

AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR MARCH 2018 COMMITTEE MEETING

<u>NO</u>	<u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u>	<u>LEAD</u>	<u>PROGRESS / RESPONSE</u>
ACTIONS ARISING FROM THE MINUTES OF THE 7th JUNE MEETING 2016 COMMITTEE MEETING			
1.	MINUTE 214 - ISA 260 UPDATE REPORT - REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES		
	There was a request for a six month progress update on the 18 month project to register all 6,000 parcels of land purchased for highways schemes with the Land Registry.	Mike Atkins / Camilla Haggett (re-Rhodes)	A further report has been scheduled for the May 2018 meeting Action ongoing
ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING			
2.	MINUTE 226. MINUTES		
	Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent' The November 2016 Committee meeting agreed that updates either to the Committee or to the Chairman should be provided on a six monthly basis.	Tom Kelly	Next update due in March 2018. (Action: Tom Kelly) ACTION ONGOING

ACTIONS ARISING FROM THE MINUTES OF THE 29 th NOVEMBER 2016 COMMITTEE MEETING			
3.	MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE		
	There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.	Martin Cox / Lynsey Fulcher	<p>The main report lead Lynsey Fulcher had agreed in December to meet with the Chairman early in the New Year to arrange a suitable dates to discuss a draft.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE 21 st NOVEMBER 2017 COMMITTEE MEETING			
4.	MINUTE 49 - ANNUAL EXTERNAL AUDIT LETTER		
	a) Where all material misstatements identified had been rectified by the accounts sign off date It was requested that in future years the Executive Summary should include this information.	L Clampin BDO	<p>External Audit agreed to make this change in future letters.</p> <p>ACTION ONGOING</p>
	b) Page 64 bullet 4 regarding audit differences which remained uncorrected. The Chairman requested Finance provide more details of the line reading £710,000 arising from unadjusted misstatements identified in the prior period in relation to the accounts.	T Kelly	<p>An e-mail response was sent to the Chairman and Vice Chairman with the clarification information on 12th February and is included as Appendix 1 to these Minutes.</p> <p>ACTION COMPLETED</p>

5.	MINUTE 50 - FINAL ISA 260 AUDIT COMPLETION REPORT		
	a) Regarding Appendix II Recommendations and Action Plan and particularly pages 105-106 Action there was a request for an update to be provided by the next meeting on the status of the management responses where the timeframe was completion by December or before.	Tom Kelly	ACTION ONGOING
	b) Pages 114 the Chairman highlighted an example of a very long sentence with over 100 words and asked that in future External Audit should avoid using such long sentences.	BDO to take account in all future reports.	To be monitored. ACTION ONGOING
6.	MINUTE 54 - INTERNAL AUDIT PROGRESS REPORT TO 31ST OCTOBER 2017		
	Appendix B - updates requested for future meetings where target dates were not shown or had been passed. The Head of Internal Audit confirmed that updates would be included in the next Internal Audit Progress report which was standard practice.	M Kelly	The report to the January Committee meeting had not been able to provide a full update in this respect due: <ul style="list-style-type: none"> the Christmas break and the number of staff Council taking extended leave more importantly due to the timetable issues the report not having been vetted by Strategic Management Team (SMT) in advance of its inclusion on the Audit and Accounts Committee agenda as normally this resulted in SMT sending reminders on outstanding actions.

