

# AUDIT AND ACCOUNTS COMMITTEE



**Date: Tuesday, 30 May 2017**

**Democratic and Members' Services**  
Quentin Baker  
LGSS Director: Law and Governance

**14:00hr**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

**Kreis Viersen Room**  
**Shire Hall, Castle Hill, Cambridge, CB3 0AP**

## AGENDA

Open to Public and Press

1. **Appointment of Chairman/ Woman and Vice Chairman / Woman**
2. **Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at*  
<http://tinyurl.com/ccc-conduct-code>
3. **Minutes of the Audit and Accounts Minutes 21st March 2017** **5 - 22**
4. **Committee Minute Action Log May 2017 Committee** **23 - 46**
5. **Proposed Revisions to the Audit and Accounts Committee Terms of Reference** **47 - 60**
6. **Update on the implementation of revised programme and project management processes** **61 - 64**
7. **Cambridgeshire County Council Workforce Strategy** **65 - 76**

<b>8.</b>	<b>Fee Letter 2017-18</b>	<b>77 - 84</b>
<b>9.</b>	<b>Pension Fund Planning Report - Audit for the Year Ended 31st March 2017 (cover report)</b>	<b>85 - 104</b>
<b>10.</b>	<b>Pension Fund Fee letter 2017-18 (cover report)</b>	<b>105 - 112</b>
<b>11.</b>	<b>Integrated Resources and Performance Report for the period ending 31st March 2017</b>	<b>113 - 138</b>
<b>12.</b>	<b>Anti Fraud, Anti Money Laundering and Whistleblowing Policies</b>	<b>139 - 196</b>
<b>13.</b>	<b>Draft Annual Governance Statement 2016-17 and Draft Code of Corporate Governance</b>	<b>197 - 230</b>
<b>14.</b>	<b>Internal Audit Annual Report 2016-17</b>	<b>231 - 256</b>

**15. Training**

The Committee is reminded that as part of the Members' Induction Programme the following training has been set up which particularly relates to this Committee to which you will be invited to attend:

Tuesday 27th June Audit and Accounts Committee Training 10 a.m. to 1.00 p.m.

Thursday 5th October Risk Management 2.00 p.m. to 4.00 p.m.

<b>16.</b>	<b>Forward Agenda Plan</b>	<b>257 - 268</b>
------------	----------------------------	------------------

**17. Date of Next Meeting 2.00 p.m. 25th July**

The Audit and Accounts Committee comprises the following members:

*For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact*

Clerk Name: Rob Sanderson

Clerk Telephone: 01223 699181

Clerk Email: [rob.sanderson@cambridgeshire.gov.uk](mailto:rob.sanderson@cambridgeshire.gov.uk)

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/ccf-film-record>.

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <http://tinyurl.com/cambs-constitution>.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccf-car-park> or public transport



**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** 21<sup>st</sup> March 2017

**Time:** 2.00 – 4.27 p.m.

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

**Present:** Councillors: I Bates (substituting for Councillor McGuire), B Chapman, S Crawford, R Henson, P Hudson, M Shellens, (Chairman) and P Topping

**Apologies:** Councillors: M McGuire

**Action**

**285. DECLARATIONS OF INTEREST - None**

**286. MINUTES OF THE MEETING HELD ON 24<sup>th</sup> JANUARY 2017**

The minutes of the meeting held on 24<sup>th</sup> January 2017 were confirmed as a correct record and were signed by the Chairman.

Matters arising

Minute 277 Ely Archives Page 6 – 7 of the minutes

- a) The Chairman highlighted the text at the bottom of the page and on the next page reading: "...In discussion there was agreement to the need for officers to highlight to Members that projects required a margin of error to be built in and Members needed to accept this. In terms of constructive officer – member relations this was seen as an important issue to be included as part of the training induction programme for both new members and existing Members post the May elections". **Action: The Chairman wished to ensure this was actioned and an appropriate officer identified.**
- b) Reference to page 15 of original report and action 6 which stated that the actions column had not been completed as the action owner had not at that time been identified, the Chairman asked if this was now resolved. It was confirmed that this information was included within the report later in the agenda.

**M Kelly  
to follow  
up**

Minute 280 Report on the Learning Points from the production of the 2015-16 Statement of Accounts

Page 11 confirmation was received on the heading 'Records requiring Listing' point b) that the final 'record required listing' document had been agreed, and for d) with a heading reading 'Any documents required from schools to be advised by BDO in sufficient time to enable them to be provided prior to the school holidays' had also been actioned.

## 287. AUDIT AND ACCOUNTS MINUTES ACTION LOG

The Audit and Accounts Minutes Action Log update was noted.

- Minute 261 Cambridgeshire Council Workforce Strategy Update - As an update to the timetable, it was orally reported that the final report was now scheduled to be presented to the Audit and Accounts Committee on 30<sup>th</sup> May and would then go on, with any further suggested changes, to the General Purposes Committee on 6<sup>th</sup> June. Full Council was scheduled to approve a final version on 18<sup>th</sup> July. On this basis, the first quarterly update report would come back to this Committee's September meeting (*Note: This would be subject to the new Committee following the elections on reviewing the work programme still wishing to include update reports as part of the forward agenda programme*).
- Item 9 – Safe Recruitment Update – there was a request to schedule a further update report following the elections to ensure the Committee's continued watching brief.

RVS to  
update  
Forward  
Plan

RVS to  
schedule  
for July

## 288. EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2017

The Committee received the External Auditor's BDO Audit Plan which identified the audit risks relevant to audit of the financial statements and use of resources of the County Council for the year ending 31<sup>st</sup> March 2017.

The key significant audit risks in respect of Financial Statements were identified under the following headings with the detail as set out on pages 57-58 of the agenda report:

- Management override of controls
- Revenue recognition
- Property, plant and equipment (PPE) valuations

The first two headings above were risks that are assumed to exist by the auditing standards and, as such, are commonly highlighted for all organisations. The third risk, 'PPE valuations' was as a result of the complex and judgemental nature of forming a valuation estimate as well as the Council changing its valuers. The Audit response to this risk will include checking the reasonableness of the approach to the valuation of land and buildings compared to that adopted in previous years. Ellie Tod Group Accountant, Finance confirmed that checks were being undertaken to ensure there were no material differences compared to the previous year. Any picked up would also be challenged by External Audit. **Action: The Chairman requested a note be provided to give assurance that any material differences in both valuation approach and resulting figures had been identified and could be justified.**

E Tod

The normal audit risks in respect of Financial Statements were listed as

being as follows, with the detail included on pages 59-60:

- Changes to the presentation of the financial statements
- Treatment of revenue expenditure funded from capital under statute ((REFCUS)
- Pension liability assumptions.

In respect of the 'Use of Resources' audit risk area, the significant risk was highlighted under the heading 'Sustainable finances' as detailed on page 60.

The confirmation assurance of the Auditors' independence was set out on page 61.

It was clarified that with reference to the Engagement Timetable on page 53 the text to the March date entry reading "issue audit plan and agree fees" was standard wording to cover cases where a variation / addition to the fees might be required as a result of additional work beyond that included in the standard fees agreed by the Public Sector Audits Appointments Limited (PSSA). It was clarified that there was currently no proposal to include a variation to the already confirmed scale fees shown on page 62.

Attention was drawn to the proposed materiality level of £16.3m and the clearly trivial threshold of £326,000 which was consistent with levels prior to the current audit.

Having considered the contents,

It was resolved:

To note the report.

## **289. LGSS STATEMENT OF ACCOUNTS 2015-16**

This report presented the final LGSS Statement of Accounts for 2015-16 which had been formally agreed at the LGSS Committee in January. The draft report had been presented to this Committee in July 2016 and had subsequently been the subject of external audit.

The report set out details of the changes between the draft and the final accounts and also the details of the formal objection to the 2014-15 Accounts lodged by a member of the public and the formal process that was then required to be followed. The objection had resulted in the delay to the sign off of both the accounts for 2014/15 and 2015-16 whilst necessary investigative work was undertaken by the external auditors. It was highlighted that, following the subsequent investigation, no changes to the 2015-16 Accounts had been required from the draft version received by this Committee in July 2016.

There was a request from the Vice Chairman to revisit an issue raised at earlier meetings on the LGSS accounts regarding providing details of

the breakdown of the apportionment of any final surplus, as in an earlier year there had been concerns regarding how much of a previous surplus was retained by LGSS. **Action**

**I  
Jenkins**

It was resolved:

To note the 2015-16 Annual Report and Statement of Accounts.

## **290. CLOSEDOWN PROGRESS REPORT**

This report provided the Committee with an update on the production of the 2016-17 Statement of Accounts, the interim audit, and an update on the process for the appointment of the next external auditor. Details of the changes required by the 2016-17 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice were also provided.

Section 6 of the report set out the implications of the changes to the statutory deadlines for the production of the accounts taking effect from the 2017-18 accounts onwards, with details provided under the headings:

- Revised closedown timetable,
- scheduling of Committee meetings,
- reliance on information / reports from external bodies,
- use of estimates,
- raising awareness of the new deadlines.

It was highlighted that the External Auditor BDO had carried out their initial audit of the first three quarters of the year and that Council officers were comfortable with how the Audit was progressing.

The most significant change as a result of the 2016-17 Code of Practice was the presentation of the Comprehensive Income and Expenditure Statement (CIES). Page 135 of the report provide examples of how the changes to the Accounts presentation would look. The use of Directorate headings would result in the presentation of the CIES being much closer to the current monthly Integrated Resources and Performance report.

An update on the appointment of the next external auditor confirmed that full Council in February had formally opted in to the PSAA-led process.

The Chairman confirmed he had attended a number of the liaison meetings between officers and BDO stating that the progress already made was encouraging, and he hoped that if the timetable was adhered to, there would be no repeat of the late sign off of the Accounts as had occurred for the last two years.

It was resolved;

To note the report.

## **291. RISK MANAGEMENT REPORT**



The Committee received the latest version of the Corporate Risk Register providing the details of the Corporate risks faced by the Council, the significant changes made to the Register since the last report.

Following the comments made at the January Committee questioning:

- the number of risks in the Corporate Risk Register,
- concerns on the presentation of information of the Register (including the risk map),
- and a request for further consideration of the comparison with other authorities' risk registers,

the current report provided an update on the actions being taken. In line with the need to develop processes making use of the new IT system, Strategic Management Team (SMT) had recommended to General Purposes Committee (GPC) that a review of the risk register was undertaken in April and May with the approach to be adopted set out section 3.3 of the report.

It was highlighted that the recent benchmarking exercise had shown that the County Council CCC with 18 Corporate risks had slightly more than the median number, which was 14. Paragraph 3.6 listed the top ten common key risk themes. Appendix 1 of the report provided details of what the results would look like if applied to the Council's Risk Register, and in addition, as a follow up to the Committee comments that the risk map was not clear, provided a simplified, diagrammatic approach. As a response to the comments made at the last meeting that the Risk Register template was unwieldy and difficult to read on a computer screen, a potential new template was also included for comments at Appendix 3.

In discussion the new format was widely supported with the Vice Chairman, who had been one of the main critics of the previous risk representation appendices, praising the new formats included as clear improvements which were easier to read and understand.

In respect of the Current Corporate Risk Register set out at appendix 2 the following comments were made / issues raised:

- **Risk 1a) and 1b)** - A general comment was made that these and others had not reduced since the last report and asked what could be done to reduce them further. In response, it was explained that risks were recalculated each time the Register was updated but as observed, there had been no change to the scoring and therefore the risks stayed the same. In respect of 1a) and 1 b) the Chairman was surprised by the lack of actions included.

**Action: The Officers were asked to take back to SMT the Committee's concerns regarding the lack of planned actions and the request that they should be populated in future**

**T  
Barden**

**versions of the Register, as well as the observation that that as reported, they tended to be backward looking** and the Committee's concern was that not enough attention was being given to looking ahead on these risks and on others. This included the Chairman's concerns on labour supply in the care industry, post Brexit. There was also no reference to risks around devolution and the Combined Authority.

In discussion as a response it had been explained that more detail was provided in the individual **Service Committee Integrated Resources and Performance Reports. Action: the Chairman suggested that reference should be made to them in the current risk register.** e.g. "detail included in the E and E Committee IR&P Report etc....

**T  
Barden  
(TB)**

In discussion it was agreed that **there was the need to highlight the role of the Transformation Project in future versions.**

**TB**

Cllr Chapman asked when 1a) and 1b) had first been recognised and included as Corporate Risks, querying whether it was since the change from a Cabinet to a Committee system. **Action The officer agreed to investigate further.**

**TB / S  
Norman**

- **Risk 3 - It was suggested that reference should be made to the cost of housing being a contributory factor to failure to retain or recruit staff.**
- Councillor Henson made reference to the continued delays in the construction of the Yaxley and Farcet foot and cycleway which he suggested should be included as a Corporate Risk following the deaths of two people along the main road. The Chairman explained that he would not expect to see it included in what was a Corporate Risk Register as this was within the specific remit of the Economy and Environment Committee.
- **Risk 21 – business disruption –on the revised target dates Action: clarification was requested regarding whether the changed target dates referred to the original target date or were subsidiary milestones.**
- **Action: Request to Sue Grace to be asked for her assessment of the likelihood of a complete business collapse scenario.**

**TB**

**TB**

**TB / Sue  
Grace**

The Chairman again flagged up his concerns that he believed we should have contingency plans in place against the possibility that the whole residential care sector could collapse post Brexit as European Union (EU) employees were lost and the wages offered would not attract sufficient local and other non EU nationals as replacement staff. He reiterated that he still believed that there were insufficient actions being taken by the Council to address this and wished to see contingency plans. He made reference to an observer article on the NHS which stated that there had been a 92% drop in applications from EU

registered nurses since BREXIT and that currently half the nurses employed came from the EU. In discussion, some other Members of the Committee made clear that they did not hold the same pessimistic views, with one Member making reference to an initiative by Anglia Ruskin University for a four year programme to dramatically increase the number of social care training places.

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• <b>Risk 15 - Failure of the Council's Arrangements for Safeguarding Vulnerable Children and Adults</b> - with reference to trigger one – reading “Children’s social care case-loads reach unsustainable levels as indicated by the unit case load tool” there was a request that the lead officers responsible should be asked to provide quarterly updates to Committee on children’s social care case-loads to enable the Committee to monitor the potential risk involved.</li> </ul>   | <b>TB<br/>contact<br/>Service<br/>Director<br/>Children<br/>Social<br/>Care</b> |
| <ul style="list-style-type: none"> <li>• <b>Risk 26 – Increasing Manifestation of Busway Defects - required dates to be inserted.</b></li> </ul>  | <b>TB</b>   |
| <ul style="list-style-type: none"> <li>• <b>Risks 29 – ‘Failure to address inequalities in the county continues’ and Risk 30 – ‘Failure to deliver Waste savings / opportunities and achieve a balanced budget’ (and any others with March target dates) Action: request for e-mail confirmation that they had been met or an update target provided if they had slipped / been revised.</b></li> </ul>   | <b>TB</b>   |
| <ul style="list-style-type: none"> <li>• <b>Looked after Children</b> – with reference to the reply provided from Wendy Ogle-Welbourn regarding the Chairman’s continued concern at the overoptimistic budget forecasts in the current and previous years, he indicated that he was not satisfied with the response provided. He requested details of the original budget forecasts and final budget position for the last five years and more detail on the information taken into account when building the budget for the current year, to provide the necessary assurance that this was a more realistic figure.</li> </ul> | <b>TB / S<br/>Hey-<br/>wood to<br/>speak to<br/>WO-W</b>                        |

It was resolved;

- a) To agree to note the report.
- b) To request three monthly update on children’s social care workloads.

## 292. DRAFT INTERNAL AUDIT REPORT

This report outlined the proposed 2017-18 Internal Audit Plan which was attached as Appendix 1 to the report for Member comment. The intention would be during the year to provide quarterly update reports to the Committee. Appendix 2 of the same report provided a draft revised Internal Audit Strategy and Charter for comments. This would come back to the May meeting for final approval.

The Plan was based on the following key assurance blocks: Key Financial

Systems; Policies and Procedures; Compliance; Making Every Penny Count; Commissioning and Contracts; Anti-Fraud and Corruption; ICT and Information Governance and Contingency. These would each provide an opinion over key elements of the control environment, targeted towards in-year risks, rather than a more traditional cyclical approach examining each system over a number of years. For each assurance block and after consultation with other Directorates, Internal Audit believed they had allocated the appropriate level of coverage necessary to provide an effective annual assurance opinion. The audit plan would be reviewed and re-aligned on a regular basis to take account of new, emerging and changing risks and priorities and resources re-prioritised towards the areas of highest risk. The Audit Plan had been agreed as 1550 days for 2016-17. The detail of the approximate split showing both the breakdown of total days by Assurance Block and by Audit theme was set out in the diagrams in the report.

Questions / issues raised included:

- In response to a query regarding any Committee responsibility for the City Deal it was explained it was not a Committee responsibility but was overseen by the three partner organisations.
- On Appendix 1 regarding the entry for an audit on Section 106 there was a query regarding why there was no similar audit for the CIL (Community Infrastructure Levy). It was explained that the audit would look at both. **Action: There was a request to amend the title to make this clear.**
- There was discussion regarding Delayed Discharges which one Member highlighted were not getting better. Internal Audit indicated that they did not include within the Plan an audit of delayed transfers of care, but did undertake assurance work on property portfolio development and care homes projects. One Member suggested that there should be an internal audit crosscutting overview / review on all aspects of the Care Home sector, to include other partner activities to cover prevention, Public Health and housing, as opposed to auditing what was only part of the picture. Audit could speak to partners in Housing / Social Services / Public Health seeking their views to establish a best approach to reviewing DTOC taking account of DEVO 2 and to consider whether the Health Committee should be asked to receive a report.

**M Kelly**

It was proposed and resolved unanimously:

To ask the Internal Audit Team to investigate possibilities for an Internal Audit review across all organisations on delayed discharges to improve our performance. **Action**

**M Kelly**

- One Member queried why 10% of the Audit Plan work was for one directorate (Children Families and Adults). It was explained that this reflected the size of the Directorate's budget which was by far the largest in the Council. The Plan which was put together

in consultation with Directorate Senior Management Teams and were, in Internal Audit's independent professional opinion, the areas that represented the best use of resources. In terms of CFE, those included were the areas the Executive Director considered to be the largest risk areas.

- In response to a question regarding whether on page 169 Safe Recruitment – the reference to DBS checks included safe recruitment in schools it was explained that this looked at volunteers and staffing roles where checks were expected and was therefore a separate audit.

It was resolved;

To note the report.

## 293. ANTI FRAUD AND ANTI MONEY LAUNDERING POLICY REPORT

This report provided the Committee with drafts of the above two policies for feedback and comments.

In accordance with best practice, the Council had drafted updated Anti-Money Laundering (Appendix 1 to the report) and Anti-Fraud and Corruption (Appendix 2 to the report) policies to address the issues arising from the Bribery Act, using a standard approach that was applied across other authorities.

Following any feedback and comments received, the policies would be presented to Senior Management Team (SMT) on 11<sup>th</sup> May 2017, the Audit and Accounts Committee on the 30<sup>th</sup> May 2017 and the General Purposes Committee on 6<sup>th</sup> June 2017 for final approval. **Action to add to further Report to the Work Programme**

**RVS  
(Demo-  
cratic  
Services**

Issues raised included:

- Para 7.3 Draft Anti Money Laundering Policy - **with reference to the Money Laundering Reporting Officer (MLRO) it was suggested that reference should be made to the post in this paragraph.**
- With reference to text in Para 8.2 **checking the legal requirement regarding the Proceeds of Crime Act on whether monies are in pounds or euros** as the reference was in Euros with the pound equivalent being included in brackets) **and providing the clarification in an e-mail outside of the meeting.**

**M Kelly**

**M Kelly**

Having commented on the report:

It was resolved:

To note the report.

## 294. ELY ARCHIVES – UPDATE ON ACTION PLAN PROGRESS

As requested at the last meeting and taking account of the fact that most of the actions were not due to be completed before the end of April, the Committee received a report on progress to date with implementing the recommendations set out in the Ely Archives Review Action Plan included as appendix 1 to the report.

The report highlighted that:

- Procurement Best Practice Guidance had been updated to specifically state that prospective contractors should not be involved in writing applications for exemptions from Contract Procedure Rules, and that, as part of the process, where competition existed, price comparison exercises should be undertaken against prices from suppliers other than the supplier who proposed the price under review.
- Procurement of a new Project Management Office (PMO) system had been completed with the detail as set out in section 3 of the report.
- Governance approaches across the organisation were being aligned with the new system to ensure clear ownership, decision making and accountability.

It was explained that additional proposed actions included:

- A workshop with the Corporate Leadership Team was planned for April, to clearly map the responsibilities for ensuring compliance with policies and procedures for projects across the organisation.
- Following the Committee's request to provide some assurance over project management of capital projects, it was confirmed that a review of selected projects from the Council's Capital Programme was underway with the intention of reporting to the May Committee. This might result in the identification of further actions to strengthen the Council's control environment.

