all Members could be invited.

On reviewing the programme it was agreed to:

Remove from the September Committee:

- |   |  |
|---|--|
| • the LGSS Accounts report (and for future reporting cycles) as this was only an information item and the decisions on these accounts were taken by the LGSS joint Committee. | <b>RVS inform<br/>LGSS Fin<br/>RVS</b> |
| • the duplicate reference to the Annual Report of the Audit and Accounts Committee  | <b>RVS</b>                             |
| • the Risk Update report, as this was now included in the Resources and Performance Report.   | <b>RVS</b>                             |
| • Update on unspent Section 106 Monies Report to be via e-mail unless it was significant amounts.   | <b>RVS / T Kelly</b>                   |

Regarding the Children's Social Care Caseloads Quarterly Update included for the September Committee, this was an error, as it had been brought forward to the current meeting at the request of the Chairman and should have been deleted from the September meeting. In addition, it had already been agreed earlier in the meeting that the next Quarterly report should be for November (which was more appropriate). *(Note: post meeting the Chairman confirmed that he would be happy to have a one page note sent around to the Committee on an e-mail and not include a formal report on the agenda for the September meeting)*

**RVS / T Leavy**

It was agreed to note the published Forward Plan which would be updated following a meeting between the Chief Internal Auditor and the Chairman later in the week to discuss FACT and the possible need for a special meeting.

**Duncan  
Wilkinson**

**30. DATE OF NEXT MEETING – 2.00 P.M. 19<sup>th</sup> SEPTEMBER 2017**

Chairman  
19<sup>TH</sup> September  
2017