ACTIONS ARISING FROM THE MINUTES OF THE 23 rd JANUARY 2018 COMMITTEE MEETING			
7.	MINUTE 60 - MINUTES 21 st NOVEMBER 2017		
	Matters arising;		
	<p>a) Minute 53 Transformation Fund Monitoring Report - transformation scheme (A/R 6.165) for Occupational Therapy to support Delayed Transfers of Care, the Chairman asked as an action that officers investigate what proportion of current delayed transfers was down to the Council and Hinchingbrooke Hospital as opposed to Addenbrooke's Hospital and that he be provided with a written response outside of the meeting.</p> <p>b) Minute 54. Internal Audit progress Report to 31st October 2017 - re the risk management health check and benchmarking review – progress to be included in the next Internal Audit Progress Report.</p>	<p>Rob Sander-son (RVS) to contact Liz Robin / Charlotte Black</p> <p>Duncan Wilkin-son/ Mairead Kelly</p>	<p>A response email was sent to the Chairman on 25th January and the cover e-mail text is included as Appendix 2 to this action log.</p> <p>This has been included on the current Internal Audit Progress Report included on the current agenda.</p>

8.	61. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR JANUARY 2018		
	a) The timetable for The Workforce Strategy		It was reported to the January Committee that there had been further delays regarding the timetable.
	b) Page 34 Item 10 Annual External Auditor Letter - outstanding request from the November Committee meeting to provide an update on the breakdown of what was involved in the line reading "£710,000 arising from unadjusted misstatements identified in the prior period in relation to the accounts" The Deputy Section 151 Officer undertook to provide this information following the meeting.	T Kelly	See the response at 4b) included earlier in this log ACTION COMPLETED
	c) Audit and Accounts Training Plan – Running through the detail of a non- contentious project - It was originally agreed that the session requested by the Chairman, should be before the March meeting.	M Kelly / RVS	This had been brought forward to the January Committee meeting. However, due to officer illness on the day of the Committee, this session had to be postponed and a new date will need to be arranged in due course. ACTION ONGOING
9.	MINUTE 62. CLOSEDOWN PROGRESS REPORT		
	a) Cambridgeshire Housing & Investment Company (CHIC) Action: request for BDO to investigate other examples of	B Pryke	This information provided by BDO in the form of a report from the Smith Institute was e-mailed to the Committee on 13 th March. ACTION COMPLETED.

	such companies operated by other authorities.		
	b) CHIC Action: There was a request that the Deputy Section 151 officer provide a simplified explanation for the Committee on the CHIC business model, financial mechanisms and identified risks, along with the report submitted to the Commercial and Investment Committee.	T Kelly	<p>Links to the Commercial and Investment Reports on CHIC from their December 2017 and January 2018 meetings providing the explanation were circulated to the full Committee in an e-mail dated 22nd February 2018. The same e-mail also sought feedback on the contents and whether any areas would benefit from additional explanation / coverage.</p> <p>ACTION COMPLETED</p>
	c) Question on why the Pension Fund accounts were not shown in the same way as CHIC e.g. as group accounts. it was agreed that the Vice Chairman would receive a more detailed explanation outside of the meeting.	Tom Kelly to arrange that Pensions contact Vice Chairman	<p>A response was sent on 13th February to the Vice Chairman and is included at Appendix 3 which explained the difference in the two types of accounts with CHIC owned by the Council while the Pension Fund is not.</p> <p>ACTION COMPLETED</p>
10.	MINUTE 63 – INTEGRATED RESOURCES AND PERFORMANCE REPORT		
	<p>a) DAYS LOST THROUGH SICKNESS</p> <p>Action: It was suggested that a comparison figure with the previous year would be helpful to include.</p>	T Barden	<p>The Committee are asked to note that the figure is calculated as a rolling 12 month total. A comparison to 2016-17 will be included from the report covering January, until the figure for the end of year 2017-18 is available.</p> <p>ACTION COMPLETED</p>