In discussion, issues raised included:

- A request for an explanation of the abbreviation CLT (Corporate Leadership Team).
- One Member highlighted that at the last meeting one of the main issues was the lack of a single project manager for some capital projects. In answer to the question on whether this had yet been addressed and being informed that the central project management function was now to be provided by the Transformation Team, **there was a request to provide details who the identified Ely Archives Transformation Project Manager was.**

**M Kelly**

**It was resolved;**

To note the progress made against the Ely Archives Review Action Plan.

**295. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD TO 31<sup>ST</sup> DECEMBER 2016**

This report provided an update on the main areas of audit coverage and the key control issues arising for the period 31<sup>st</sup> December 2016 to 28<sup>th</sup> February 2017.

Paragraph 1.1 listed the audit assignments which had reached completion since the previous Committee report. (set out as Appendix 1 to these Minutes) Section 4 set out more detail on the summaries of completed audits with moderate or less assurance, with an oral explanation provided of the key recommendations and the action now being taken. Table 2 set out the audit assignments which had reached draft / interim report stage. Further information on work planned and in progress was set out in the Audit Plan attached as Appendix A.

Section 2 updated details of:

- the investigative caseload of the Internal Audit team provided in Table 3.
- Investigations into allegations of fraudulent use of concessionary bus passes.
- A summary of the caseload currently being progressed by HR which primarily related to disciplinary matters, was set out in table 4.

Outstanding management actions at the end of February were summarised in Table 3, 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:

- The ongoing work in respect of programme testing a range of projects from within the Council's Capital Programme stemming from the recommendations of the Ely Archives Project to provide assurance over project management arrangements in place.
- The results of the External Review of Cambridgeshire Office of LGSS Internal Audit carried out in December 2016 which had identified no areas of non-compliance that would affect the overall scope or operation of Internal Audit Activity and made some recommendations for improvement with a draft action plan having been drawn up to address for implementation before the follow up assessment.

- Progress on the Troubled Families Grant certification of claims Review which was projecting that between 400 and 450 claims would be completed by the 24<sup>th</sup> March deadline.
- Changes made to the Internal Audit Plan (paragraph 5.4) to ensure resources were prioritised to the areas of highest risk.

Issues raised included:

- **Page 250 – whistleblowing – Action: to feedback to the Chairman without revealing the person’s identity if there was found to be any substance to the one instance recorded.** **M Kelly**
- **B1 Travel and subsistence compliance**
  - a) **Request for same review to be undertaken for County Council elected Members and that this should be added to the Audit Plan programme.** **D Wilkinson / M Kelly**
  - b) **On the data migration from Oracle to the new Agresso system there was a request from the Vice Chairman for assurance to be provided that there would not be issues regarding data capture / corruption of data. Internal Audit undertook to provide an update in the next Internal Audit Progress Report.** **M Kelly**

Regarding the summaries of Completed Audits with Moderate or less assurance there was discussion regarding:

- A1 Community Based Appointeeships - the issues on non-compliance with the control environment namely the Council’s Community Based Appointeeships Policy which had led to the Internal Audit Review. Their investigation had revealed that staff did not comply with the Policy as it provided inadequate guidance on the oversight of the activities of staff acting as appointees and that the staff were instead making good decisions for the benefit of clients, with the detail as set out in the report.
- B2 Use of Government Purchase Cards (GPC) Compliance – There was a request for more explanation of the total value of the transactions in relation to the setting of a transaction review floor of £25 which, while reducing the number transactions requiring review by half, would still capture over 90% of the value of all GPC transactions. The reply was the total value of transactions was £1m and therefore the risk was on £100k.
- **Appendix B Page 267 Domiciliary Care - Centralised system for Monitoring Missed Calls – As the information was not provided in the update, there was a request for details of missed calls. It was agreed that a response would be provided in an e-mail outside of the meeting.** **M Kelly**



It was resolved:

To note the report.

**296. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF JANUARY 2017**

This report which had been agreed by General Purposes (GPC) Committee that morning and was presented so the Committee could assess progress in delivering the Council's Business Plan. Attention was drawn to the forecast year-end of overspend of £1.7m, reflecting the demand on Children, Families and Adults (CFA) who were reporting an increase in the net overspend, with the detail provided in paragraph 3.2.2. of the report. The projected overspend had partially been netted out by increasing underspends in other areas.

In discussion the comments / issues raised by Members included:

- The Chairman, with reference to Older People pressures and the text reading "the Fenland Locality movement of +227k due to rising numbers of higher cost placements", reiterated his concerns regarding how realistic the budget had been and whether it had taken into account rising inflation. In response it was explained that budget building took into account expected inflation but that in this area of service delivery Fenland inflation was increasing at a much higher rate than had been predicted when the budget had been set.
- With reference to the performance targets / indicators on page 275, the Chairman queried whether some of the measures for developing the economy such as 'the percentage of Cambridgeshire residents aged 16-64 in employment 12-month rolling average' should continue to be monitored, as the County Council were not able to directly influence them. He suggested that General Purposes Committee should be asked the question and if the answer was yes to continued monitoring, reasons provided. In subsequent debate the Chairman of Economy and Environment Committee suggested that the Executive Director Economy, Transport and Environment could be asked to review those ETE service areas highlighted on page 275. The Committee Chairman suggested that if retained, those that were beyond the complete control of the County Council should be grouped separately.

**It was resolved**

**That in respect of performance targets where the Council had little control, Finance officers be asked to raise with senior officers the value of continuing to report them and if it was still considered worthwhile, to look to separate them out.**

**T Kelly  
to liaise  
with  
relevant  
officers**

- 6.1 - Capital Programme – in discussion on Capital Slippage and requesting the view of External Audit, Lisa Clampin explained that it was not unusual to have slippage as some of this was outside of the control of the Council. From an External Audit point of view their focus would be on the effective the use of resources and the financial management arrangements. **The Chairman requested that he be provided outside of the meeting the percentage slippage on the capital programme in each of the last five years.**
- Page 283 - Additional / Reduction in Funding (Prudential Borrowing) – regarding the four schemes listed requiring budget allocation in the current financial year, the Chairman queried the next line showing management costs as they were almost equal to the costs shown for the schemes. In response it was explained that the management costs were in relation to all spend brought forward and not just the four listed schemes, with officers acknowledging that the presentation could have been better.
- Making reference to education grant received by the Council, Councillor Chapman was sceptical on whether the Council was receiving the correct amount, claiming that 14,000 houses in St Neots had not been taken into account when considering future local road capacity and education places requirements. As a response regarding his query of the education grant received, it was explained that all schools undertook an annual census of their existing pupils on roll which was fed back to the Department for Education and that as long as they were on roll, they would be counted and the grant entitlement was then calculated on this census data. It was confirmed that Highways would be using the same housing data as Education. Councillor Chapman responded that his issue was in relation to the accuracy of future forecasting and suggested that ETE had accepted that his additional housing figures were correct.
- **The Chairman suggested as a way forward that the Committee should receive a report to the July meeting (after consulting with Democratic Services regarding the large number of reports already scheduled to go to the May meeting) on the detail around population forecasting for future education rolls and transport infrastructure requirements.**
- Page 292 Reserves and Provisions – The Chairman queried the decrease in the County Fund figure from £18,921k at the start of the year to £16,413,000 by the end of January 2017, followed by an expected increase to £17,883k by the end of the year. The explanation was that the County Fund was normally held at 3% of gross budget excluding schools, equating to around £16m. The balance at the start of the year was higher than £16m at £18,921k, due to the impact of the 2015-16 outturn position which was underspent by around £2m and therefore increased the County Fund balance over the 3% level. As part of the 2016-17

Ellie Tod

Tom  
Kelly /  
Tom  
Barden  
to co-  
ordinate  
response

Business Planning process, the County Fund was therefore reduced back down to the 3% level of £16,413k (the balance as at 31st January 17).

However, the County Fund was now forecasted to increase to £17,883k by the end of the year due to the decision made as part of the 2017-18 Business Planning process to merge the County Fund reserve and the Service reserves to create one overall balance for the General Fund. Moving forward, the total for the General Fund would now also be held at 3% (rather than only the County Fund element being held at 3%); for 2017-18 this equates to £16,153k. However, the outturn position for the services (particularly Children, Families and Adults which has a negative year-end reserve position forecast) was such, that in order for the total General Fund to balance, the County Fund element would have to be increased to £17,883k.

It was resolved:

To note the report and the recommendation agreed at the General Purposes Committee on 21<sup>st</sup> March.

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

Noted with the following additions agreed at the meeting:

- Safe Recruitment Update –further update report to be scheduled for the July meeting.
- Cambridgeshire Council Workforce Strategy Update - final report to be presented to the Audit and Accounts Committee on 30<sup>th</sup> May. On this basis, the first quarterly update report would come back to this Committee's September meeting.
- Final Anti-Money Laundering and Anti-Fraud and Corruption policies to be added to the 30<sup>th</sup> May 2017 Committee.

## **298. DATE OF NEXT MEETING – 2.00 P.M. 30<sup>th</sup> MAY 2017**

Chairman  
30<sup>th</sup> May 2017



## ***FINALISED ASSIGNMENTS***

Since the previous Progress Report to Audit & Accounts Committee in January 2017, the following audit assignments had reached completion as set out below:

**Table 1: Finalised Assignments**

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Cross-Cutting (CCC-wide)	Travel and Subsistence Compliance	Good	Moderate	Minor
2.	Customer Service & Transformation	Business Continuity Policy	N/A	Good	Minor
3.	Children, Families & Adults	Community-Based Appointeeships	Moderate	Limited	Moderate
4.	Cross-Cutting (CCC-wide)	Procurement Compliance	Good	N/A	Minor
5.	Cross-Cutting (CCC-wide)	Debt Recovery	Moderate	Moderate	Moderate
6.	Children, Families & Adults	Client Contributions	Moderate	Moderate	Minor
7.	Economy, Transport & Environment	Total Transport Pilot	Good	Good	Minor
8.	Cross-Cutting (CCC-wide)	Use of Government Purchase Cards compliance	Limited	N/A	Minor
9.	Cross-Cutting (CCC-wide)	VAT compliance	Substantial	N/A	Minor
10.	Cross-Cutting (CCC-wide)	Grants to Voluntary Organisations compliance	Substantial	N/A	Minor
11.	Cross-Cutting (CCC-wide)	Duplicate Payments	Good	Good	Minor
12.	Customer Service & Transformation	Information Commissioners Office (ICO) Audit Action Plan	Moderate	Moderate	Minor
13.	Economy, Transport & Environment	Concessionary Bus Passes	LGSS Counter Fraud Team report into work investigating allegations of fraudulent use of bus passes.		



**AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR MAY 2017 COMMITTEE MEETING**

<b><u>NO</u></b>	<b><u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u></b>	<b><u>LEAD</u></b>	<b><u>PROGRESS / RESPONSE</u></b>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 7<sup>th</sup> JUNE MEETING 2016 COMMITTEE MEETING</b>			
<b>1.</b>	<b>MINUTE 214 - ISA 260 UPDATE REPORT - REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES</b>		
	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.	<b>Mike Atkins / Camilla Haggett (re-Rhodes)</b>	<p>A report was presented to the 24<sup>th</sup> January 2017 Committee meeting. As a result of the revised timescale for the project, there was a request a receive a further progress report to the July Committee meeting to include details of investigations made into the potential for any land to be classed as surplus with a subsequent potential sale value.</p> <p>A report has been scheduled on the agenda plan for the July Committee.</p> <p><b>Action ongoing</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING</b>			
<b>2.</b>	<b>MINUTE 226. MINUTES</b>		
	<b>Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent'</b> recommendation that where		An email was sent to the Chairman on 3 <sup>rd</sup> March highlighting that all the previously identified expired S106 receipts had been applied against eligible expenditure except £59K from Sidgwick Avenue.

	<p>Section 106 monies could not be applied against relevant expenditure by the deadline in the agreement, the County Council should ensure the developer was informed in due course. The Committee at its September meeting (Minute 251-8) agreed the following approach to be followed on identified unspent Section 106 monies:</p> <ul style="list-style-type: none"> <li>Funds being applied against applicable expenditures,</li> <li>undergoing discussions with a respective developer as to alternative possible uses for the funds, and if agreement was not possible, the funds being repaid.</li> <li>that where there were any exceptions / negotiations requiring monies to be returned, the Committee should be provided with details, either via an email or a report. As an update, the November Committee meeting agreed that the updates should be provided on a six monthly basis.</li> </ul>	S Heywood / Tom Kelly	<p>Discussions on this were still on-going with the University as to how to use this. No further S106 receipts had expired without having been being used.</p> <p><b>Action completed for the six month period. The next update to be provided to the September 2017 meeting.</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 20<sup>th</sup> SEPTEMBER 2016 COMMITTEE MEETING</b>			
3.	<p><b>MINUTE 249. INTEGRATED RESOURCES AND PERFORMANCE REPORT</b></p> <p><b>Transformation Fund - a report in due course requested to illustrate the effectiveness / benefits of the spend undertaken.</b></p>	S Heywood / T Kelly	<p>It was agreed at the November meeting that the update report back should come forward to the July 2017 meeting. The report title has been added to the current Forward Work Programme</p> <p><b>Action ongoing</b></p>



<b>ACTIONS ARISING FROM THE MINUTES OF THE 29<sup>th</sup> NOVEMBER 2016 COMMITTEE MEETING</b>			
<b>4.</b>	<b>MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE</b>		
	There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.	<b>Martin Cox / Lynsey Fulcher</b>	An update report with the Draft Strategy is included on the current May agenda.  <b>Action ongoing</b>
<b>5.</b>	<b>MINUTE 264. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF AUGUST 2016</b>  <b>Children Families and Adults – Basic Need Secondary</b> – reading “A revised budget for the project will be known in September, which will include funding from the loss adjuster” the Chairman requested an update.	<b>S Heywood / T Kelly</b>	A response was sent to the Chairman on 5 <sup>th</sup> January 2017 explaining that the insurance claim discussions were still ongoing, with agreement on the range of the settlement, and these were figures provided in the e-mail. However the final figure would be dependent on the level of fees the insurance company would fund. Once known the final figure settlement would be provided to the Chairman outside of the meeting.  An update provided on 7 <sup>th</sup> March indicated that the final figure was not likely to be known until “well into the next financial year” <b>Action ongoing.</b>

<b>6.</b>	<b>MINUTE 267 - TRADING UNITS UPDATE - MAIN BARRIER FOR THE MUSIC SERVICE BEING CURRENT RECRUITMENT PRACTICES</b>		
	Matthew Gunn to discuss possible solutions with Chris Malyon and HR (Martin Cox) with support from the Head of Internal Audit if required and that progress should continue to be monitored.	<b>M Gunn / C Malyon / M Cox / D Wilkin- son</b>	<p>An update on 22<sup>nd</sup> February indicated that Matthew Gunn (MG) had with other colleagues in the traded services prepared a proposed approach to reserves for their commercial structures for the consideration of finance as a method of planning. He had also been working with HR to exploring ways to simplify some of the sticking points in current recruitment processes. Some was dependent on some systems development already planned.</p> <p>An update received on 17<sup>th</sup> May indicated that:</p> <ul style="list-style-type: none"> <li>- on the Finance proposal for managing traded reserves, this had been sent to Amanda Askham and Kerry Newson. MG was chasing progress.</li> <li>- HR: The Service was waiting to see what improvements transpired once the new system came into operation in the Autumn. There was still a need to consider the commercial requirements in recruitment terms as part of trading activities – perhaps as part of the commercial board process.</li> </ul> <p><b>Action ongoing.</b></p>
<b>7.</b>	<b>MINUTE 268- SAFE RECRUITMENT UPDATE</b>		
	That in the event of a further Internal Audit Review finding a serious failure of safeguarding recruitment practice, the local headteacher from the school(s) identified should be asked to attend the next available Committee and the Head of	<b>D Wilkin- son / K Grim- wade</b>	<p>a) This will be as and when necessary.</p>

	governors requested to do likewise. ( <i>Note: The word in the Minutes was “required” but the County Council cannot compel an Academy head teacher to attend</i> )		
<b>ACTIONS ARISING FROM THE MINUTES FROM THE 24<sup>TH</sup> JANUARY 2017 MEETING</b>			
<b>8.</b>	<b>MINUTE 276 CAMBRIDGE LIBRARY ENTERPRISE CENTRE UPDATE</b>		
	To agree to invite the Head of Transformation to the May meeting of the Audit and Accounts Committee, to provide a further update on the implementation of revised project management processes and the Council’s Transformation Programme.	<b>M Kelly / R Sanders-on</b>	A report is included on the agenda from Head of Transformation, Amanda Askham.  <b>Action completed.</b>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 21<sup>ST</sup> MARCH 2017 COMMITTEE MEETING</b>			
<b>9.</b>	<b>MINUTE 286 MINUTES 24<sup>th</sup> JANUARY</b>  Minute 277 Ely Archives In discussion there was agreement to the need for officers <b>to highlight to Members that projects required a margin of error to be built in and Members needed to accept this. In terms of constructive officer – member relations this was seen as an important issue to be included as part of the training induction programme for both new members and existing Members post the May elections”. Action:</b> The Chairman wished to ensure this was actioned and an appropriate officer identified.	<b>M Kelly</b>	An oral update will be provided

10.	<b>MINUTE 287 AUDIT AND ACCOUNTS MINUTES ACTION LOG</b>		
	<p>a) The Chairman did not consider that the response to Risk 9 regarding a request for a definition of what would represent sufficient Infrastructure Funding had been adequate. He had expected a greater level of detail, including what funding was available in terms of a statement of financial requirements, a statement of where the funding would come from, whether there was an identified funding gap, and if so, what the Council was doing regarding identifying / seeking the necessary resources. The Chairman of the Economy and Environment Committee suggested that for a meaningful response to be provided the Chairman needed to define further what he required, as the questions covered such a large remit.</p>		<p>The following response was sent to the Chairman on 28<sup>th</sup> April provided by Tom Barden after consultation with ETE officers and which was subsequently approved by the Executive Director ETE Graham Hughes:</p> <p><i>“The County Council has a key role in the strategic planning of infrastructure to support our communities, economy, society and environment.</i></p> <p><i>One element of this role is to define what infrastructure is needed, which we do by understanding the needs of the population and the impacts of development. That might be about forecasting the number of places we need in schools and settings, or identifying transport needs through the Local Transport Plan and District Transport Strategies. We also work closely with the District Council’s in the development of their Local Plans and scrutinise developers’ proposals in order to estimate the likely need for new roads or services. We work closely with partners in doing this work including Highways England in respect of the trunk road network and the Department for Transport and Network Rail for rail infrastructure.</i></p> <p><i>The Council then seeks funding from a variety of sources, e.g. section 106, CiL, external grants, government, in order to secure as much funding as possible towards the infrastructure that is determined to be required. This sometimes involves negotiation with partners, funders and developers to determine the precise nature of the infrastructure that is required, because there may be different options to meet a need, or planning law may also have an impact. Developers may also directly deliver infrastructure, such as the access road to Northstowe and the Council has also played a</i></p>

			<p><i>pivotal role in securing nationally funded and delivered projects such as the A14 upgrade and Cambridge North station. 'Sufficient funding' therefore means the funding required to deliver the infrastructure that is considered necessary through the processes set out above to meet the needs of the community.</i></p> <p><i>Although the above lists the sources of funding, it is not possible to say absolutely in financial terms what this equates to. Needs change over time as do available funding streams. The Council seeks to maximise its ability to draw on these various funding streams but this risk reflects the fact that there is a significant chance that over time, the available funding will not be sufficient to meet all stated needs".</i></p> <p><b>Action completed.</b></p>
	b) Minute 261 Cambridgeshire Council Workforce Strategy Update - As an update to the timetable, it was orally reported that the final report was now scheduled to be presented to the Audit and Accounts Committee on 30 <sup>th</sup> May.	<b>RVS to update Forward Plan</b>	<p>The report is included on the agenda.</p> <p><b>Action completed.</b></p>
	c) Item 9 – Safe Recruitment Update – there was a request to schedule a further update report following the elections to ensure the Committee's continued watching brief.	<b>RVS to schedule for July</b>	<p>The work programme has been updated.</p> <p><b>Action completed.</b></p>

11.	MINUTE 288 EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 31 <sup>ST</sup> MARCH 2017												
	<p>Property, plant and equipment (PPE) valuations:</p> <p>The Chairman requested a note be provided (outside of the meeting) to give him assurance that any material differences in both valuation approach and resulting figures had been identified and could be justified.</p>	Ellie Tod Group Account- ant, Finance	<p>A response was sent to the Chairman on 18<sup>th</sup> May.</p> <p><b>Action completed.</b></p>										
12.	MINUTE 289 - LGSS STATEMENT OF ACCOUNTS 2015-16												
	<p>There was a request to providing details of the breakdown of the apportionment of any final surplus, as in an earlier year there had been concerns regarding how much of a previous surplus was retained by LGSS.</p>	I Jenkins	<p>An email was sent to the Committee on 10<sup>th</sup> April indicating that in 2015-16 the surplus on LGSS was £204k. This was retained by LGSS to be utilised for the following purposes:</p> <table><tr><td></td><td>£000</td></tr><tr><td>Infrastructure investment for the development of the Learning Pool – the online training system for all LGSS customers.</td><td>95</td></tr><tr><td>Contribution to the cost of technical refresh / investment costs in relation to the shared IT data centre infrastructure to provide the necessary technical infrastructure to host shared systems in the domain for the county councils and, on a charged basis, for future customers.</td><td>56</td></tr><tr><td>Top-up redundancy reserve.</td><td>53</td></tr><tr><td>TOTAL</td><td>204</td></tr></table>		£000	Infrastructure investment for the development of the Learning Pool – the online training system for all LGSS customers.	95	Contribution to the cost of technical refresh / investment costs in relation to the shared IT data centre infrastructure to provide the necessary technical infrastructure to host shared systems in the domain for the county councils and, on a charged basis, for future customers.	56	Top-up redundancy reserve.	53	TOTAL	204
	£000												
Infrastructure investment for the development of the Learning Pool – the online training system for all LGSS customers.	95												
Contribution to the cost of technical refresh / investment costs in relation to the shared IT data centre infrastructure to provide the necessary technical infrastructure to host shared systems in the domain for the county councils and, on a charged basis, for future customers.	56												
Top-up redundancy reserve.	53												
TOTAL	204												