	<p>b) TIMETABLE FOR REVISED PERFORMANCE INDICATORS</p> <p>Action: The lead officer would check and provide an update outside of the meeting.</p>	T Barden	<p>A note was provided to the Committee in an email dated 15th March. This indicated that a revised indicator set will be included in the report covering the March 2018 period, which will be produced in April and considered by GPC in May.</p> <p>ACTION COMPLETED</p>
	<p>c) PAGE 64 LEVEL OF DEBT OUTSTANDING OWED TO THE COUNCIL –</p> <p>i) Action: The Chairman asked for an update briefing within the next month on progress in advance of the next update progress report to be included for the May Committee.</p> <p>ii) Action: Amend Forward Plan to show next Debt Recovery Report going to May and not the March meeting to harmonise with next GPC Report</p>	<p>T Kelly to raise with Chris Law regarding briefing Chairman / Vice Chairman</p> <p>RVS to amend forward plan</p>	<p>Progress on this action was currently the subject of follow up action.</p> <p>Updated on latest Plan.</p>
	<p>d) Due to the continued concerns it was recommended and agreed that officers should provide a presentation to the next Committee on historical demography and budget pressures and how the Children's</p>	T Kelly / T Barden / L Williams	<p>A presentation is included as an item on the current agenda.</p>

	Budget would address these for 2018-19 and beyond.		
11.	INTERNAL AUDIT PROGRESS REPORT TO 31ST DECEMBER 2017		
	<p>a) Regarding the request made at the previous meeting for an update on the status of the management responses where the timeframe was for completion by December or before, the intention had been to provide an oral update. This was unable to be actioned at the meeting due to the absence of the Audit and Risk Manager as a result of sickness. Action; the requested updates should be provided outside of the meeting.</p>	M Kelly	<p>The updates are included in the March Report on the agenda.</p> <p>ACTION NOW COMPLETED</p>
	<p>b) update on the ‘Risk management health check and benchmarking review’ undertaken by the Council’s insurers, Zurich should be provided as part of the Internal Audit Progress Report for the next meeting.</p>	M Kelly	<p>The update is included in the March Report on the agenda.</p> <p>ACTION COMPLETED</p>
12.	MINUTE 66. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN		
	<p>a) The May meeting date would be kept, but might become the meeting to consider the FACT report.</p>		<p>Reflected on current agenda plan.</p>

	b) To hold an additional meeting on 12th June to receive the draft Accounts and possibly other reports currently scheduled for the May meeting.	RVS	<p>The meeting has been scheduled and invites sent out and CMIS updated.</p> <p>ACTION COMPLETED</p>
	c) To move the current date of Thursday 26th July to Monday 30th July	RVS	<p>The meeting has been rescheduled and Members informed and CMIS updated.</p> <p>ACTION COMPLETED</p>

APPENDIX 1

MORE DETAILS OF THE LINE READING £710,000 ARISING FROM UNADJUSTED MISSTATEMENTS IDENTIFIED IN THE PRIOR PERIOD IN RELATION TO THE ACCOUNTS.

Dear Cllrs Shellens and Rogers,

Further to the action below the line, here is some further explanation:

In the 2015-16 ISA260 BDO calculated an unadjusted audit difference of +£710k consisting of projected estimates of changes that would be needed to the expenditure total in the Income & Expenditure statement (I&E) and the net assets total in the Balance Sheet.

This consisted of a projected,

- £468k adjustment needed to the expenditure figure in the I&E due to an estimation/judgemental difference in the movement in Pension Fund asset values provided to the actuary and the year-end values included in the Pension Fund's accounts

+ 1,178k adjustment needed to the expenditure figure in the I&E due to a projected overstatement of accrued expenditure calculated by BDO based on over-accruals found in their sample testing.

(This means that BDO found that either too much expenditure was adjusted into 2016-17 in error as a "paid in advance" accrual or too high an income figure was accounted for in 2015-16 in error through debtor accruals; both of these errors having the effect that too low a figure for expenditure was accounted for in 2015-16 and was accounted for 2016-17 instead.)

For the 2015-16 accounts this gave a net +£710k estimated adjustment needed to the expenditure in the I&E and a corresponding -710k estimated adjustment to the net assets accruals total in the Balance Sheet.

As the 2015-16 estimated 710k related to accruals, in the 2016-17 ISA260 BDO included this as an adjustment to the 2016-17 balances (the reverse of the 2015-16 adjustment).