13.	<p><b>MINUTE 291. RISK MANAGEMENT REPORT</b></p> <p><b>a) Risk 1a) and 1b)</b></p> <p>The Officers were asked to take back to Strategic Management Team (SMT) the Committee’s concerns regarding the lack of planned actions and the request that they should be populated in future versions of the Register, as well as the observation that that as reported, they tended to be backward looking</p>	<p><b>T Barden</b></p>	<p>The Committee’s concerns were reported to SMT. SMT / General Purposes Committee (GPC) will be considering the development of the risk register in June 2017, as set out in the report provided to Audit and Accounts Committee on 21 March 2017. This will provide the opportunity to review the key risks, controls, and actions which need to be taken to ensure adequate mitigation. The Committee’s point that actions should be provided and the controls should include some forward-looking activity will also be considered there.</p> <p>Key actions that have been added to the register in respect of risk 1a) are as follows (these are noted on the final CRR of 2016/17):</p> <table><tr><td>1. Review of process for production of 2018-19 Business Plan</td><td>DCEX</td><td>May-17</td></tr><tr><td>2. Early engagement with new Council Members</td><td>CEX</td><td>Jul-17</td></tr><tr><td>3. Deliver transformation programme to transform Council services (annually reviewed as part of business planning)</td><td>DCEX</td><td>Mar-18</td></tr></table>	1. Review of process for production of 2018-19 Business Plan	DCEX	May-17	2. Early engagement with new Council Members	CEX	Jul-17	3. Deliver transformation programme to transform Council services (annually reviewed as part of business planning)	DCEX	Mar-18
1. Review of process for production of 2018-19 Business Plan	DCEX	May-17										
2. Early engagement with new Council Members	CEX	Jul-17										
3. Deliver transformation programme to transform Council services (annually reviewed as part of business planning)	DCEX	Mar-18										
	<p><b>b) The Chairman suggested that reference should be made to Service Committee Integrated Resources and Performance Reports (IRPR) in the current risk register.</b></p>	<p><b>T Barden</b></p>	<p>1b – The monthly Integrated Resources and Performance Report (IRPR) includes the recommendation for GPC to ‘analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.’</p> <p>Information about remedial action to correct over or under-spends, or below-target performance, is contained in the IRPR itself, or in reports about the operational divisions which are accessible via hyperlinks in the IRPR. A link to these reports will be provided in the CRR actions section.</p>									

	c) There was the need to highlight the role of the Transformation Project in future versions.	<b>T Barden</b>	The Council's Transformation Programme describes the key actions the Council is taking to ensure that the business plan is delivered over the five year period, and that the Council's financial position and service delivery is robust and sustainable.
	<b>d) Cllr Chapman queried when 1a) and 1b) had first been recognised and included as Corporate Risks and whether it was since the change from a Cabinet to a Committee system. Action The officer agreed to investigate further.</b>	<b>T Barden</b>	<p>We do not hold the information about when risks have been first identified. Officers have reviewed versions of the CRR from 2014 (introduction of committee system) and from 2012 (5 years ago) to check when risks have been added to the register. Risks added since May 2014 have included:</p> <ul style="list-style-type: none"> <li>• The pension fund has the potential to become materially under-funded;</li> <li>• Failure to address inequalities in the county continues;</li> <li>• Failure to deliver Waste savings / opportunities and achieve a balanced budget.</li> </ul> <p>Risks present on the register in April 2012 that were removed in 2012-13 were:</p> <ul style="list-style-type: none"> <li>• Failure of Partnership Working;</li> <li>• Housing Growth;</li> <li>• Localism and Community Engagement;</li> <li>• Community Cohesion;</li> <li>• Pooled Budgets.</li> </ul> <p>All other risks on the current register not mentioned in the lists above have been consistently monitored since at least April 2012.</p>
	<b>e) Risk 3 - It was suggested that reference should be made to the cost of housing being a contributory factor to failure to retain or recruit staff.</b>	<b>T Barden</b>	Response from Janet Maulder Head of HR – Janet Maulder has confirmed she would like this adding to risk 3 as it is genuine issue in the recruitment and retention of staff. They are working on ways to make the County Council more attractive as an employer of choice, publicising what we can offer on top of pay – however the reality is



			that people can be put off moving into the area when they realise what house prices are like within parts of the County.
	<p><b>f) Risk 21 – business disruption – on the revised target dates</b>  <b>Action: clarification was requested regarding whether the changed target dates referred to the original target date or were subsidiary milestones.</b></p>	<b>T Barden</b>	<p>A review of the activity around the action to establish a second data center has been undertaken. It has been established that the original target dates referred to the completion of the IT Resilience Project, which was intended to be completed in 2013. This project was completed in 2015, and the action log of the Audit and Accounts Committee of 31 March 2015 records the completion of the action. This established a facility at Scott House to provide back-up for the Council's critical IT systems in the event of major business system failure. This facility forms a key part of the Council's IT risk mitigation.</p> <p>The LGSS strategic plan is to consolidate all of its datacentres into two – one in Cambridge and one in Northampton. This involves upgrades to datacentres and the infrastructure to connect them together. This work will provide LGSS with the necessary building blocks to work with customers (Cambridgeshire County Council, Northamptonshire County Council, Milton Keynes Council etc.) to replicate all applications and systems across from the primary site to the secondary, providing a high degree of resilience. The nature, scope and timing of that work is different for each customer; so for instance Milton Keynes is at an advanced point because they had to move out of their existing datacentres anyway. Work to move Cambridgeshire onto this infrastructure will be discussed at the next capital board, in order to confirm the investment required. The risk register will be updated with fresh actions and dates following this discussion.</p> <p>The accompanying report (Appendix 1) from LGSS provides further detail on the current controls and recent actions mitigating risks around IT resilience.</p>
	<b>g) Action: Request to Sue Grace to be asked for her assessment</b>	<b>Sue Grace</b>	Discussion about business disruption also covered the risks of Brexit to the workforce required for care homes – and the requirement to

	<p><b>of the likelihood of a complete business collapse scenario.</b></p>	<p>have contingency plans in place. A report discussed by Adults Spokes on this topic has been provided to Cllr Shellens. The briefing notes:</p> <ul style="list-style-type: none"> <li>• The latest National Minimum Dataset states that across the county 9% of the independent sector workforce are from the European Union (EU) and 9% of employees are from outside of the EU. The majority of these staff work in care homes or for organisations providing home care services.</li> <li>• Under the current rules workers who have been in the UK for 5 years or more will be able to continue working and can apply for residency if they wish. The position is less clear for workers who have been in the UK for less than 5 years, although there is no suggestion that workers will be required to leave the UK if they are working.</li> <li>• In the short term (2 years), it is likely that some employers will continue to recruit staff from the EU in order to grow their business. Some employers have indicated that they may seek to increase the number of EU workers employed prior to the detail of the Brexit negotiations and subsequent deal being finalised. It should be noted that all providers continue to advertise their vacancies in the UK as a matter of course</li> <li>• In recent months employers have found it more difficult to attract EU workers due to a fall in the value of the Pound. There is also some evidence that EU workers are becoming increasingly worried about the reported rise in anti-EU sentiment in the UK and are now less willing to travel to the UK for work</li> <li>• The Contracts Team employ an officer whose role is to work with providers to ensure that they have robust recruitment and retention strategies in place. The officer works alongside the Council's own Workforce Development Team, Skills for Care, Skills for Health and local colleges. The officer has encouraged providers to attend Job Fairs, encouraged them to develop retention strategies, attend schools and colleges</li> </ul>
--	---	---

			<p>to promote the sector as a career alternative and worked with local media to promote male carers.</p> <p>Furthermore, the risk 'Cessation of delivery, loss in quality and/or failure of adult social care providers', which covers this issue, is included on the CFA Risk Register, with the following controls:</p> <ol style="list-style-type: none"> <li>1. Robust contracting and monitoring procedures</li> <li>2. Effective use of PQQs (pre-qualifier questionnaires)</li> <li>3. Active involvement by commissioners in articulating strategic needs to the market</li> <li>4. Risk-based approach to in-contract financial monitoring</li> <li>5. New specifications for Voluntary and Community Sector (VCS) infrastructure support contract focuses on business development activity, consortia working, commissioning and procurement activity.</li> <li>6. Closer working between compliance agencies, &amp; CCC (e.g. Environmental Health, Health and Safety, Police, Fire Service, CQC, Safeguarding etc.)</li> <li>7. Provide support to failing care homes to improve standards</li> <li>8. Robust performance management and processes to manage providers</li> <li>9. Managing Provider Failure Process in place to ensure care and support needs of those receiving services continue to be met if a provider fails</li> <li>10. Early Warning Dashboard in place, to alert to likelihood of provider failure, reported to Children, Families and Adults (CFA) Performance Board and Management Team</li> <li>11. Management oversight of our own in house provision.</li> </ol> <p>The current residual score on the CFA risk register is 12. The residual likelihood score is 3, or 'possible'. This risk refers to the issue of some care providers collapsing; the likelihood of <i>all</i> care providers collapsing is thought to be low given that 9 out of 10 workers are not from EU countries.</p>
--	--	--	--

			To develop the social care workforce and have the effect of mitigating this risk locally, a proposal to introduce a Health and Care Worker Pilot, providing skills to support 2000 people on Universal Credit into higher skilled jobs, and support the social care workforce, is being discussed by the Combined Authority.
	h) <b>Risk 15 - Failure of the Council's Arrangements for Safeguarding Vulnerable Children and Adults</b> trigger one – reading “Children’s social care case-loads reach unsustainable levels as indicated by the unit case load tool” there was a request for quarterly updates on children’s social care case-loads to enable monitoring the potential risk involved.	<b>T Barden to speak to W Ogle-Wel-bourn</b>	The Director of Children’s Social Care has confirmed the information can be provided. <b>It is suggested that the first update is provided to the September meeting.</b>
	i) <b>Risk 26 – Increasing Manifestation of Busway Defects - required dates to be inserted.</b>	<b>T Barden/ B Menzies</b>	Response from Bob Menzies, Service Director Strategy and Development, on 5 April 2017 – The issues around the release of and publishing the County Councils dates (namely tour plans) is highly business sensitive and is subject to litigation privilege. Therefore we are not in a position to publish, as this could have a financially detrimental impact on the Council's position within this process. Bob Menzies has offered to meet the Chairman and provide him with a confidential briefing on the case and the actions officers were taking.  <b>Action completed</b>
	j) <b>Risks 29 – ‘Failure to address inequalities in the county continues’ and Risk 30 – ‘Failure</b>	<b>T Barden</b>	

	to deliver Waste savings / opportunities and achieve a balanced budget' <b>(and any others with March target dates)</b> <b>Action: request for e-mail confirmation that they had been met or an update target provided if they had slipped / been revised.</b>		<p>Actions have been updated where responses have been available, and / or an updated target date has been provided on the risk register. This has been include separately as Appendix 2.</p> <p><b>Action completed</b></p>																															
	<p><b>k) Looked after Children</b> – with reference to the reply provided from Wendy Ogle-Welbourn regarding the Chairman's continued concern at the overoptimistic budget forecasts in the current and previous years, he indicated that he was not satisfied with the response provided. He requested details of the original budget forecasts and final budget position for the last five years and more detail on the information taken into account when building the budget for the current year, to provide the necessary assurance that this was a more realistic figure.</p>	<b>T Barden / W Ogle-Welbourn</b>	<p>Budget and actual expenditure for the last five years, as well as the budgeted position for the upcoming year are shown overleaf:</p> <table border="1"> <thead> <tr> <th rowspan="2">Financial Year</th><th>Total LAC Population</th><th>Budget</th><th>Expenditure</th></tr> <tr> <th>No's.</th><th>£'000</th><th>£'000</th></tr> </thead> <tbody> <tr> <td>2012/13</td><td>474 - 479</td><td>£16,781</td><td>£15,903</td></tr> <tr> <td>2013/14</td><td>479 - 501</td><td>£16,113</td><td>£16,428</td></tr> <tr> <td>2014/15</td><td>501 - 535</td><td>£15,579</td><td>£17,119</td></tr> <tr> <td>2015/16</td><td>535 - 610</td><td>£14,737</td><td>£16,520</td></tr> <tr> <td>2016/17</td><td>610 - 677</td><td>£12,512</td><td>£16,664</td></tr> <tr> <td>2017/18</td><td>568 - 625</td><td>£14,431</td><td></td></tr> </tbody> </table> <p>Detailed papers on the Strategy and approach to Looked after Children were considered by Children and Young People's Committee and General Purposes Committee in October 2016.</p> <p>In view of demand patterns since the budget was set this area remains a key financial risk. The Head of Finance suggests that this issue is considered by General Purposes Committee (GPC). This may include consideration of the partial allocation of the corporately</p>	Financial Year	Total LAC Population	Budget	Expenditure	No's.	£'000	£'000	2012/13	474 - 479	£16,781	£15,903	2013/14	479 - 501	£16,113	£16,428	2014/15	501 - 535	£15,579	£17,119	2015/16	535 - 610	£14,737	£16,520	2016/17	610 - 677	£12,512	£16,664	2017/18	568 - 625	£14,431	
Financial Year	Total LAC Population	Budget	Expenditure																															
	No's.	£'000	£'000																															
2012/13	474 - 479	£16,781	£15,903																															
2013/14	479 - 501	£16,113	£16,428																															
2014/15	501 - 535	£15,579	£17,119																															
2015/16	535 - 610	£14,737	£16,520																															
2016/17	610 - 677	£12,512	£16,664																															
2017/18	568 - 625	£14,431																																

			held demography and demand budget to LAC placements in accordance with the agreed process for the treatment and deployment of support for demographic pressures.  <b>Action completed.</b>
<b>14.</b>	<b>MINUTE 292 DRAFT INTERNAL AUDIT REPORT</b>		
	a) On Appendix 1 regarding the entry for an audit on Section 106 there was a query regarding why there was no similar audit for the CIL (Community Infrastructure Levy). It was explained that the audit would look at both. <b>Action: There was a request to amend the title to make this clear.</b>	<b>M Kelly</b>	This has been changed.  <b>Action completed.</b>
	b) To ask the Internal Audit Team to investigate possibilities for an Internal Audit review across all organisations on delayed discharges to improve our performance.	<b>M Kelly</b>	This will be reported back in the Internal Audit Progress Report in July.  <b>Action ongoing.</b>
<b>15.</b>	<b>MINUTE 293 ANTI FRAUD AND ANTI MONEY LAUNDERING POLICY REPORT</b>		
	a) Para 7.3 Draft Anti Money Laundering Policy - <b>with reference to the Money Laundering Reporting Officer (MLRO) it was suggested that reference should</b>		This has been added along with other requests for changes made at the meeting. There is a report on the current agenda with both updated policies and a whistle blowing policy, all three of which are for final approval.

	<p>be made to the post in this paragraph.</p> <p>b) With reference to text in Para 8.2 <b>checking the legal requirement regarding the Proceeds of Crime Act on whether monies are in pounds or euros</b> as the reference was in Euros with the pound equivalent being included in brackets) <b>and providing the clarification in an e-mail outside of the meeting.</b></p>		<p><b>Action completed.</b></p> <p>Internal Audit confirmed in an email that the reference in the policy giving the amount in euros is correct, as required by the Money Laundering Regulations.</p> <p><b>Action completed.</b></p>
16.	<b>MINUTE 294. ELY ARCHIVES – UPDATE ON ACTION PLAN PROGRESS</b>		
	There was a request to provide details who the identified Ely Archives Transformation Project Manager was.	<b>M Kelly</b>	<p>This information was provided in an e-mail to the Committee on 6<sup>th</sup> April.</p> <p><b>Action completed</b></p>
17.	<b>MINUTE 295. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD TO 31<sup>ST</sup> DECEMBER 2016</b>	<b>M Kelly</b>	
	<p>a) <b>Page 250 – whistleblowing – Action: to feedback to the Chairman without revealing the person’s identity if there was found to be any substance to the one instance recorded.</b></p>	<b>M Kelly</b>	<p>An email was sent to the Chairman on 17<sup>th</sup> May indicating that the whistleblower had withdrawn their concern.</p> <p><b>Action completed</b></p>

	<p><b>b) B1 Travel and subsistence compliance</b></p> <p><b>i) Request for same review to be undertaken for County Council elected Members and that this should be added to the Audit Plan programme.</b></p> <p><b>ii) On the data migration from Oracle to the new Agresso system there was a request for assurance to be provided that there would not be issues regarding data capture / corruption of data.</b></p>	<p><b>D Wilkin-son / M Kelly</b></p> <p><b>M Kelly</b></p>	<p>A revised Audit Plan will be included in the next Internal Audit - Update report to be submitted to the July meeting.</p> <p><b>Action ongoing</b></p> <p>This will be included in the next Internal Audit Update report to be submitted to the July meeting.</p> <p><b>Action ongoing.</b></p>
	<p><b>Appendix B Page 267 Domiciliary Care - Centralised system for Monitoring Missed Calls – As the information was not provided in the update, there was a request for details of missed calls. It was agreed that a response would be provided in an e-mail outside of the meeting.</b></p>	<p><b>M Kelly</b></p>	<p>An email from Internal Audit on 4<sup>th</sup> May clarified that the update was in respect of following up a specific action from the original report and therefore the information provided only related to that action. The details on missed calls was included in the original Internal Audit Report from which recommendations for improvement were then created.</p> <p><b>Action completed</b></p>
18.	<p><b>MINUTE 296. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF JANUARY 2017</b></p> <p><b>a) That in respect of performance targets where the Council had</b></p>	<p><b>T Kelly</b></p>	<p>Some performance management approaches encourage the use of indicators which describe population level outcomes, over which the Council does not have direct control, but nevertheless intends that people experience that outcome – for example, employment or education achievement indicators. The Council's Business Plan describes an 'outcome-led' approach, so it is helpful to monitor such</p>



	<b>little control, Finance officers be asked to raise with senior officers the value of continuing to report them and if it was still considered worthwhile, to look to separate them out.</b>		<p>indicators. However, understanding how well the Council is performing also requires consideration of other factors, such as activity and quality of services. This takes place at service committees and (to a greater extent) at management teams. A review of corporate key performance indicators will take place in June, alongside the review of the risk register, which will consider this point.</p> <p><b>Action ongoing</b></p>
	<b>b) 6.1 - Capital Programme. The Chairman requested that he be provided outside of the meeting the percentage slippage on the capital programme in each of the last five years.</b>	<b>Ellie Tod</b>	<p>A response was provided on 4<sup>th</sup> May 2017 and is included as Appendix 3 to this Minute Action Log.</p> <p><b>Action completed</b></p>
	<b>c) The Chairman suggested as a way forward that the Committee should receive a report to the July meeting on the detail around population forecasting for future education rolls and transport infrastructure requirements.</b>		<p>Further information is available for the Committee on this topic.</p> <p>The Capital Strategy 2017-18 is contained in the Business Plan, available at <a href="https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/business-plan-2017-to-2018/">https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/business-plan-2017-to-2018/</a>. This sets out the overall framework of funding sources and the governance of capital investments which are part of the programme.</p> <p>The framework the Council uses for population forecasting, and the way that informs capital requirements specifically in education and transport planning, is set out in the following documents: Education capital requirements: <a href="http://www.cambridgeshire.gov.uk/downloads/file/520/education_or_ganisation_plan">http://www.cambridgeshire.gov.uk/downloads/file/520/education_or_ganisation_plan</a></p> <p>The Business Intelligence Service is working on producing pupil forecasts at the moment according to this methodology, working closely with the 0-19 Place Planning Team.</p>

			<p>Work is also underway to review the current methodology, which has been in place for more than 10 years. A new and improved approach will be used to produce forecasts in 2018 for the 2018/19 academic year.</p> <p>Transport capital requirements:  <a href="https://www.cambridgeshire.gov.uk/residents/travel-roads-and-parking/transport-plans-and-policies/">https://www.cambridgeshire.gov.uk/residents/travel-roads-and-parking/transport-plans-and-policies/</a>  These pages provide detail on the modelling of transport requirements for Cambridgeshire, in response to population growth and development.</p> <p><b>A report can be provided if these documents do not provide the detail required by the Committee.</b></p>
--	--	--	--

## Appendix 1

### IT elements of the Business Continuity Risk on Corporate Risk Register

LGSS IT, April 2017

#### Introduction

The Corporate Risk Register Q4 2016-17 (dated January 2017) contains Risk No 21 – Business Disruption. One of the triggers for this risk is described as “loss of IT, equipment or data”.

The action associated with this trigger is: “Project to establish 2<sup>nd</sup> LGSS data centre for resilience/backup of all systems, in addition to Scott House facility”.

The register suggests that this action was initially due to be completed by March 2013, with the date for completion now moved to June 2017. The Committee requested further information on whether the initial date was correct. It has been established that this original date

described a milestone within the plan to build a second data centre, following the completion of a first back up data centre at Scott House, not the date at which that data centre would become operational.

However, there are existing controls in place to mitigate the likelihood and impact of this risk.

This paper therefore sets out the three areas which address this risk:

- Scott House – capacity to mitigate the impact of failure (existing resilience arrangements) – operational from 2012
- Platform Stability Plan – actions to reduce risk of failure
- LGSS Data Centre – future resilience arrangements to mitigate impact of failure

### **Scott House – existing resilience arrangements, operational since 2012**

Existing IT resilience arrangements delivered by the use of IT equipment at Scott House (Huntingdon):

- Shared data (network folders and files) available, with a delay of approximately 5 minutes.
- Email available instantly (unless Cambridge Octagon Machine Room completely lost – in which case approximately 30 minutes delay to attend Scott House and activate “failover loadbalancer” equipment). Given the IT infrastructure available at Scott House and the likely load upon it, the performance of the email service is likely to be reduced from the normal.
- ONE children’s education and social care system available in approximately 12 hours (allowing for the restoring of database backups).
- AIS Swift adults’ social care system available in approximately 12 hours (allowing for the restoring of database backups).

### **Platform Stability Plan**

As a result of major IT infrastructure issues in November 2016 (mainly manifesting themselves as issues with network logon and access to Outlook email), the Platform Stability Plan was embarked upon before the end of the month.

The plan has included reviews of the elements of the infrastructure by third-party consultants, including Windows infrastructure, Outlook Exchange infrastructure and CCC network (local area and wide area). As a result of these reviews, new monitoring solutions at a low level (e.g. CPU, disk space, and Memory) and a high-level (e.g. applications and websites) have been implemented.

In parallel with the PSP, the implementation of, and migration to, a new Storage Area Network (SAN) has been taking place and is currently on-going.

The Platform Stability Plan and migration to the new SAN has resulted in a significant improvement in the stability and availability of major IT services since November 2016, thereby reducing the risk of business disruption due to loss of IT, equipment or data occurring in the first place.

Major IT services include: network login; email; ONE children's education and social care system; AIS Swift adults' social care system).

### **LGSS Data Centre – future resilience arrangements**

Future IT resilience arrangements will be delivered by the use of IT equipment at the LGSS Data Centre (Angel Street, Northampton):

- Shared data (network folders and files) available, with a delay of approximately 5 minutes.
- Email available instantly, with normal email functionality and performance.
- ONE children's education and social care system available, with a delay of approximately 5 minutes.
- AIS Swift adults' social care system available, with a delay of approximately 5 minutes.

Full details of the resilience arrangements for Cambridgeshire CC from the LGSS Data Centre are still being worked upon. The Capital Board is discussing a proposal to operationalise the facility at its next meeting. The bid proposes an operational 'live' date. Details can be provided at the meeting.

**From:** Bartram Rebecca  
**Sent:** 04 May 2017 12:32  
**Subject:** Audit & Accounts Action

As per the action from Audit & Accounts Committee on 21<sup>st</sup> March:

#### **INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF JANUARY 2017**

- 6.1 - Capital Programme – in discussion on Capital Slippage and requesting the view of External Audit, Lisa Clampin explained that it was not unusual to have slippage as some of this was outside of the control of the Council. From an External Audit point of view their focus would be on the effective the use of resources and the financial management arrangements. **The Chairman requested that he be provided outside of the meeting the percentage slippage on the capital programme in each of the last five years.**

Please find my analysis below:

	Revised Capital Budget (£m)	Underspend (£m)	% Underspend	Underspend due to Slippage (£m)	% Slippage
2016/17	157.3	-5.2	3.3%	unknown	
2015/16	209.5	-62.2	29.7%	-54.1	25.8%
2014/15	197.4	-80.8	40.9%	-60.6	30.7%
2013/14	168.2	-62.1	36.9%	-26.9	16.0%
2012/13	184.2	-35.1	19.1%	unknown	

We do not yet have a break-down of the 2016/17 underspend to show what value was due to slippage on schemes and what was a true underspend. It is also not possible to do this analysis for the 2012/13 underspend.

Kind regards,  
 Rebecca



**Agenda Item: 5**

**PROPOSED REVISIONS TO THE TERMS OF REFERENCE FOR THE AUDIT & ACCOUNTS COMMITTEE**

**To: Audit and Accounts Committee**

**Date: 30<sup>th</sup> May 2017**

**From: LGSS Chief Internal Auditor**

**Electoral Division(s): All**

**Forward Plan Ref: N/A** **Key decision: No**

**Purpose: To present proposed changes to the existing Terms of Reference for the consideration of the Audit & Accounts Committee.**

**Key issues: Following the decision by the Audit and Accounts Committee to retire the Assurance Framework, the terms of reference have been reviewed, which includes bringing them in line with latest best practice guidance.**

**Recommendations: The Audit and Accounts Committee is asked to comment on and endorse the revised Terms of Reference ahead of submission for the consideration of Constitution and Ethics Committee.**

***Officer contact:***

Name:	Duncan Wilkinson
Post:	LGSS Chief Internal Auditor
Email:	<a href="mailto:Duncan.Wilkinson@Milton-keynes.gov.uk">Duncan.Wilkinson@Milton-keynes.gov.uk</a>
Tel:	01908 252089

## **1. BACKGROUND**

- 1.1 The current Audit and Accounts Terms of Reference have been in place since May 2014 when the Council Committee system was established.
- 1.2 The June 2016 meeting of the Audit and Accounts Committee agreed ceasing oversight of the Assurance Framework as this was deemed to duplicate the information provided in the Risk Register update reports.
- 1.3 The oversight responsibility for the Assurance Framework in the terms of reference has therefore been removed. At the same time the opportunity was taken to also conduct a complete review and to update them in line with best practice guidance issued by the public sector accountancy body The Chartered Institute of Public Finance and Accountancy (CIPFA).

## **2. MAIN ISSUES**

- 2.1 Attached are two appendices - the revised terms of reference showing the proposed changes from the previous version (Annex A), and a clean copy of the revised terms of reference (Annex B).
- 2.2 The revised terms of reference captures all the previous responsibilities, grouping them under four distinct headings for greater clarity namely – audit activity, regulatory framework, accounts and risk management. The revision also incorporates header sections addressing the Committee's specific constitution and statement of purpose.

## **3. CONCLUSIONS**

- 3.1 The Audit & Accounts Committee is asked to endorse the revised terms of reference. The document will then be presented to the Constitution and Ethics Committee for their consideration and if endorsed, recommended on to full Council for final approval.





## Annex A

*This appendix sets out the proposed revised terms of reference, showing changes from the May 2014 version with additions underlined and deletions struck through.*

### **AUDIT AND ACCOUNTS COMMITTEE TERMS OF REFERENCE**

#### **1. Membership:**

Seven members of the Council. The Chairman/woman and Vice-Chairman/woman of the Committee shall be elected by the Audit and Accounts Committee.

The Audit and Accounts Committee shall be entitled to appoint up to three people at any one time as non-voting co-opted members of the Committee. The Committee shall determine whether the co-options shall be effective for a specified period, for specific meetings or for specific items. The Committee may not co-opt any person who is an active member of any political party, defined as any person who engages in political activities which would not be permissible if that person was an officer holding a politically-restricted post within the Council. Co-options may only be made if the person co-opted has particular knowledge or expertise in the functions for which the Committee is responsible.

The Committee will meet at least 4 times a year, and will maintain the technical capability to discharge the Audit and Accounts Committee responsibilities of the Council.

#### **2. Summary of Functions:**

- To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment, and to oversee the financial reporting process.
- To review matters relating to Internal Audit, external audit, risk management, governance, assurance statements, anti-fraud and anti-corruption arrangements.
- To enhance and promote the profile, status and authority of the Internal Audit function and to demonstrate its independence.
- To contribute towards making the authority, its committees and departments more responsive to the audit function.
- To review compliance with the relevant standards, codes of practice and corporate governance policies.



Delegated Authority	Delegation/ Condition
<p><b><u>1 Audit Activity</u></b></p> <p><del>6. To approve and monitor delivery of the Internal Audit's Strategy and performance and to consider and endorse the Annual Work Programme</del></p> <p><u>1.1 To approve the Internal Audit strategy and monitor its progress</u></p> <p><u>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.</u></p> <p><u>1.3 To consider the Annual Report and opinion of the Head of Audit and a summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance arrangements [new]</u></p> <p><del>8. To seek assurance that action has been taken to implement the recommendations arising from the findings of significant audit work</del></p> <p><u>1.4 To consider summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary</u></p> <p><del>4. To consider reports on the provision of internal audit services under S.151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2003 (Regulation 6)</del></p> <p><u>1.5 To consider reports dealing with the management and performance of the Internal Audit function.</u></p> <p><del>8. To seek assurance that action has been taken to implement the recommendations arising from the findings of significant audit work</del></p> <p><u>1.6 To consider reports from Internal Audit on agreed recommendations not implemented within reasonable timescales</u></p>	



Delegated Authority	Delegation/ Condition
<p><del>10. To receive, for information, the Relationship Management Report and Annual Audit Letter and to scrutinise the Council's response to issues raised</del></p> <p><u>1.7 To consider the External Auditor's Annual Inspection Letter, relevant reports and the reports of those charged with governance</u></p> <p><u>1.8 To consider specific reports as agreed with the External Auditor to ensure agreed action is taken within reasonable timescales [new]</u></p> <p><del>9. To discuss the Audit Planning Memorandum with external audit</del></p> <p><u>1.9 To comment on the scope and depth of the external audit work and to ensure it gives value for money</u></p> <p><u>1.10 To liaise with Public Sector Audit Appointments Limited over the appointment of the Council's External Auditor [new]</u></p> <p><del>7. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted</del></p> <p><u>1.11 To consider the reports of inspection agencies relevant to the Council</u></p> <p><u>1.12 To suggest work for Internal and External Audit [new]</u></p> <p><del>17. To oversee the annual review of the effectiveness of the system of internal audit</del></p> <p><u>1.13 To undertake an annual review of the effectiveness of the system of Internal Audit</u></p>	



Delegated Authority	Delegation/ Condition
<p><b><u>2 Regulatory Framework</u></b></p> <p><del>13. To make recommendations as to the wording and content of revisions to the County Council's Financial and Contract Procedure Rules (NB changes to the Financial and Contract Procedure Rules must be approved by Full Council in order to become effective.)</del></p> <p><u>2.1 To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations, codes of conduct etc.</u></p> <p><u>2.2 To review any issue referred to it by the Chief Executive or Executive Director or any Committee of the Council [new]</u></p> <p><del>12. To advise on the content of revisions to the Council's risk management policy</del></p> <p><u>2.3 To monitor the effective development and operation of risk management and corporate governance throughout the Council</u></p> <p><del>2. To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements</del></p> <p><u>2.4 To monitor council policies on "raising concerns at work" and anti-fraud and anti-corruption policies, including the Council's complaints process</u></p> <p><del>11. To ensure that the Council's Annual Governance Statement properly reflects the risk environment and any actions required to improve it</del></p> <p><del>1 (d) to review annually the Council's system of internal control and to agree an Annual Governance Statement for inclusion in the statement of accounts</del></p> <p><u>2.5 To oversee the production of the Council's Statement of Internal Control/Governance Statement and recommend its adoption</u></p>	



Delegated Authority	Delegation/ Condition
<p><del>16.</del> <del>To approve and maintain the Council's Code of Corporate Governance</del></p> <p><u>2.6</u> <u>To consider the arrangements for corporate governance and to agree necessary actions to ensure compliance with best practice</u></p> <p><u>2.7</u> <u>To consider the Council's compliance with its own and published standards and controls</u></p> <p><del>14</del> <u>2.8</u> To report as appropriate to Full Council, relevant Policy and Service Committees and the Constitution and Ethics Committee on issues which require their attention or further action</p> <p><del>15</del> <u>2.9</u> To bring to the attention of the General Purposes Committee any issue which may warrant further consideration or review</p>	
<p><b><u>3</u> <u>Accounts</u></b></p> <p><del>1 (a)</del> <del>to consider and approve the annual statement of accounts</del></p> <p><u>3.1</u> <u>To review and approve the annual Statement of Accounts</u></p> <p><del>5.</del> <del>To review the financial statements, external auditor's opinion and reports to members, and monitor management actions in response to the issues raised by external audit</del></p> <p><u>3.2</u> <u>Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council</u></p> <p><u>3.3</u> <u>To consider the External Auditor's report to those charged with the governance issues arising from the audit of the accounts</u></p>	



Delegated Authority	Delegation/ Condition
<p><b><u>4 Risk Management</u></b></p> <p><del>2. To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements</del></p> <p><u>4.1 To consider the effectiveness of the Council's risk management arrangements</u></p> <p><u>4.2 To seek assurances that action is being taken on risk-related issues</u></p> <p><del>11. To ensure that the Council's Annual Governance Statement properly reflects the risk environment and any actions required to improve it</del></p> <p><u>4.3 To be satisfied that the Council's assurance statements, including the Statement of Internal Control, properly reflect the risk environment and any actions required to improve it</u></p>	



## **Annex B**

*This appendix sets out the proposed revised terms of reference, without showing changes from the May 2014 version.*

### **AUDIT AND ACCOUNTS COMMITTEE TERMS OF REFERENCE**

#### **3. Membership:**

Seven members of the Council. The Chairman/woman and Vice-Chairman/woman of the Committee shall be elected by the Audit and Accounts Committee.

The Audit and Accounts Committee shall be entitled to appoint up to three people at any one time as non-voting co-opted members of the Committee. The Committee shall determine whether the co-options shall be effective for a specified period, for specific meetings or for specific items. The Committee may not co-opt any person who is an active member of any political party, defined as any person who engages in political activities which would not be permissible if that person was an officer holding a politically-restricted post within the Council. Co-options may only be made if the person co-opted has particular knowledge or expertise in the functions for which the Committee is responsible.

The Committee will meet at least 4 times a year, and will maintain the technical capability to discharge the Audit and Accounts Committee responsibilities of the Council.

#### **4. Summary of Functions:**

- To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment, and to oversee the financial reporting process.
- To review matters relating to Internal Audit, external audit, risk management, governance, assurance statements, anti-fraud and anti-corruption arrangements.
- To enhance and promote the profile, status and authority of the Internal Audit function and to demonstrate its independence.
- To contribute towards making the authority, its committees and departments more responsive to the audit function.
- To review compliance with the relevant standards, codes of practice and corporate governance policies.



Delegated Authority	Delegation/ Condition
<p><b><u>1</u></b>     <b><u>Audit Activity</u></b></p> <p>1.1     To approve the Internal Audit strategy and monitor its progress</p> <p>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.</p> <p>1.3     To consider the Annual Report and opinion of the Head of Audit and a summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance arrangements</p> <p>1.4     To consider summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary</p> <p>1.5     To consider reports dealing with the management and performance of the Internal Audit function.</p> <p>1.6     To consider reports from Internal Audit on agreed recommendations not implemented within reasonable timescales</p> <p>1.7     To consider the External Auditor's Annual Inspection Letter, relevant reports and the reports of those charged with governance</p> <p>1.8     To consider specific reports as agreed with the External Auditor to ensure agreed action is taken within reasonable timescales</p>	





Delegated Authority	Delegation/ Condition
<p>1.9 To comment on the scope and depth of the external audit work and to ensure it gives value for money</p> <p>1.10 To liaise with Public Sector Audit Appointments Limited over the appointment of the Council's External Auditor</p> <p>1.11 To consider the reports of inspection agencies relevant to the Council</p> <p>1.12 To suggest work for Internal and External Audit</p> <p>1.13 To undertake an annual review of the effectiveness of the system of Internal Audit</p>	
<p><b><u>2 Regulatory Framework</u></b></p> <p>2.1 To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations, codes of conduct etc.</p> <p>2.2 To review any issue referred to it by the Chief Executive or Executive Director or any Committee of the Council</p> <p>2.3 To monitor the effective development and operation of risk management and corporate governance throughout the Council</p> <p>2.4 To monitor council policies on "raising concerns at work" and anti-fraud and anti-corruption policies, including the Council's complaints process</p>	



Delegated Authority	Delegation/ Condition
<p>2.5 To oversee the production of the Council's Statement of Internal Control/Governance Statement and recommend its adoption</p> <p>2.6 To consider the arrangements for corporate governance and to agree necessary actions to ensure compliance with best practice</p> <p>2.7 To consider the Council's compliance with its own and published standards and controls</p> <p>2.8 To report as appropriate to Full Council, relevant Policy and Service Committees and the Constitution and Ethics Committee on issues which require their attention or further action</p> <p>2.9 To bring to the attention of the General Purposes Committee any issue which may warrant further consideration or review</p>	
<p><b><u>3 Accounts</u></b></p> <p>3.1 To review and approve the annual Statement of Accounts</p> <p>3.2 Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council</p> <p>3.3 To consider the External Auditor's report to those charged with the governance issues arising from the audit of the accounts</p>	



Delegated Authority	Delegation/ Condition
<p><b><u>4 Risk Management</u></b></p> <p>4.1 To consider the effectiveness of the Council's risk management arrangements</p> <p>4.2 To seek assurances that action is being taken on risk-related issues</p> <p>4.3 To be satisfied that the Council's assurance statements, including the Statement of Internal Control, properly reflect the risk environment and any actions required to improve it</p>	



**UPDATE ON THE IMPLEMENTATION OF REVISED PROGRAMME AND  
PROJECT MANAGEMENT PROCESSES**

*To:* **Audit and Accounts Committee**

*Date:* **30<sup>th</sup> May 2017**

*From:* **Head of Transformation**

*Electoral Division(s):* **All**

*Purpose:* **To provide Audit and Accounts Committee with a progress report on the implementation of revised project management processes and new approaches to governance.**

*Recommendation:* **Audit and Accounts Committee is asked to comment on and note this update.**

<b><i>Officer contact:</i></b>	
Name:	Amanda Askham
Post:	Head of Transformation
Email:	<a href="mailto:Amanda.Askham@Cambridgeshire.gov.uk">Amanda.Askham@Cambridgeshire.gov.uk</a>
Tel:	01223 703565

## **1. BACKGROUND**

- 1.1 During 2016, the Transformation Team was established to ensure that the organisation has the skills, capacity and systems in place to deliver our ambitious transformation programme against challenging financial targets. Part of the remit of the team is to grip our programme and project management function, establishing methodologies, providing support and embedding appropriate monitoring and control.
- 1.2 Following recommendations from a number of audit reports, including the reports on the Ely Archives and Cambridge Central Library Enterprise Centre projects, our project management and governance has been reviewed and strengthened.

## **2. IMPLEMENTATION OF A REVISED PROGRAMME AND PROJECT MANAGEMENT PROCESS**

Following approval by Strategic Management Team and Members, procurement and implementation of a new Project Management Office (PMO) system called *Verto* has been completed during the first part of this year. Existing processes will run in parallel with the new system until September 2017 to allow for a three month testing and evaluation period. The system will drive our gateway process for projects across the Council and supports a number of changes to our approach and practice:

- 2.1 Governance approaches across the organisation are being aligned with the new system to ensure clear ownership, decision making and accountability. A number of discussions and workshops have been held with our Strategic and Corporate leadership teams and directorate management teams to define the roles and responsibilities of our programme and project boards and to validate the terms of reference for our new Commercial and Commissioning Boards.

Each project on the new system will have a single Senior Responsible Officer (SRO) and a single day to day decision maker. The accountabilities and required behaviours for these roles have been defined and a training programme for SROs will be delivered from September to December 2017.

- 2.2 Oversight of the PMO system is the responsibility of the Transformation Team, providing a clear outward focus on business needs and strategic priorities. The pipeline will be regularly reviewed by managers in the team to:
  - avoid duplication and manage interdependences;
  - ensure that opportunities to enhance projects through digital, commercial and workforce enablers are maximised;
  - provide opportunities for closer integration with partner organisations.

- 2.3 The PMO system takes initiatives from ideation stage, through a rigorous business case development process before reaching project stage where clear milestones, monitoring and risk management are built into the programme.
- 2.4 The PMO system has been configured so that potential risks must be identified at the start of a project and monitored closely throughout the duration of the project. Variance from project controls is reported directly to SROs to minimise the impact of project threats and highlight opportunities that may occur from changes during the project lifecycle.
- 2.5 Reporting and transparency - the new system allows us to report in a number of ways, ensuring that the same information flows through project governance, committee reporting and the business planning process. Dashboards for all major projects will be openly available to the organisation and reviewed regularly in performance boards and committees.
- 2.6 As part of the Transformation Pipeline, the need for a clearer benefits realisation approach has been identified and a framework has been embedded in the PMO system to ensure:
- expected benefits are well-defined at the beginning of a project;
  - business case outline how the benefits will be measured and when benefits are forecasted to be delivered
  - methods of monitoring benefit realisation are in place and are effective;
  - expected benefits are reviewed and modified regularly to reflect changing conditions.