If the 710k had been put through as an adjustment in 2015-16 then the final expenditure in the I&E for 2016-17 would have been 710k lower as it would have been accounted for in 2015-16 instead.

Similarly the final net assets balance in the 2016-17 Balance Sheet would have been £710k higher.

We do not have any further breakdown of how BDO calculated their estimated projected errors- and to some extent there projection methodology is a matter for them which they are unlikely to share any further in addition to the above, and talking to us about the individual errors that arose in 2015/16 during that audit.

Many thanks

Tom Kelly
Head of Finance
LGSS – Cambridgeshire County Council
01223 703599

APPENDIX 2

Dear Councillor Shellens,

I have been asked to respond to your query, about hospital discharge delays, in the Audit and Accounts Committee. In particular, I understand that you were keen to know the relative proportion of delayed transfers of care from hospital attributable to the County Council and those attributable to the NHS. You also asked about the differences between Addenbrookes and other hospitals, and in particular Hinchingbrooke. In answer to those specific questions, the proportion of Delayed transfers of care attributable to Adult Social Care (CCC) is 32% in Addenbrookes and 16% in Hinchingbrooke and Peterborough (NWAFT). Additionally, 8% are attributable to both Adult Social Care and the NHS in Addenbrookes and 10% in Hinchingbrooke and Peterborough Hospitals (NWAFT). The NHS is accountable for the remainder.

For your information, I have attached the latest available data from the Department of Health (unfortunately there is always an 8 week time lag in the publication of data). You will see from the data contained within the dashboard that the situation at Addenbrookes (CUHFT) is very different to Hinchingbrooke and Peterborough (NWAFT). This is for a variety of reasons, partly the size of the hospital and its tertiary nature, but also other local factors. E.g. the size of the older population (South Cambs has the largest older population in the County) and the availability of services such as Home Care.

I would be happy to discuss further if you have any other questions.

Regards,

Richard O'Driscoll
Head of Commissioning (Adults)
Cambridgeshire County Council,
Shire Hall,
Castle Hill,
Cambridge
CB3 0AP

Tel: 01223 729186
Mob: 07557 030430

Appendix 3

Dear Cllr Rogers

I have an action from a recent audit and accounts committee to provide further detail on the accounting for the Cambridge and Counties Bank, and how this is accounted for by the pension fund, in contrast to the Cambridgeshire Housing and Investment Company, which is owned by the Council.

External audit have continued to accept that the pension fund does not produce consolidated accounts including the CC Bank. Richard Perry, Pension Services Financial Manager has advised as follows:

International Financial Reporting Standard 10 (IFRS 10) outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.

Although as an equity shareholder the Pension Fund has rights to variable returns of the bank (i.e. dividends), it does not in its own right have the powers to affect those returns. The Pension Fund's rights and obligations and the role of management are set out in a Shareholders Agreement (jointly with Trinity Hall):

- The actual day-to-day management of the company is vested in the board. Each of Trinity Hall and the Pension Fund can appoint one director but as the minimum number for directors is 5 (and a quorum of 4) the degree of influence that the Fund's Director can exert is limited by the need to persuade the rest of the board.*
- Each shareholder does exert a degree of "negative control" as the Shareholders Agreement lists matters that need the approval of both the College and the Council. Most of these are what might be called "structural matters" rather than control of day-to-day operations.*

I would note that even if the Fund failed the "control" test, there is an exemption from the requirement to produce consolidated accounts for "investment entities" which would include Pension Funds.

As the Council, rather than the pension fund, is the owner of CHIC, by contrast, there is not an exemption and additionally, at present 2 of the 3 CHIC directors are also statutory senior officers of the Council, hence the likelihood we will need to produce consolidated (group) accounts for CHIC and the Council. Let me know if you would like to talk through further

Tom Kelly Head of Finance LGSS – Cambridgeshire County Council 01223 703599