### **3. ADDITIONAL PROPOSED ACTIONS**

During the last six months, a significant amount of work has been completed to ensure the organisation has a rigorous PMO system, clear governance arrangements and capacity to support the delivery of our major projects and change programmes. Over the next six months, the focus will be on communicating expectations, embedding new practice and ensuring that we have the right skills in the right places to deliver at pace.

Background documents: None





**CAMBRIDGESHIRE COUNTY COUNCIL WORKFORCE STRATEGY**

*To:* **Audit and Accounts Committee**

*Date:* **30 May 2017**

*From:* **Alison Bretherton and Lynsey Fulcher, Workforce Planning and Strategy Team**

*Electoral division(s):* **All**

*Forward Plan ref:* **N/A** *Key decision:* **No**

*Purpose:* To provide Committee with a draft of the Workforce Strategy for comment.

*Recommendations:* The Committee is invited to comment upon the draft strategy.

<b><i>Officer contact:</i></b>	
Name:	Martin Cox
Post:	LGSS Head of People.
e-mail:	mcox@northamptonshire.gov.uk

**1.0 PURPOSE**

- 1.1 The purpose of this report is to provide Members with a draft of the Cambridgeshire People Strategy for comment.

**2.0 BACKGROUND AND APPROACH**

- 2.1 The LGSS Workforce Planning and Strategy team attended the November 2016 Audit and Accounts Committee to provide an overview of the proposed process taking place to develop the new Cambridgeshire County Council workforce strategy. Following this

meeting, a comprehensive workforce assessment process was carried out across the Council and over 25 senior managers were spoken to about their current business priorities and challenges. Managers were asked about their workforce demand, supply, business critical roles as well as upcoming strategic projects and plans that may have people implications. Additional views were sought through management teams and existing programme and project boards. These meetings also enabled the validation of management information that had been analysed from the LGSS e-recruitment system, Oracle ERP and vacancy data. A workforce report was prepared summarising the Council's overall workforce challenges and specific issues for each Executive Directorate.

- 2.2 After extensive consultation and feedback on the workforce report, a People Strategy was developed. The People Strategy outlines the approach the Council will take to attract, deploy, develop and engage a workforce to deliver our current and future priorities. Cambridgeshire County Council's last People Strategy was for the period 2006 – 2010 and since this time, our Community, employees and Council have undergone considerable change. It is proposed that the new People Strategy will span the same timeframe as the current Medium Term Financial Strategy; 2017 – 2021.
- 2.3 The People Strategy will be accompanied by an action plan that will pull together all of the people implications of existing programmes, initiatives and projects that are being undertaken across Cambridgeshire. The action plan will have clear accountability and will be reviewed on a quarterly basis.

### **3.0 EMERGING THEMES AND IMPLICATIONS**

- 3.1 No additional cost is expected as a result of the launch of the new People Strategy. The work to drive forward the strategy and action plan will be business as usual for the HR services.
- 3.2 The impact on Cambridgeshire employees is two-fold. Significant work will be needed to implement the actions outlined in the Strategy, however it is expected that the

responsibility for the majority of these actions will be assigned to existing project groups and work-streams. Secondly, the existing and future workforce of Cambridgeshire will benefit from the outcomes of the Strategy as the Council becomes a more resilient, engaged and people focused organisation.

### **4.0 GOVERNANCE**

- 4.1 The people strategy action plan will contain specific actions and measurable outcomes. The action plan will be reviewed and managed through a quarterly governance meeting led by the LGSS HR Directorate. The action plan primarily focuses on the first two years of the strategy, and will be updated and added to each quarter. The action plan is split into the six strategic themes as outlined in the Cambridgeshire County Council People Strategy:
- Resourcing
  - Skills and Behaviours
  - Engagement

- Wellbeing
- Organisational Design
- Reward and Recognition

## 5.0 SUMMARY

- 5.1 The People Strategy is being shared with Executive Management Teams and SMT before being presented to GPC in June and Full Council in July.
- 5.2 The Audit and Accounts Committee is invited to review and comment on the draft people strategy.

### Appendices

1. Proposed People Strategy

Source Documents	Location
	Cambridgeshire County Council Shire Hall, Cambridge



# Our People Strategy 2017 - 2021

*We **CAN** do more  
when we work together*



## Our Employee Charter:

***As a valued Cambridgeshire County Council employee, you will:***

- ✓ *Understand our vision and values and how your role links to these.*
- ✓ *Be able to give your views and benefit from regular team meetings, 1:1 meetings with your line manager and an annual appraisal.*
- ✓ *Know who your leadership and management team are.*
- ✓ *Feel recognised and rewarded for your contribution.*
- ✓ *Be supported through change and with new ways of working.*
- ✓ *Encourage innovation in the way that you work.*
- ✓ *Have the right tools and technology to carry out your role.*
- ✓ *Be offered adequate development and training to ensure that you are skilled to use it.*
- ✓ *Be empowered to make appropriate decisions and encouraged to do so.*

## Introduction and Strategic Context:

Our Business Plan sets out how we intend to achieve our vision and ambition for the people of Cambridgeshire in the face of increasingly challenging conditions.

The responsibility to set balanced budgets at a time of continuing austerity measures, whilst meeting the demands of the growing and more diverse population, drive the need for a close alignment and clear direction of all Council's resources more than ever before.

It is our People who will play a major part in making our vision and ambition a reality and overcoming the difficulties that we face.

With over xx% of our total budget being spent on employees, it is essential that we have the workforce of the right size and flexibility, with the right skills and behaviours, undertaking the right roles and with the right level of autonomy and decision-making.

This People Strategy defines the Council's ambition for its optimum workforce. The Strategy outlines how we aim to **resource**, attract, deploy, **develop** and retain our workforce to ensure that we can deliver our current and future business objectives and to remain flexible enough to deal with the levels of austerity and change which have become a norm within local government. During this challenging time it is vital that our workforce feels **engaged** and supported and that we prioritise employee **well-being** and resilient to change. The Strategy builds upon the work already undertaken Corporately and within Directorates to eliminate inefficiencies, reduce overheads, review our delivery models and redesign our service provision.

To maximise the use of all its resources the Council has committed to a 'One Council' approach with a totally unrestricted open and collaborative culture.

We have been working closely with other public sector partners, managing and developing a greater mix of private and voluntary sector providers, empowering citizens to utilize their strengths and assets, and capitalising on digital and mobile technology. These developments represent a significant shift in the primary function of the Council, and we have identified that we need to reduce the dependency on our services and work with our partners to build independence within the community, helping our citizens and service users to find community based solutions.

We will consider the best way to deliver our services and this may mean that they are not delivered by us – they will be delivered by the people based placed to deliver them for the community. This means embracing new ways of working, adopting new mind sets and developing new skills and behaviours whilst taking an outcomes based approach to everything we do. We will **design structures** and solutions with the customer at the forefront of the design, working from the outside in.

We need to empower our wider workforce, embrace technology and innovation and create an organisational culture that supports and drives this transformation. This will position Cambridgeshire as a 21<sup>st</sup> Century Council for the sustainable and thriving future. Our People Strategy and the accompanying Action Plan will outline the way in which the Council will achieve its transformation through People by focusing on the six main themes of:

- Resourcing
- Skills and Behaviours
- Engagement

- Wellbeing
- Organisational Design
- Reward and Recognition

## Our People:

Few employers can boast the breadth and variety of roles we enjoy at the Cambridgeshire County Council. With over 5500 employees, we are one of the biggest employers in the County, with a diverse workforce to be proud of.



- 4 in 5 of our employees are female
- 3 in 5 employees work part time
- Our average length of service is 7 years
- 6.12% of our workforce have disclosed they are minority ethnic
- 3.17% of our workforce consider themselves to have a disability
- Annual sickness absence is x days per employee
- Our annual turnover is 10.7%
- 53% of our voluntary leavers had only two years or less service
- Our average age is 45, and for new starters is 38
- Over 11% of our workforce are aged 60+, with the average retirement age of 62
- Only 4% of our employees are aged 24 and under
- Our average salary for a non-managerial employee is £x

(NB: figures will be updated in June when the 2016/17 year end data is available)

Our rolling annual turnover of 10.7% is only slightly lower than the public sector averages, whilst over half of new recruits leave the Council in the first two years of their service.

We have some business critical gaps and areas that we need to focus on: there are national recruitment and retention shortages in roles such as qualified Social Workers, Care Workers, Planners and Clinicians. Locally, we compete with private companies for generalist business roles including Business Support.

Within the context of these challenges and very low levels of unemployment within the County, the ability to recruit and retain our people remains a critical business issue.

We are a mature workforce therefore building a pipeline of new talent and planning for succession is key. We also need to consider re-energising career development for employees in mid and later stages of their working lives.

The additional complexity of our geographical spread across the County means that we need to ensure that we have the skills and tools to be able to lead, manage and work within flexible teams

The majority of our people live within Cambridgeshire so may be customers and services users as well as employees. This gives us a sense of increased ownership and responsibility for affecting the changes which span beyond the traditional boundaries of work, into the way of living within our families and communities.

We are one of the best performing local authorities in the country which is largely due to having a competent and experienced workforce with strong sense of, and commitment to, the public sector service.

We have adapted well to new ways of working in recent years, and current partnerships demonstrate how we work collaboratively with partners to share best practice and expertise. Technology developments mean more opportunity for flexible and new ways of working, and the expectations an employee has on their employer are changing.

We have already been through a significant amount of change and remained focused, positive and strong. With a Council-wide Transformation Programme underway we need to continue building our capacity and resilience.



## Our People Vision:

Our vision is to have a **21<sup>st</sup> Century Public Sector Workforce**,

who are:

- Committed to the vision of the Council
- Making a positive change to our communities
- Living and role modelling our values and behaviours
- Working across and beyond organisational boundaries

who have:

- Partnership and collaborative approach
- Ability to build networks and relationships
- Strong facilitation and communication skills
- Commercial acumen, customer service and business focus
- Commissioning, procurement, contract management skills
- Technological expertise, creativity and innovation

who are:

- Adaptable, flexible and resilient
- Proactive and forward thinking
- Solutions and outcomes focused
- Clear about their responsibility and accountability

and leaders who are:

- Setting clear direction and expectations
- Motivating their teams to deliver excellent services
- Role modelling our values and behaviours and
- Leading the system in different ways

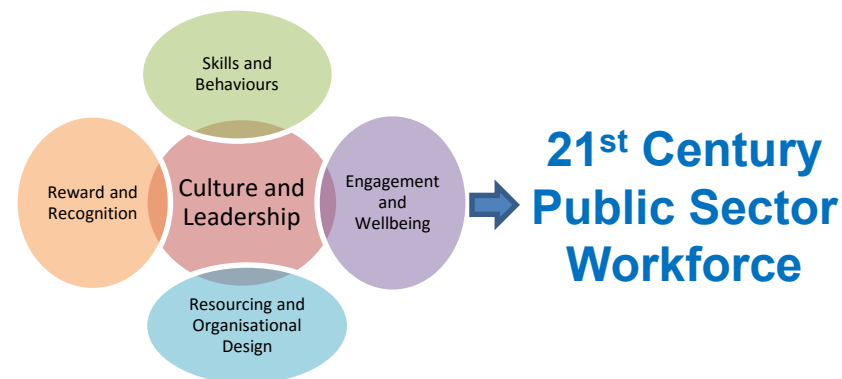
*'We **CAN** do more when we work together'*

## Our People Strategy:

The way in which we join up our people to deliver our strategic priorities is outlined in this People Strategy. Through aligning workforce plans and development programmes with the wider business and providing a co-ordinated approach to people management and development led from the top of the organisation, this Strategy and the accompanying Action Plan will enable us to:

- Improve the prioritisation of people investment to ensure that we have the right people with the right skills in the right place
- Develop strong and visionary leadership at all levels to lead culture change and service transformation.
- Build and sustain a high-performing, talented, engaged and resilient workforce
- Address recruitment and retention challenges ensuring we have adequate capacity within our services
- Be an 'employer of choice' to our potential and current employees, and build a compelling Employer Brand

The diagram below sets out how these elements fit together:



## Our People Strategy:

### Resourcing

We will be innovative in our recruitment strategies and practices. We will carefully think about the roles and skills that we need, to ensure that we are recruiting the right people to the right roles.

We will work with schools, colleges and universities to build our talent pipeline for the future. We will utilise the apprenticeship levy funds to target hard to recruit entry level roles.

We will actively promote the benefits of working for the Council to successfully compete in the local and national labour markets. We will ensure that our recruitment systems are user-friendly, and our processes are swift and without undue barriers.

We will think creatively about how to deploy our workforce in the right way. Our streamlined internal recruitment processes will allow employees to easily move roles across the Council, and for skilled and experienced employees to be moved across teams and Directorates as demand and priorities change.

We will consider the opportunities that multidisciplinary and integrated working may offer for the deployment of our staff beyond organisational boundaries.

Reward and employee development will link seamlessly with recruitment processes ensuring flexibility to attract the right people, and making Cambridgeshire County Council a place people want to work.

### Skills and Behaviours

We will significantly change the way that our workforce designs and delivers solutions to our communities. We will develop our employees to become facilitators, helping communities to find solutions that best fit their needs.

We will boost the skills and confidence of our employees so that they focus on outcomes, not process, think about available resources and are conscious of the budget. Our employees will be digitally competent and literate, using the most effective form of digital technology appropriate for their job role.

Professional, technical and vocational skills will be strengthened with clear career pathways. We will think long term about employee development, looking at growing our own talent through graduate development schemes, apprenticeships at a wide range of levels across a wide range of roles.

We will develop managers who are credible of both managing operationally and thinking transformatively to lead people and systems in different ways. Our leaders will develop and motivate their teams, nurture solutions and innovative thinking to deliver excellent customer services.

We will strengthen our ability to change, developing personal and organisational resilience to the challenges and changes that we know are coming our way.

We will invest to save, acknowledging that the cheapest interventions may not be the most cost effective and ensuring best use of money with regard to all learning and development.

## Our People Strategy:

### Skills and Behaviours - continued

We will take a proactive approach to managing the performance of our own employees, ensuring that adequate induction, development and training takes place to allow employees to perform to their best, and improve the performance of those who are not. Through contracts and commissioned services, we will ensure that adequate training is offered to anyone delivering services for us.

We will take a 'one Council' view to development. We will know where our skills shortages are, where we have areas of expertise and we will work together to distribute and develop skills and knowledge. Our leaders will lead across the Council, working across Directorate boundaries to lead flexible and agile teams.

### Engagement

Our workforce will be engaged, skilled and enjoy working for the Council. Employees will be engaged in our transformation agenda and we will look at ways of engaging and energising all segments and generations of our workforce. We will seek our employees views on their working experience and how things can be improved.

Senior managers across the Council will be visible and approachable. Managers will be committed to new ways of working and the culture of the Council provides a supportive environment where performance is managed and equality and diversity is welcomed enabling our employees to thrive, achieve and want to stay.

### Wellbeing

We recognise the link between wellbeing and engagement and we take a proactive approach to keeping people at work. We value the wellbeing of our people and have a workplace that encourages our people to be physically and mentally well at work.

We care about the health and wellbeing of our employees and have an excellent programme of activities, available and accessible to all, to help promote wellbeing at work. Wellbeing champions help promote these activities across the Council and suggestions for additional activities are welcomed.

### Organisational Design

We will review the structures and processes that we have to determine clear roles and responsibilities between us, partners and citizens. We will recognize that we may not be best placed to deliver all of our services, and by considering the 'right sourcing' options we will facilitate and commission services to be delivered by people best placed to deliver for the community.

We will align organisation structures to help us to demonstrate the value we place on our people and enable flexibility across directorates.

### Reward and Recognition

We will continue to benchmark our pay and reward and keep our pay arrangements under review. We aim to provide competitive and flexible reward packages, within the current financial constraints, to reward our employees and attract new talent, and will ensure their transparency and fairness across our workforce.

At a time of continued budgetary reductions we will look at rewarding and recognising our people for their valuable contribution in ways other than monetary and maximise the value and accessibility of our non-financial benefits. We will appreciate our people for their hard work and celebrate our successes.

We will understand the differing motivations and needs of our employees as a means to reward, recognise and retain them, and we will promote the value of our rewards to our employee's. We will improve our employees perception of the value of their benefits.

## Delivering Our People Strategy:

Our People Strategy will be owned by all of our people. As Cambridgeshire County Council employees we all have a responsibility to ensure that the strategy is embedded into the work that we do. The People Action Plan will be reviewed quarterly to monitor progress and to consider changes that internal initiatives or external factors may have on the actions.

The journey ahead is challenging, but by bringing our people together, we truly can work as 'One Council' to the benefit of citizens of Cambridgeshire and of our employees.



*'We **CAN** do more when we work together, and we **WILL**'*

**CAMBRIDGESHIRE COUNTY COUNCIL FEE LETTER 2017-18**

**To:** Audit and Accounts Committee

**Date:** 30<sup>th</sup> May 2017

**From:** County Council External Auditors BDO

**Purpose:** To report on BDO's proposed fees and programme of work for the 2017/18 financial year.

**Recommendation:** Audit and Accounts Committee is recommended to note the Fee Letter.

<b><i>Officer contact:</i></b>	
Name:	Lisa Clampin
Post:	BDO Engagement Lead
Email:	<a href="mailto:lisa.clampin@bdo.co.uk">lisa.clampin@bdo.co.uk</a>
Tel:	01473 320 716

## **1. BACKGROUND**

### **1.1 Audit fees**

The duty to prescribe scales of fees is a statutory function delegated to Public Sector Audit Appointments (PSAA) by the Secretary of State for Communities and Local Government. As part of this, External Auditors are required to report on their proposed level of fees and programme for work. The scale fees for individual audited bodies are normally based on the scale fee for the previous year, reflecting the auditor's assessment of audit risk and complexity. Variations from the scale fee are only expected to occur where these factors are significantly different from those identified and reflected in the fee for the previous year.

## **MAIN ISSUES**

Included in the letter as an attachment to this cover report.

<b>Source Documents</b>	<b>Location</b>
Attached letter	







## **CAMBRIDGESHIRE COUNTY COUNCIL**

FEE LETTER 2017/18

26 April 2017



# PROPOSED FEES

## SCOPE OF THE AUDIT

We are required to report to you our proposed fees and programme of work for the 2017/18 financial year.

## CODE AUDIT FEE

The Code audit fee is based on the work required under the Code of Audit Practice issued by the National Audit Office (NAO) and covers the audit of the financial statements and value for money conclusion.

Public Sector Audit Appointments Limited (PSAA) is responsible for setting the scale fees for local authorities and consulted on the proposed work programme and scale of fees in October 2016. The consultation closed in January 2017 and no changes have been made to the overall work programme or scale fees for 2017/18 compared to 2016/17. PSAA has the power to determine the fee above or below the scale fee where there has been a change that requires substantially more or less work than envisaged by the scale fee.

## AUDIT RELATED SERVICES

Audit related services are those non-audit services that are largely carried out by members of the engagement team where the work involved is closely related to the work performed in the audit and the threats to auditor independence are clearly insignificant and, as a consequence, safeguards need not be applied. In recent years, a number of grants and returns were included in the certification scale fee that are no longer mandated for review by PSAA, but still require certification by the auditor. These are covered by separate engagement letters with the Council.

## OTHER NON-AUDIT SERVICES

Other non-audit services are those services not closely related to the work performed in the audit that could be provided by a number of firms. Auditors are prevented from undertaking such work if it would present a threat to independence for which no adequate safeguards are available. Independence concerns may arise due to the nature of the work or from the value of fees derived.

## FEES

AUDIT AREA	PROPOSED 2017/18 (£)	SCALE 2017/18 (£)	PROPOSED 2016/17 (£)
Code audit fee	94,061	94,061	94,061
<b>Total PSAA regime fees</b>	<b>94,061</b>	<b>94,061</b>	<b>94,061</b>
<b>Other non-audit services</b>			
Skills Funding Agency	TBC <sup>(1)</sup>	N/A	3,650
<b>TOTAL FEES</b>	<b>TBC</b>	<b>94,061</b>	<b>97,711</b>

(1) The scope of the work to be performed in relation to the 2017/18 Skills Funding Agency grant has not yet been published. Should the Council choose to appoint us to undertake the work, we will confirm our proposed fee following publication of the requirements.



## AMENDMENTS TO THE PROPOSED FEES

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Chief Finance Officer. Where this requires a variation to the scale fee we will seek approval from PSAA. If necessary we will also prepare a report outlining the reasons why the fee needs to change, for discussion with the Audit and Accounts Committee. At this stage, nothing has come to our attention that would require us to seek approval to amend the scale fee for 2017/18.

## BILLING ARRANGEMENTS

We will raise invoices for the Code audit fee in two equal instalments of £47,030.50 in July 2017 and January 2018. Following our firm's standard terms of business, full payment will be due within 14 days of receipt of invoice. Fee invoices for other services will be raised as the work is completed.

# AUDIT ARRANGEMENTS

## PLANNED OUTPUTS

We plan to issue the following reports and opinions over the course of the 2017/18 audit:

REPORT	DATE
Audit plan	March 2018
Report on any significant deficiencies in internal controls	July 2018
Audit completion report	July 2018
Independent auditor's report including: <ul style="list-style-type: none"> <li>• Opinion on the financial statements</li> <li>• Use of resources conclusion</li> <li>• Certificate of audit closure</li> </ul>	31 July 2018
Whole of Government Accounts assurance statement and report to the NAO	August 2018
Annual audit letter	October 2018

## CLIENT SATISFACTION

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact Lisa Clampin in the first instance. Alternatively, you may wish to contact our Managing Partner, Paul Eagland. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ('ICAEW'). In addition, the PSAA complaints handling procedure is detailed on their website <http://www.psaa.co.uk/about-us/contact-us/complaints/>.

## AUDIT TEAM

The key members of the audit team will be:

### ENGAGEMENT LEAD: LISA CLAMPIN

Email: Lisa.Clampin@bdo.co.uk

Tel: 01473 320 716

Lisa will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

### ENGAGEMENT MANAGER: BARRY PRYKE

Email: Barry.Pryke@bdo.co.uk

Tel: 01473 320 793

Barry will manage and co-ordinate each aspect of the audit and will be the key contact with the finance team.

### ASSISTANT MANAGER: TIM BYFORD

Email: Tim.Byford@bdo.co.uk

Tel: 01473 320 724

Tim will support Barry in the management of the audit and the on-site audit team.

### SENIOR: ROSS BEARD

Email: Ross.Beard@bdo.co.uk

Tel: 01473 320 785

Ross will lead the delivery of the financial statements audit.

## AUDIT APPOINTMENTS FOR 2018/19 AND BEYOND

Our current contract negotiated by the Audit Commission in April 2014 will end after the 2017/18 audit.

PSAA has been specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For external audits from 2018/19, PSAA will appoint an auditor to relevant principal local government authorities that have opted into its national scheme.

Those authorities that have not opted into this national scheme are required to make local appointments for external audit services for 2018/19 and beyond, in accordance with the Local Audit and Accountability Act 2014.

Audit appointments for 2018/19 must be made by 31 December 2017.

We understand that the Council has opted in to the PSAA national scheme.

**FOR MORE INFORMATION:**

**LISA CLAMPIN**  
**ENGAGEMENT LEAD**

+44 (0)1473 320 716  
Lisa.Clampin@bdo.co.uk

**BARRY PRYKE**  
**ENGAGEMENT MANAGER**

+44 (0)1473 320 793  
Barry.Pryke@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

© 2017 BDO LLP. All rights reserved.

**[www.bdo.co.uk](http://www.bdo.co.uk)**

**CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND PLANNING  
REPORT – AUDIT FOR THE YEAR ENDED 31ST MARCH 2017**

**Audit and Accounts Committee**

*Date:* **30<sup>th</sup> May 2017**

*From:* **County Council External Auditors BDO**

*Purpose:* **To highlight and explain the key issues which BDO believe to be relevant to the audit of the financial statements of the Cambridgeshire County Council Pension Fund for the year ended 31 March 2017.**

**The Committee should consider if the risks and proposed responses to the risks from the External Auditors as set out (which have already been the subject of feedback /input from Council officers) cover the key issues facing the Council.**

*Recommendation:* **Audit and Accounts Committee is asked to agree to accept the Plan.**

<b><i>Officer contact:</i></b>	
Name:	David Eagles
Post:	BDO Engagement Lead
Email:	<a href="mailto:david.eagles@bdo.co.uk">david.eagles@bdo.co.uk</a>
Tel:	01473 320 728

<b>Source Documents</b>	<b>Location</b>
Attached letter	





# CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND

PLANNING REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE

Audit for the year ended 31 March 2017

Date of issue: 11 May 2017



# CONTENTS

INTRODUCTION .....	1
YOUR BDO TEAM .....	2
ENGAGEMENT TIMETABLE .....	3
AUDIT SCOPE AND OBJECTIVES.....	4
MATERIALITY .....	5
OVERALL AUDIT STRATEGY .....	6
KEY AUDIT RISKS AND OTHER MATTERS .....	7
INDEPENDENCE .....	11
FEES .....	13
APPENDIX I: MATERIALITY .....	14



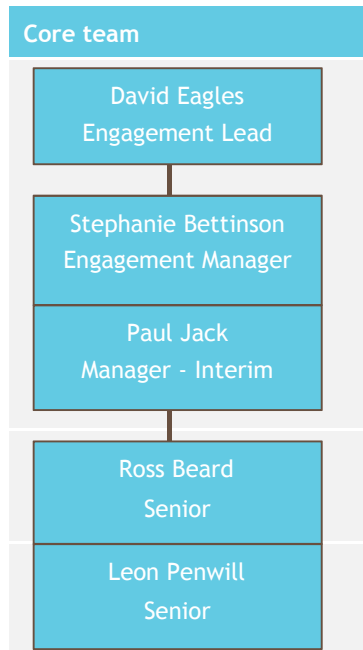
# INTRODUCTION

## PURPOSE AND USE OF OUR REPORT

The purpose of this report is to highlight and explain the key issues which we believe to be relevant to the audit of the financial statements of the Cambridgeshire County Council Pension Fund for the year ended 31 March 2017. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two-way communication throughout the audit process. Planning is an iterative process and our plans, reflected in this report, will be reviewed and updated as our audit progresses.

This report has been prepared solely for the use of the Audit and Accounts Committee and Pension Fund Committee. In preparing this report, we do not accept or assume responsibility for any other purpose, or to any other person, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

## YOUR BDO TEAM



Name	Contact details	Key responsibilities
<b>David Eagles</b> Engagement Lead	Tel: 01473 320728 david.eagles@bdo.co.uk	Oversee the audit and sign the audit report
<b>Stephanie Bettinson</b> Engagement Manager	Tel: 01473 320775 stephanie.bettinson@bdo.co.uk	Management of the audit
<b>Paul Jack</b> Manager - Interim Audit	Tel: 01483 408097 paul.jack@bdo.co.uk	Management of the interim audit
<b>Ross Beard</b> Senior	Tel: 01473 320785 ross.beard@bdo.co.uk	Day to day supervision of the interim audit
<b>Leon Penwill</b> Senior	Tel: 01473 320739 leon.penwill@bdo.co.uk	Day to day supervision of the final on-site audit

David Eagles is the Engagement Lead and has the primary responsibility to ensure that the appropriate audit opinion is given on the financial statements.

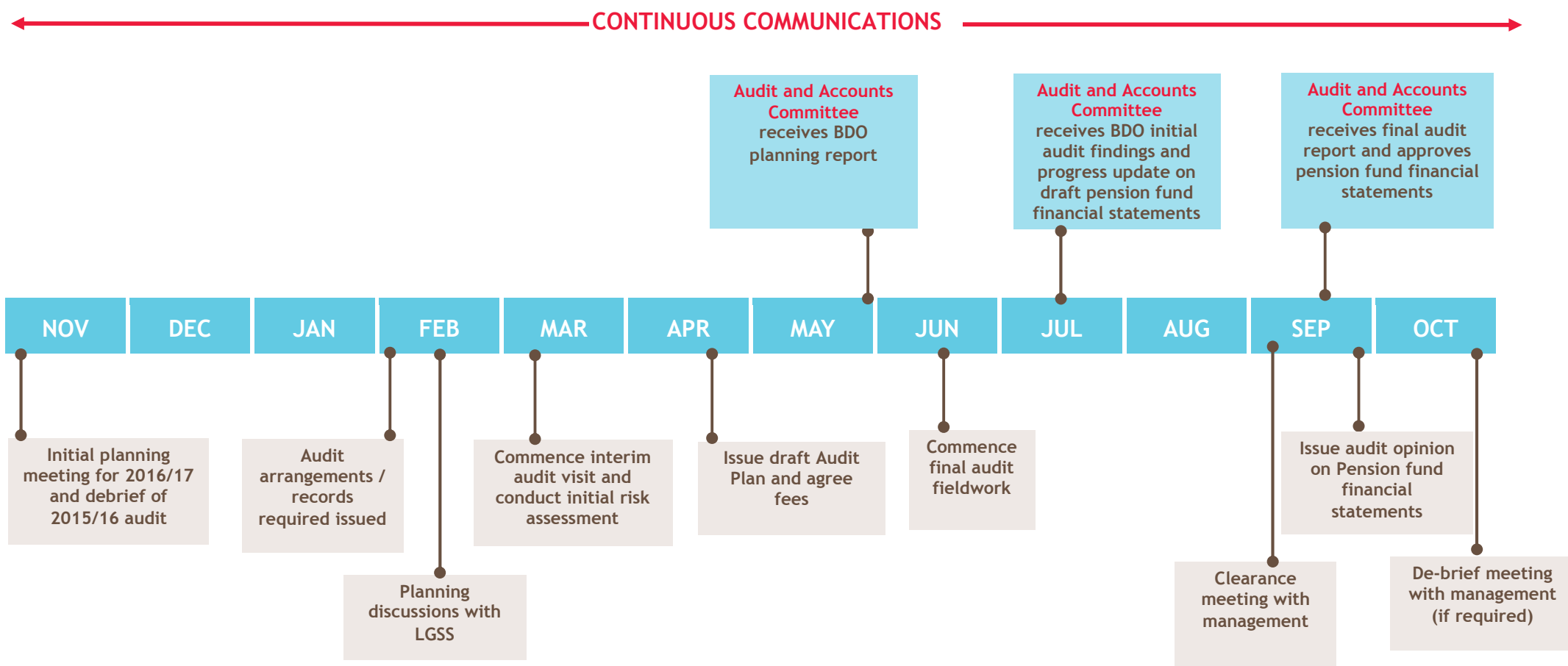
In meeting this responsibility, he will ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error

David is also responsible for the overall quality of the engagement.

# ENGAGEMENT TIMETABLE

## TIMETABLE

The timeline below identifies the key dates and anticipated meetings for the production and approval of the audited financial statements.



# AUDIT SCOPE AND OBJECTIVES

## SCOPE AND OBJECTIVES

Our audit scope covers the audit in accordance with the National Audit office (NAO) Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the NAO.

Our audit objective is to form an opinion on whether:

FINANCIAL STATEMENTS		OTHER INFORMATION	ADDITIONAL REQUIREMENTS	
1	The financial statements give a true and fair view of the financial transactions of the pension fund for the period, and the amount and disposition at the period end of the assets and liabilities, other than liabilities to pay pensions and benefits after the period end.	3	Other information published together with the audited financial statements is consistent with the financial statements.	
2	The financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.		4	Review the pension fund annual report and report on the consistency of the pension fund financial statements within the annual report with the pension fund financial statements in the statement of accounts.

# MATERIALITY

## MATERIALITY

	MATERIALITY	CLEARLY TRIVIAL THRESHOLD
Pension fund overall materiality	£27,000,000	£540,000
Specific materiality for other financial statement areas:		
- Contributions	£6,000,000	£120,000
- Other fund account balances	£8,400,000	£240,000

Please see Appendix I for detailed definitions of materiality and triviality.

Planning materiality for the pension fund financial statements will initially be based on 1% of net assets. Specific materiality (at a lower level) may be considered appropriate for certain financial statement areas and we set materiality for contributions at 5% of contributions receivable and for other fund account balances at 7.5% of the greater of total income or total expenditure.

At this stage, the above figures are based on the prior year net assets and income and expenditure figures, adjusted to reflect our expectations gained from interim work performed. This will be revisited when the draft financial statements are received for audit.

The clearly trivial amount is based on 2% of the materiality level.

# OVERALL AUDIT STRATEGY

## We will perform a risk based audit on the pension fund financial statements

This enables us to focus our work on key audit areas.

Our starting point is to document our understanding of the pension fund and the specific risks it faces. We discussed the changes to the fund, such as scheme regulations, and management's own view of potential audit risk during our planning visit in order to gain an understanding of the activities and to determine which risks impact on our audit. We will continue to update this assessment throughout the audit.

We also confirm our understanding of the accounting systems in order to ensure their adequacy as a basis for the preparation of the financial statements and that proper accounting records have been maintained.

We then carry out our audit procedures in response to risks.

## Risks and planned audit responses

Under International Standard on Auditing 315 "Identifying and assessing the risks of material misstatement through understanding the entity and its environment", we are required to consider significant risks that require special audit attention.

In assessing a risk as significant, we exclude the effects of identified controls related to the risk. The ISA requires us at least to consider:

- Whether the risk is a risk of fraud
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention
- The complexity of transactions
- Whether the risk involves significant transactions with related parties
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

## Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We understand that internal audit reviews have been undertaken across a range of accounting systems and governance subjects. We will consider these reports as part of our audit planning and consider whether we are able to place any reliance on internal audit work as evidence of the soundness of the control environment.

# KEY AUDIT RISKS AND OTHER MATTERS

Key: ■ Significant risk ■ Normal risk ■ Other issue

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Management override	<p>Under International Standards on Auditing (UK and Ireland) 240, there is a presumed significant risk of management override of the system of internal controls.</p> <p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of the fund's policies, aims and objectives and to manage the risks facing the fund; this includes the risk of fraud.</p>	<p>Our audit is designed to provide reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. We are not responsible for preventing fraud or corruption, although our audit may serve as a deterrent. We consider the manipulation of financial results through the use of journals and management estimates as a significant fraud risk.</p> <p>In every organisation, management may be in a position to override routine day to day financial controls. Accordingly, our audit has been designed to consider this risk and adapt procedures accordingly.</p>	Not applicable.
Fair value of investments (unquoted investments - excluding Cambridge & Counties Bank)	<p>The investment portfolio includes unquoted investment holdings valued by the fund manager. The valuation of these assets may be subject to a significant level of assumption and estimation and valuations may not be based on observable market data.</p> <p>In some cases, the valuations are provided at dates that are not coterminous with the pension fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations.</p> <p>As a result, we consider there to be a significant risk that investments are not appropriately valued in the financial statements.</p> <p>The valuation of Cambridge &amp; Counties Bank is considered separately as a non-significant risk below.</p>	<p>We will obtain direct confirmation of investment valuations from the fund managers and request copies of the audited financial statements (and member allocations) from the fund.</p> <p>Where the financial statement date supporting the valuation is not coterminous with the pension fund's year end, we will confirm that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds.</p> <p>We will review the methods and assumptions used and consider whether investments have been correctly valued in accordance with the relevant accounting policies.</p>	Direct confirmation of fund valuation and audited financial statements for private equity investments.

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Revenue recognition (CCC contributions)	<p>Under International Standard on Auditing 240 “The Auditor’s responsibility to consider fraud in an audit of financial statements” there is a presumption that income recognition presents a fraud risk. We have rebutted this presumed significant risk as the majority of income is from contributions, which is a highly controlled stream (with limited subjectivity or opportunity for manipulation), and levels of contributions are set by the scheme actuary.</p> <p>However, the majority of contributions are from a single employer, Cambridge County Council (CCC). Therefore, there is a risk that manipulation may occur within the CCC contributions, but this is not regarded as significant. We have scoped out from this specific risk the contributions received from other bodies, as it would require significant manipulation of multiple bodies for any misstatement to be material.</p>	<p>We will undertake substantive testing of contributions receivable by the fund from CCC, on a sample basis, to verify the monthly contributions received by the pension fund and trace these back to returns issued to the pension fund and the employer payroll records.</p> <p>For a sample of individual members, we will verify their inclusion in the employer payroll and seek to confirm that employer contribution rates are in line with the latest rates set by the actuary, and member rates are in accordance with the LGPS Contributions Table.</p>	We will check a sample of contributions receivable from the Council to the Council’s payroll records to ensure that the correct amounts have been paid by the employee and employer.
Fair value of investments (Cambridgeshire and Counties Bank)	<p>The investment in Cambridge &amp; Counties Bank (CCB) is unquoted and is valued by an external valuer appointed by the fund (Grant Thornton). The valuation of the investment is based upon the unquoted results of the bank and includes an element of assumption and estimation.</p> <p>There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements. However, from our experience gained by reviewing the valuation basis in the prior year, and our expectation that the same basis will be applied this year, we have concluded this does not present a significant risk of misstatement.</p>	<p>We will review the valuation of the bank completed by the external valuer and the significant assumptions made in this valuation. As part of this we will consult with a valuation specialist within the firm to help assess the reasonableness of the valuation.</p> <p>We will ensure that investments have been correctly valued in accordance with the relevant accounting policies.</p>	External market comparators to Pension Fund’s valuation drivers.



# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

### AUDIT RISK AREAS - FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Pension liability assumptions	<p>An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk the valuation uses inappropriate assumptions to value the liability.</p>	<p>We will review the controls in place to ensure that the data provided from the fund to the actuary is complete and accurate.</p> <p>We will review the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data.</p> <p>We will agree the disclosure to the information provided by the actuary.</p>	<p>We will use the consulting actuary report for the review of the methodology of the actuary and reasonableness of the assumptions.</p> <p>We will also undertake our own review of the assumptions used and confirm the professional competence of the actuary.</p>
Investment management expenses disclosures	<p>Local Government Pension Fund Accounts are required to disclose investment management expenses.</p> <p>Management expenses included in the pension fund accounts represent the fees for the service provided by and any performance related fees in relation to the fund manager. Further 'hidden' fees may be deducted when the investment of contributions is made by the fund manager and hence has historically been included in the change in market value of investments.</p> <p>CIPFA issued guidance in June 2016 on obtaining and separately presenting these additional charges in the fund accounts, in order "to promote transparency, consistency and completeness of financial reporting". There is a clear expectation that LGPS fund accounts should observe this guidance.</p> <p>We consider there to be a risk in the presentation of investment management expenses in the fund accounts where fees are not identified and separately reported.</p>	<p>We will review the arrangements put in place by management to identify all relevant investment management fees, and responses provided by fund managers, to ensure that the true costs are disclosed appropriately in the fund accounts.</p>	<p>Not applicable.</p>

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Consideration of related party transactions - key management personnel disclosures	<p>We need to consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of the accounting standards.</p> <p>In particular, new requirements to disclose the remuneration of key management personnel apply from 2016/17, as previous exemptions (for remuneration reported elsewhere) are no longer available. This specific requirement needs to be considered specifically to ensure correct and adequate disclosure in the financial statements.</p>	<p>We will seek to identify, through review and discussions, the appropriate individuals and entities considered to be key management personnel.</p> <p>We will consider the disclosures proposed and seek corroboration and explanation for the levels of remuneration disclosed and narrative explanations given.</p> <p>We will discuss with management and review councillors and Senior Management declarations to ensure there are no potential related party transactions which have not been disclosed. This is something we will require you to include in your management representation letter to us.</p>	Not applicable.

Key: ■ Significant risk ■ Normal risk ■ Other issue

# INDEPENDENCE

## INDEPENDENCE

Under Auditing and Ethical Standards, we are required as auditors to confirm our independence to ‘those charged with governance’. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Audit and Accounts Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to have a bearing on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. The procedures require that engagement leads are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the engagement lead and the audit staff. This document considers such matters in the context of our audit for the period ended 31 March 2017.

Our appointment by the Audit Commission (and confirmed by Public Sector Audit Appointments Limited) covers both the Council and Pension Fund. We do not consider this to be a threat to our independence and objectivity.

We have not identified any potential threats to our independence as auditors.

We have confirmed that we have not provided any non-audit services.

We confirm that the firm complies with the Financial Reporting Council’s Ethical Standards for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired. These policies include partner and manager rotation. The table in appendix II sets out the length of involvement of key members of the audit team and the planned year of rotation.

Should you have any comments or queries regarding this confirmation we would welcome their discussion in more detail.

# INDEPENDENCE

## Continued

INDEPENDENCE - ENGAGEMENT TEAM ROTATION		
SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED	ROTATION TO TAKE PLACE IN YEAR ENDED
David Eagles - Engagement lead	2	31 March 2021
Stephanie Bettinson - Engagement manager	1	31 March 2027
Paul Jack - Manager	2	31 March 2026
Engagement Quality Review Partner	2	31 March 2023

# FEES

## FEES SUMMARY

Our proposed fees, excluding VAT, for the year ended 31 March 2017 are:

	£
Code audit fee (pension fund)	22,410
<b>TOTAL FEES</b>	<b>22,410</b>

Fee invoices have been raised as set out below,:

- First instalment £11,205 in July 2016
- Second instalment £11,205 in January 2017.

The fee set out above is the base Scale fee. It has not been adjusted to reflect any ongoing risks and consequent additional audit resource requirements to address such. This position will be closely monitored and any additional risk work that we consider necessary will be discussed and agreed with the Pension Fund.

### Our fee is based on the following assumptions

The complete draft financial statements and supporting work papers will be prepared to a standard suitable for audit. All balances will be reconciled to underlying accounting records.

Key dates will be met, including receipt of draft accounts and working papers prior to commencement of the final audit fieldwork.

We will receive only one draft of the pension fund financial statements prior to receiving the final versions for signing.

Within reason, personnel we require to hold discussions with will be available during the period of our on-site work (we will set up meetings with key staff in advance).

# APPENDIX I: MATERIALITY

## CONCEPT AND DEFINITION

- The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.
- We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
- Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):
  - Narrative disclosure e.g. accounting policies, going concern
  - Instances when greater precision is required (e.g. related party transactions disclosures).
- International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower level of materiality for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## CALCULATION AND DETERMINATION

- We have determined materiality based on professional judgement in the context of our knowledge of the pension fund, including consideration of factors such as sector developments, financial stability and reporting requirements for the financial statements.
- We determine materiality in order to:
  - Assist in establishing the scope of our audit engagement and audit tests
  - Calculate sample sizes
  - Assist in evaluating the effect of known and likely misstatements on the financial statements.

# APPENDIX I: MATERIALITY


## Continued

### REASSESSMENT OF MATERIALITY

- We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.
- Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope. If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.
- You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

### UNADJUSTED ERRORS

- In accordance with auditing standards, we will communicate to the Audit and Accounts Committee all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.
- Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.
- We will obtain written representations from the Audit and Accounts Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.
- There are a number of areas where we would strongly recommend/request any misstatements identified during the audit process being adjusted. These include:
  - Clear cut errors whose correction would cause non-compliance with statutory requirements, management remuneration, other contractual obligations or governmental regulations that we consider are significant.
  - Other misstatements that we believe are material or clearly wrong.



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)





**CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND FEE LETTER  
2017-18**

**To:** Audit and Accounts Committee

**Date:** 30<sup>th</sup> May 2017

**From:** County Council External Auditors BDO

**Purpose:** To report on BDO's proposed fees and programme of work for the 2017/18 financial year.

**Recommendation:** Audit and Accounts Committee is recommended to note the Pension Fund Fee Letter.

<b><i>Officer contact:</i></b>	
Name:	David Eagles
Post:	BDO Engagement Lead
Email:	<a href="mailto:david.eagles@bdo.co.uk">david.eagles@bdo.co.uk</a>
Tel:	01473 320 728

## **1. BACKGROUND**

### **1.1 Audit fees**

The duty to prescribe scales of fees is a statutory function delegated to Public Sector Audit Appointments Limited (PSAA) by the Secretary of State for Communities and Local Government. As part of this, External Auditors are required to report on their proposed level of fees and programme for work covering the audit of the financial statements of the Pension Fund. The scale fees for individual audited bodies are normally based on the scale fee for the previous year, reflecting the auditor's assessment of audit risk and complexity. Variations from the scale fee are only expected to occur where there have been changes that requires substantially more or less work than envisaged by the Scale fee.

## **MAIN ISSUES**

Included in the letter as an attachment to this cover report.

<b>Source Documents</b>	<b>Location</b>
Attached letter	





## **CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND**

FEE LETTER 2017/18

26 April 2017



# PROPOSED FEES

## SCOPE OF THE AUDIT

We are required to report to you our proposed fees and programme of work for the 2017/18 financial year.

## CODE AUDIT FEE

The Code audit fee is based on the work required under the Code of Audit Practice issued by the National Audit Office (NAO) and covers the audit of the financial statements of the pension fund.

Public Sector Audit Appointments Limited (PSAA) is responsible for setting the scale fees for local government pension funds and consulted on the proposed work programme and scale of fees in October 2016. The consultation closed in January 2017 and no changes have been made to the overall work programme or scale fees for 2017/18 compared to 2016/17.

PSAA has the power to determine the fee above or below the scale fee where there has been a change that requires substantially more or less work than envisaged by the scale fee.

## AUDIT RELATED SERVICES

Audit related services are those non-audit services that are largely carried out by members of the engagement team where the work involved is closely related to the work performed in the audit and the threats to auditor independence are clearly insignificant and, as a consequence, safeguards need not be applied. These are covered by separate engagement letters with the Council.

## OTHER NON-AUDIT SERVICES

Other non-audit services are those services not closely related to the work performed in the audit that could be provided by a number of firms. Auditors are prevented from undertaking such work if it would present a threat to independence for which no adequate safeguards are available. Independence concerns may arise due to the nature of the work or from the value of fees derived.

## FEES

AUDIT AREA	PROPOSED 2017/18 (£)	SCALE 2017/18 (£)	PROPOSED 2016/17 (£)
Code audit fee	22,410	22,410	22,410
Audit related services			
None	-	N/A	-
Other non-audit services			
None	-	N/A	-
<b>TOTAL FEES</b>	<b>22,410</b>	<b>22,410</b>	<b>22,410</b>

## AMENDMENTS TO THE PROPOSED FEES

If we need to propose any amendments to the fees during the course of the audit or where our assessment of risk and complexity are significantly different from those reflected in the proposed fee, we will first discuss this with the Chief Finance Officer. Where this requires a variation to the scale fee we will seek approval from PSAA. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Risk Management Committee.

At this stage, nothing has come to our attention that would require us to seek approval to amend the scale fee.

## BILLING ARRANGEMENTS

We will raise invoices for the Code audit fee in 2 instalments of £11,205, in July 2017 and January 2018. Following our firm's standard terms of business, full payment will be due within 14 days of receipt of invoice. Fee invoices for other services will be raised as the work is completed.

# AUDIT ARRANGEMENTS

## PLANNED OUTPUTS

We plan to issue the following reports and opinions over the course of the 2017/18 audit:

REPORT	DATE
Progress reports to the Audit Committee	Each meeting
Audit plan	March 2018
Report on any significant deficiencies in internal controls	April 2018
Audit completion report	July 2018
Independent auditor's report on the pension fund financial statements	July 2018
Consistency opinion on the financial statements within the pension fund annual report	August 2018

## CLIENT SATISFACTION

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact David Eagles in the first instance. Alternatively, you may wish to contact our Managing Partner, Paul Eagland. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ('ICAEW'). In addition, the PSAA complaints handling procedure is detailed on their website <http://www.psaa.co.uk/about-us/contact-us/complaints/>.

## AUDIT TEAM

The key members of the audit team will be:

### ENGAGEMENT LEAD: DAVID EAGLES

Email: david.eagles@bdo.co.uk

Tel: 01473 320728

David will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

### PROJECT MANAGER: ARCHIE RWAVAZHINJI

Email: Archie.Rwavazhinji@bdo.co.uk

Tel: 01473 320700

Archie will manage and co-ordinate each aspect of the audit and will be the key contact with the finance team.

## **AUDIT APPOINTMENTS FOR 2018/19 AND BEYOND**

Our current contract negotiated by the Audit Commission in April 2014 will end after the 2017/18 audit.

PSAA has been specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For external audits from 2018/19, PSAA will appoint an auditor to relevant principal local government authorities that have opted into its national scheme. This Council has opted in to the PSAA appointment regime.

Audit appointments for 2018/19 must be made by 31 December 2017.

FOR MORE INFORMATION:

**DAVID EAGLES**  
ENGAGEMENT LEAD

+44 (0)1473 320728  
David.eagles@bdo.co.uk

**ARCHIE RWAVAZHINJI**  
AUDIT MANAGER

+44 (0)1473 320700  
Archie.Rwavazhinji@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

© 2017 BDO LLP. All rights reserved.

**[www.bdo.co.uk](http://www.bdo.co.uk)**



**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING  
31<sup>ST</sup> MARCH 2017**

**To:** Audit & Accounts Committee

**Date:** 30<sup>th</sup> May 2017

**From:** Chief Finance Officer

**Electoral  
division(s):** All

**Forward Plan ref:** N/A **Key decision:** N/A

**Purpose:** To present financial and performance information to assess progress in delivering the Council's Business Plan.

**Recommendations:** The Committee is asked to note the following recommendations to General Purposes Committee that will be included within the Outturn 2016/17 Integrated Resources and Performance Report, which is due to go to GPC on 13<sup>th</sup> June 2017:

- a) Note the increase of £1,675k to the Prudential Borrowing requirement in 2016/17 to fund the purchase of Vantage House, as approved by Assets & Investments committee; see section 6.7.
- b) Approve that additional funding of £431,037 received through the Education Services Grant be taken to the General Fund; see section 7.1.
- c) Approve that £453,207 of income received through the business rates retention scheme pilot be taken to the General Fund; see section 7.1.

<b><i>Officer contact:</i></b>
Name: Tom Kelly
Post: Head of Finance
Email: <a href="mailto:Tom.Kelly@cambridgeshire.gov.uk">Tom.Kelly@cambridgeshire.gov.uk</a>
Tel: 01223 703599

## 1. PURPOSE

- 1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

## 2. OVERVIEW

- 2.1 The following table provides a snapshot of the Authority's forecast performance at year-end by value, RAG (Red, Amber, Green) status and direction of travel (DoT).

Area	Measure	Forecast Year End Position (February)	Forecast Year End Position (March)	Current Status	DoT (up is improving)
Revenue Budget	Variance (£m)	+£2.0m	+£1.2m	Amber	↑
Basket Key Performance Indicators	Number at target (%)	56% (9 of 16) <sup>1</sup>	56% (9 of 16) <sup>1</sup>	Amber	↔
Capital Programme	Variance (£m)	£0.0m	-£2.9m	Green	↑
Balance Sheet Health	Net borrowing activity (£m)	£416m	£399m	Green	↑

<sup>1</sup> The number of performance indicators on target reflects the current position.

- 2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end overspend of +£1.2m, a net decrease of -£0.8m on the overspend reported last month. The main movements have been in Children, Families and Adults (CFA), which is reporting a £1m increase in its net overspend; Assets & Investments (A&I) and Corporate Services Financing are reporting -£0.7m and -£0.4m movements in their forecasts respectively. See section 3 for details. Financing items is also reporting a £0.5m increase in grant income; see section 7 for details.
- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2016/17. There are 18 indicators in the Council's new basket, with data currently being available for 16 of these. Of these 16 indicators, 9 are on target. All four of the indicators rated Amber are still within 3% of their target values, but the general direction of travel is downwards. See section 5 for details.
- The Capital Programme is forecasting a -£2.9m underspend at year end. CFA, Assets & Investments (A&I) and LGSS Managed have now utilised their full capital programme variations allocations and are reporting further slippage beyond these allocations. See section 6 for details.

- Balance Sheet Health; the original forecast net borrowing position for 31<sup>st</sup> March 2017, as set out in the Treasury Management Strategy Statement (TMSS) is £479m. This projection has now fallen to £399m, down £17m since last month. See section 7 for details.

### 3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

#### Key to abbreviations

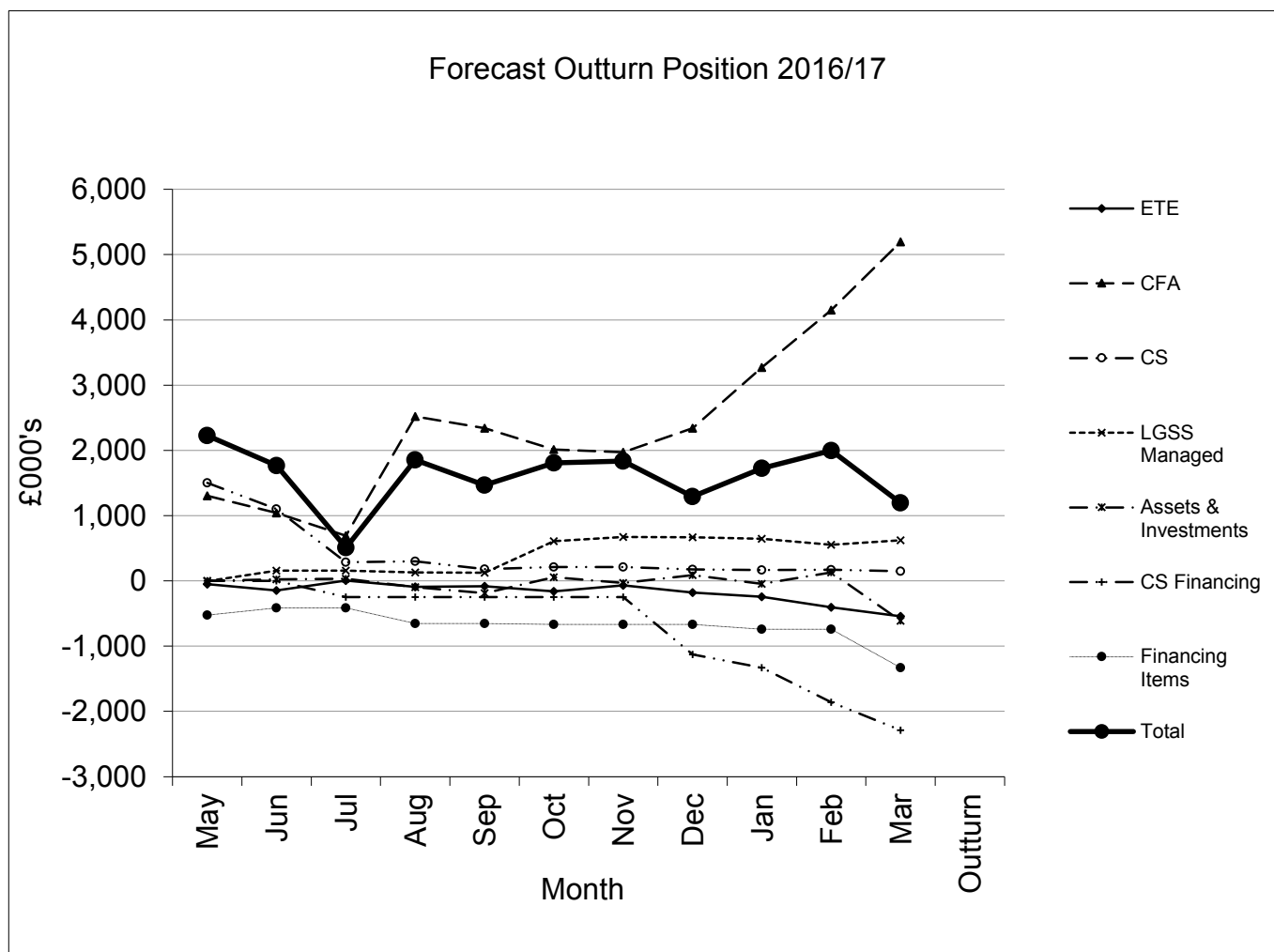
ETE	– Economy, Transport and Environment
CFA	– Children, Families and Adults
CS Financing	– Corporate Services Financing
DoT	– Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per Business Plan £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (Feb) £000	Forecast Variance - Outturn (Mar) £000	Forecast Variance - Outturn (Mar) %	Overall Status	DoT
59,952	ETE	62,630	-407	-543	-0.9%	Green	↑
242,563	CFA	242,146	4,151	5,197	2.1%	Red	↓
182	Public Health	182	0	0	0.0%	Green	↔
4,674	Corporate Services	5,801	170	148	2.6%	Amber	↑
6,006	LGSS Managed	3,941	555	624	15.8%	Amber	↓
2,714	Assets & Investments	4,229	130	-611	-14.4%	Green	↑
34,206	CS Financing	34,206	-1,861	-2,290	-6.7%	Green	↑
<b>350,297</b>	<b>Service Net Spending</b>	<b>353,135</b>	<b>2,738</b>	<b>2,525</b>	<b>0.7%</b>	<b>Amber</b>	<b>↑</b>
4,677	Financing Items	2,469	-739	-1,328	-53.8%	Green	↑
<b>354,974</b>	<b>Total Net Spending</b>	<b>355,604</b>	<b>1,999</b>	<b>1,197</b>	<b>0.3%</b>	<b>Amber</b>	<b>↑</b>
	<b>Memorandum items:</b>						
9,589	LGSS Operational	8,198	-123	-134	-1.6%	Green	↑
222,808	Schools	222,808					
<b>587,371</b>	<b>Total Spending 2016/17</b>	<b>586,610</b>					

<sup>1</sup> The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

<sup>2</sup> The forecast variance outturn does not include the £9.3m budget saving in 2016/17 following the change in Minimum Revenue Provision (MRP) policy, which was approved by Council on 16 February 2016.

<sup>3</sup> For budget virements between Services throughout the year, please see [Appendix 1](#).



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** -£0.543m (-0.9%) underspend is forecast at year-end.

- |  | £m     | %      |
|--|--------|--------|
| <ul style="list-style-type: none"> <li><b>Concessionary Fares</b> – an underspend of -£621k is forecast for year-end, an increase of £321k on the underspend previously reported in June. The concessionary fares paid to bus operators have been lower than anticipated in the budget, which is due to a lower number of journeys. This follows a national trend, but the decrease in Cambridgeshire has been more pronounced than the 1.5% national average. It's possible that the decrease in spend is linked to the eligibility age for a bus pass rising.</li> </ul> | -0.621 | (-11%) |
| <ul style="list-style-type: none"> <li><b>Local Infrastructure &amp; Streets</b> – an overspend of +£273k is forecast for year-end due to forecast underspends within ETE being used to fund one-off reactive maintenance works.</li> </ul>  | +0.273 | (+8%)  |
| <ul style="list-style-type: none"> <li>For full and previously reported details see the <a href="#">ETE Finance &amp; Performance Report</a>.</li> </ul>   |        |        |

3.2.2 **Children, Families and Adults: +£5.197m (+2.1%) overspend is forecast at year-end.**

	£m	%
<ul style="list-style-type: none"> <li> <b>Learning Disability Services</b> – an overspend of £2.3m is forecast for year-end, which is an increase of £0.9m on the position previously reported (in November). This is mainly the result of increases in need for existing service users, the need to move placements to residential accommodation and fund inpatient provision. As commitments are finalised at the end of year, some back-dated cost pressures have been recognised within the forecast. </li> </ul>	+2.315	(+4%)
<ul style="list-style-type: none"> <li> <b>Strategic Management (Older People &amp; Mental Health)</b> – an underspend of -£934k is forecast for year-end, which is an increase of £567k on the underspend previously reported (in December). This is due to vacancy savings and reflects continuing difficulties throughout the year in recruiting to posts across the directorate. </li> </ul>	-0.934	(-35%)
<ul style="list-style-type: none"> <li> <b>Adult Social Care Strategy and Transformation</b> – an underspend of -£254k is forecast for year-end, which is mainly due to an underspend on contracts, particularly those for Housing Related Support. Efficiencies have been made by rationalising contracts in 2016/17, and it is now clear that the new arrangements are sustainable. </li> </ul>	-0.254	(-7%)
<ul style="list-style-type: none"> <li> <b>Strategic Management (Children's Social Care)</b> – an overspend of £1.1m is forecast for year end, which is an increase of £0.6m on the overspend previously reported (in May). This is largely the result of the service not fully meeting its in-year savings target for vacancy savings. Due to service need posts have been required to be filled as quickly as possible, with essential posts covered by agency staff where necessary. </li> </ul>	+1.062	(+10%)
<ul style="list-style-type: none"> <li> <b>Special Educational Needs (SEN) Placements</b> – an overspend of £916k is forecast for year-end, which is an increase of £416k on the overspend previously reported (in October). Overall this budget has seen an increase in pressure from a rise in the number of children and young people who are looked after children, have an Education, Health and Care Plan and have been placed in a 52 week placement. </li> </ul>		
<p>Additionally, an allowance of £216k for potential part payment of health invoices for SEN placements in 2016/17 has been added to the forecast outturn. Discussions with health are ongoing and full payment will be secured where possible.</p>	+0.916	(+8%)

This budget is funded from the High Needs Block element of the Dedicated Schools Grant (DSG), as such it will be met from DSG carry-forward to be applied at year end.

- **Home to School Transport (Special)** – an underspend of -£260k is forecast for year-end. This is as a result of savings on the retendering of contracts under the Council’s Dynamic Purchasing System and also a result of fewer mid-year route additions than originally budgeted due to an overall reduction in the number of children and young people receiving transport from 1,121 last year to 1,010 at present. -0.260 (-2%)
  - For full and previously reported details see the [CFA Finance & Performance Report](#).
- 3.2.3 **Public Health:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [PH Finance & Performance Report](#).
- 3.2.4 **Corporate Services:** +£0.148m (+2.6%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 3.2.5 **LGSS Managed:** +£0.624m (+15.8%) overspend is forecast at year-end.
- |   | £m | % |
|---|----|---|
| <ul style="list-style-type: none"> <li>• <b>IT Managed</b> – an overspend of +£263k is forecast for year-end. Approximately £100k of the overspend relates to wireless area network upgrades in libraries and community hubs, with another £100k due to necessary expenditure on IT asset replacement. The remainder of the overspend is in relation to the revenue costs of new tablets. <span style="float: right;">+0.263 (+14%)</span></li> <li>• For full and previously reported details see the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul> |    |   |
- 3.2.6 **CS Financing:** -£2.290m (-6.7%) underspend is currently forecast for Debt Charges, which is a favourable movement of -£0.429m on the position reported last month. This reflects £103k unbudgeted income that is due in respect of repayment of interest on deferred S106 payments for the Northstowe development, and unbudgeted interest on Mobilising Local Energy Initiatives (MLEI) loans advanced during the year. For full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 3.2.7 **LGSS Operational:** -£0.134m (-1.6%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 3.2.8 **Assets & Investments:** -£0.611m (-14.4%) underspend is forecast at year-end.
- |  | £m | % |
|--|----|---|
| <ul style="list-style-type: none"> <li>• <b>County Offices</b> – an underspend of -£836k is forecast for year end, which is due to several factors, the main ones being the following: <span style="float: right;">-0.836 (-17%)</span></li> <li>○ A rates rebate of £382k has been achieved for the Shire Hall</li> </ul> |    |   |

site following the leasing of Castle Court.

- £200k rates accruals for 2015/16, which were based on an assessment of the potential liability for backdated bills have not been required.
- £236k additional income has been received from the lease of Castle Court to Study Inn, as the lease started 4 months earlier than was anticipated when the budget was set.
- For full and previously reported details see the [A&I Finance & Performance Report](#).

***Note:** exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.*

#### **4. KEY ACTIVITY DATA**

- 4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [CFA Finance & Performance Report](#) (section 2.5).

## 5. PERFORMANCE TARGETS

5.1 As previously reported to GPC the key performance indicators are currently under review and a new set of indicators have been considered as part of the Business Plan and will be introduced during the new financial year.

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment: 12-month rolling average	ETE	High	At-30-Sept-2016	%	78.1%	80.9% to 81.5%	Amber	↓
	Additional jobs created	ETE	High	To 30-Sep-2015	Number	+6,300 (provisional)	+ 3,500 (2015/16 target)	Green	↓
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others <sup>1</sup>	ETE	Low	At-31-Aug-2016	%	Gap of 6.1 percentage points Most deprived areas (Top 10%) = 11.0% Others = 4.9%	Gap of <=6.5 percentage points Most deprived areas (Top 10%) <=11.5%	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA (Enhanced & Preventative – E&P)	High	February 2017	%	95.0%	96.5%	Amber	↔
	Percentage of 16-18 year olds not in education, employment or training (NEET) <sup>2</sup>	CFA	Low	February 2017	%	3.8%	3.8%	Green	↔
	The proportion of pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA (Learning)	High	February 2017	%	82.9%	82.0%	Green	↑



Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
	The proportion of pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA (Learning)	High	February 2017	%	77.1%	75.0%	Green	↔
	The proportion of pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA (Learning)	High	February 2017	%	100%	100%	Green	↔
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	February 2017	%	56.1%	57%	Amber	↓
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	January 2017	Number	600	429 per month (4874.5 per year)	Red	↓
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	January 2017	Number	154	114	Red	↓
	Healthy life expectancy at birth (males)	Public Health	High	2012 – 2014	Years	66.1	N/A – contextual indicator	Green (compared with England)	↓ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2012 – 2014	Years	67.6	N/A – contextual indicator	Green (compared with England)	↑ (compared with previous year)

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q4 2015)	Years	2.6	N/A – contextual indicator	N/A – contextual indicator	↔
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA (Children's Social Care)	Low	February 2017	Rate per 10,000	50.5	40	Red	↓
	No/ % of families who have not required statutory services within six months of have a Think Family involvement.	CFA (Enhanced & Preventative)	TBC	Following the recommendations from the Think Family evaluation report and the implementation of the Children's Change Programme, the Family CAF is being replaced with a new Early Help Assessment from December 2016. In addition, the Corporate Capacity Review has led to the development of the Business Intelligence and Transformation Teams, both of which are supporting the Council in reviewing how performance is monitored / measured. Considering these changes it is not currently possible or helpful to report on the current CAF / Think Family measure as this will be redefined.					
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	Customer Service & Transformation	High	1 January – 31 March 2017	%	75.2%.	75%	Green	↑
	The average number of days lost to sickness per full-time equivalent staff member	LGSS HR	Low	March 2017	Days (12 month rolling average)	7.89	7.80	Amber	↓

#### Notes

1. 'Out of work' benefits claimants - narrowing the gap between the most deprived areas (top 10%) and others – the target of ≤12% is for the most deprived areas (top 10%). At 6.4 percentage points the gap is the same as last quarter, but is narrower than the baseline (in May 2014) of 7.2 percentage points.
2. From Sept 2016 - This indicator has changed from 16-19 to 16-18 and now includes unknowns, and therefore isn't comparable to previous years. Though performance remains within target, there is a high number of young people whose situation is currently unknown. Analysis of information about these young people gathered during the autumn term will give a clearer idea of our actual performance.

5.2 Key exceptions: there are no exceptions to report this month; for full and previously reported details go to the respective Service Finance & Performance Report:

- [ETE Finance & Performance Report](#)
- [CFA Finance & Performance Report](#)
- [PH Finance & Performance Report](#)
- [CS & LGSS Finance & Performance Report](#)
- [A&I Finance & Performance Report](#)

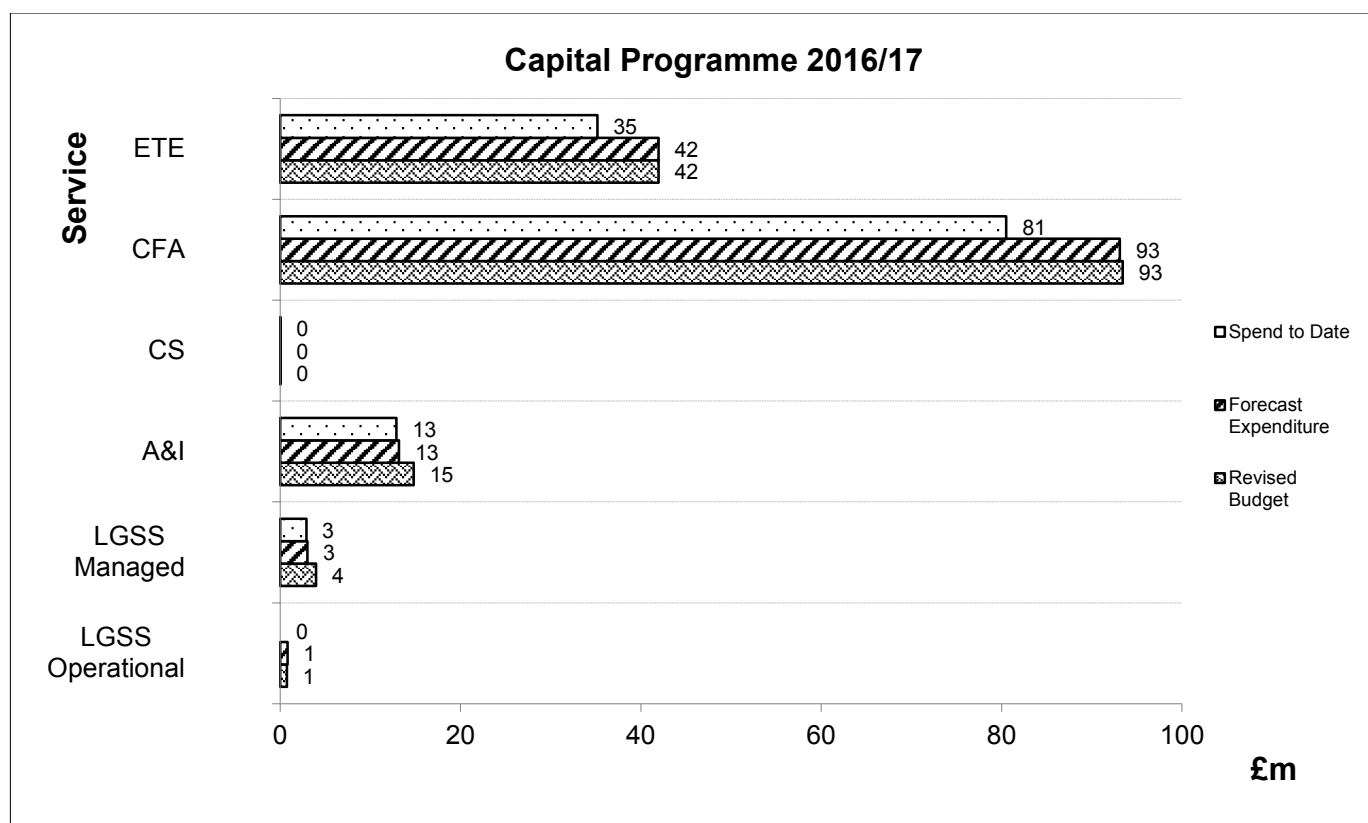
## 6. CAPITAL PROGRAMME

6.1 A summary of capital financial performance by service is shown below:

2016/17						TOTAL SCHEME	
Original 2016/17 Budget as per Business Plan  £000	Service	Revised Budget for 2016/17  £000	Forecast Variance - Outturn (Feb)  £000	Forecast Variance - Outturn (March)  £000	Forecast Variance - Outturn (March)  %	Total Scheme Revised Budget (March)  £000	Total Scheme Forecast Variance (March)  £000
71,699	ETE	41,969	-	-	0.0%	416,571	-
97,156	CFA	93,421	0	-299	-0.3%	543,722	31,825
33	Corporate Services	48	12	6	12.8%	300	-
4,405	LGSS Managed	3,996	-863	-987	-24.7%	15,140	37
11,397	A&I	14,807	0	-1,632	-11.0%	243,475	-3,832
1,104	LGSS Operational	758	55	55	7.3%	1,844	-
<b>185,794</b>	<b>Total Spending</b>	<b>154,999</b>	<b>-0</b>	<b>-2,856</b>	<b>-1.8%</b>	<b>1,221,052</b>	<b>28,031</b>

### Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted, including the capital programme variations budget allocated to each service. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
2. The reported ETE capital figures do not include City Deal, which has a budget for 2016/17 of £7.4m and is currently forecasting an in-year underspend of £2.25m.



**Note:** The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted.

6.2 A summary of the use of capital programme variations budgets by services is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeds this budget.

2016/17					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (March)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (March)
	£000	£000	£000	%	£000
ETE	-10,500	-8,528	8,528	81.22%	0
CFA	-10,282	-10,581	10,282	100.00%	-299
Corporate Services	-12	-6	6	50.00%	6
LGSS Managed	-1,029	-2,016	1,029	100.00%	-987
A&I	-2,850	-4,482	2,850	100.00%	-1,632
LGSS Operational	-155	-100	100	64.52%	55
<b>Total Spending</b>	<b>-24,828</b>	<b>-25,712</b>	<b>22,795</b>	<b>91.81%</b>	<b>-2,856</b>

6.4 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.5m or greater are identified below.

6.4.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li> <b>£90m Highways Maintenance Schemes</b> – an in-year overspend of +£2.2m is forecast, which is a movement of +£0.5m on the position last reported (in December). In previous years the service has programmed more work than there was in-year budget available to combat slippage caused by the contractor failing to deliver all programmed schemes. This year the contractor has delivered more of the programmed works, which has resulted in an in-year overspend. </li> </ul>	+2.2	(+37%)
<ul style="list-style-type: none"> <li> <b>Ely Crossing</b> – an in-year overspend of £1.0m is forecast, which is a movement of £1.8m on the position last reported (in January). As CCC has now taken possession of the land required for the scheme, the payment for this will be accrued for at our estimate of its market value. </li> </ul>	+1.0	(+18%)
<ul style="list-style-type: none"> <li> <b>Street Lighting</b> – this scheme to replace streetlights with LEDs had been planned as a 2016/17 scheme, but will now commence in 2017/18 as plans have now been finalised to achieve the required savings, with staff and contractor focusing on completing the replacement programme. The scheme is expected to be completed in 2017/18. </li> </ul>	-0.8	(-100%)
<ul style="list-style-type: none"> <li> <b>Huntingdon (West of Town Centre Link Road)</b> – discussions regarding land compensation are still ongoing, so limited expenditure is expected in 2016/17. Discussions may take several years to conclude and could result in expenditure of between £0 and £5m. </li> </ul>	-0.7	(-94%)
<ul style="list-style-type: none"> <li>           Although ETE has currently utilised 81% of its capital programme variations budget, it is currently expected that small amounts of slippage on multiple projects will use the majority of the remaining allowance in the adjustment period. </li> </ul>		
<ul style="list-style-type: none"> <li>           For full and previously reported details see the <a href="#">ETE Finance &amp; Performance Report</a>. </li> </ul>		

6.4.2 **Children, Families and Adults:** an underspend of -£0.299m is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li> <b>Basic Need – Secondary</b> – an in-year underspend of -£5.1m is forecast, which is a movement of -£0.7m on the position previously reported (in January). This movement is mainly on the St Bede's school scheme, which is now showing an in-year underspend of -£535k. The main part of this scheme have been delayed while the works to rectify fire damage are completed. </li> </ul>	-5.1	(-12%)

- **CFA Capital Variation** – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. There has been a movement of +£0.7m in the outturn for CFA capital variation since last month. +10.3 (+100%)
- For full and previously reported details see the [CFA Finance & Performance Report](#).

6.4.3 **Corporate Services:** an overspend of +£0.006m (+0.0%) is forecast at year-end, due to only £6k slippage on the capital programme so the variations budget will not be fully utilised. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

6.4.4 **LGSS Managed:** an underspend of -£0.987m (-24.7%) is forecast at year-end, as forecast slippage on the capital programme has exceeded the allocated capital programme variations budget. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

6.4.5 **LGSS Operational:** an overspend of +£0.055m (+7.3%) is forecast at year-end, as slippage on the capital programme is not anticipated to utilise the full capital programme variations allocation. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

6.4.6 **Assets & Investments:** an underspend of -£1.632m (-11.0%) is forecast for year-end.

- |   | £m   | %      |
|---|------|--------|
| <ul style="list-style-type: none"> <li>• <b>Renewable Energy Soham</b> – an in-year underspend of -£1.3m is forecast. £348k of this is due to lower than expected pre-construction costs and savings on the cost of solar panels, which results in a total scheme underspend. The remainder is due to payments budgeted for in 2016/17 that are not now due until 2017/18, including a final retention payment of £460k.</li> </ul> | -1.3 | (-13%) |
| <ul style="list-style-type: none"> <li>• <b>Building Maintenance &amp; Shire Hall Campus</b> – in-year underspends of -£0.7m and -£0.6m respectively are forecast due to delays in obtaining condition surveys and a lack of clarity over the role of some of the buildings and the future of the Shire Hall site, meaning works have been postponed.</li> </ul>  | -1.3 | (-78%) |
- For full and previously reported details see the [A&I Finance & Performance Report](#).

- 6.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.5m or greater are identified below:
- 6.5.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [ETE Finance & Performance Report](#).
- 6.5.2 **Children, Families and Adults:** a +£31.8m (+6%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [CFA Finance & Performance Report](#).
- 6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.4 **LGSS Managed:** a +£0.037m (+0.2%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.5 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.6 **Assets & Investments:** -£3.8m (-1.6%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [A&I Finance & Performance Report](#).

6.6 A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding <sup>1</sup> £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	20.5	0.2	-1.7	1.0	20.0	20.0	-
Basic Need Grant	3.8	-	-	-	3.8	3.8	-0.0
Capital Maintenance Grant	4.6	-	-	0.1	4.7	4.7	-
Devolved Formula Capital	1.1	0.9	-	-0.0	1.9	1.9	-0.0
Specific Grants	21.1	3.6	-12.7	1.7	13.8	13.8	-
S106 Contributions & Community Infrastructure Levy	30.3	1.1	-3.7	-1.6	26.1	25.4	-0.7
Capital Receipts	10.3	-	-	-9.4	0.9	0.9	-0.0
Other Contributions	10.7	0.2	-8.8	1.8	3.9	3.9	-
Revenue Contributions	-	-	-	0.1	0.1	0.1	-
Prudential Borrowing	83.4	10.2	-29.3	15.5	79.8	77.6	-2.2
<b>TOTAL</b>	<b>185.8</b>	<b>16.3</b>	<b>-56.1</b>	<b>9.0</b>	<b>155.0</b>	<b>152.1</b>	<b>-2.9</b>

<sup>1</sup> Reflects the difference between the anticipated 2015/16 year end position, as incorporated within the 2016/17 Business Plan, and the actual 2015/16 year end position.

6.7 Key funding changes (of greater than £0.5m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Additional/Reduction in Funding (Prudential Borrowing)	A&I	+£1.7	<p>£1,675k additional funding is required for the purchase of Vantage House, which will replace the Stanton House Highways Depot.</p> <p><b>General Purposes Committee is asked to note the decision by Assets &amp; Investment Committee to fund this purchase through an increase to prudential borrowing.</b></p>



## 7. GRANT ALLOCATIONS

- 7.1 Where there has been a material change in 2016/17's grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require SMT discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the General Purposes Committee for approval.

### Education Services Grant

The ESG is an unringfenced grant, which is allocated to local authorities and academies on a per-pupil basis that takes account of school type (mainstream/high needs) and status (academy/maintained). Funding will therefore reduce for local authorities if a school convert to academies.

Based on the expected number of academy conversions during 2016/17 a figure of £4,049,288 was budgeted for the ESG during the Business Planning (BP) process. However, due to slower academy conversions than originally expected during 2016/17, the total ESG received is £4,480,325, resulting in an additional £431,037. This position is an increase of £119,037 from the forecast reported in January 2017.

**It is proposed that the additional funding of £431,037 is treated as a general resource and taken to the General Fund, which General Purposes Committee is asked to approve.** The income is shown in the "Financing Items" section of this report.

### Business Rates Retention Pilot

From April 2015 Cambridgeshire has been in a pilot scheme that allows councils to retain 100% of any additional growth in business rates beyond expected forecasts. For year one of the pilot scheme Cambridgeshire County Council's share of the additional growth, which was received in 2016/17 and was not budgeted for, was £453,207.

**It is proposed that the additional funding of £453,207 be treated as a general resource and taken to the General Fund, which General Purposes Committee is asked to approve.** The income is shown in the "Financing Items" section of this report.

- 7.2 The below grant is deemed to be a non-material change and is for information purposes only:

Business Rates Reconciliation Grant 2016/17

Government has committed to reimburse authorities for any loss of income incurred under the business rates retention scheme, which is as a result of tax changes announced at fiscal events. The amount payable is based on actual costs as captured at year end via local authority business rates outturn returns.

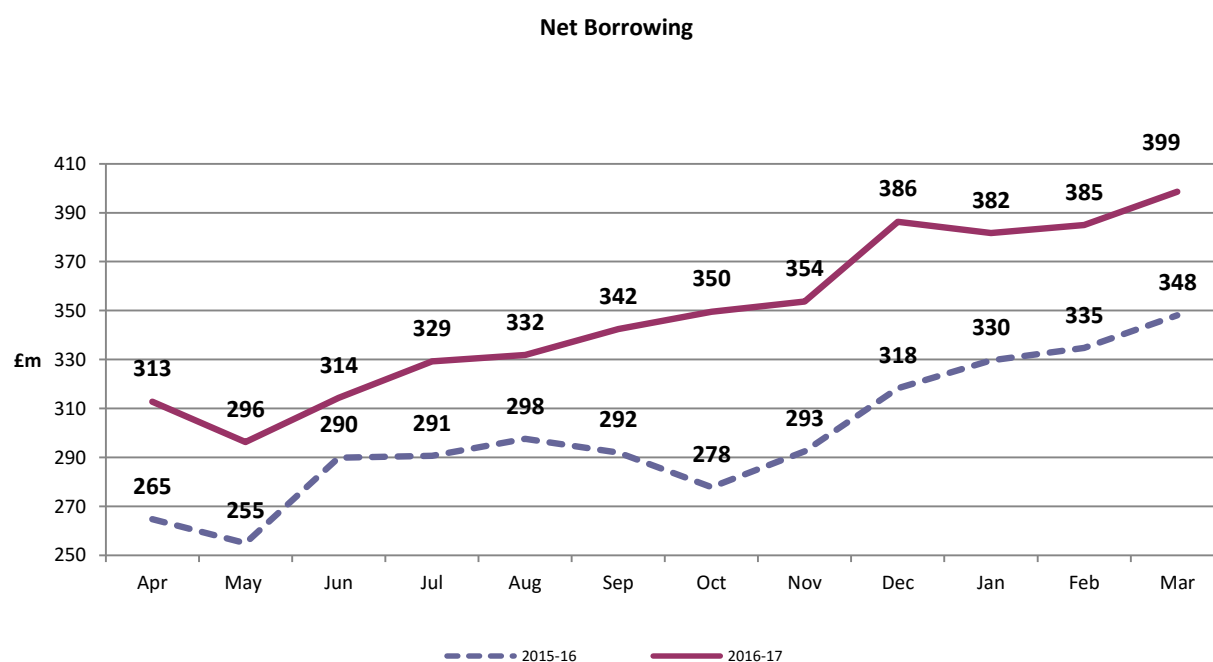
In 2016/17 CCC has received an additional £79,672 of grant funding that was not budgeted for. This funding will be treated as a general resource and is therefore shown in the "Financing Items" section of this report

## 8. BALANCE SHEET

- 8.1 A more detailed analysis of balance sheet health issues is included below:

Measure	Year End Target	Actual as at the end of March
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.8m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.2m
Invoices paid by due date (or sooner)	97.6%	99.6%

- 8.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of March were £43.040m (excluding 3rd party loans) and gross borrowing was £439.0m.



- 8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2016-17 TMSS was set in February 2016, it was anticipated that net borrowing would reach £479m at the end of this financial year. Net borrowing at the beginning of this year (£348m) started at a lower base than originally set out in the TMSS (£417m). As a result the outturn projection was forecast to be substantially lower than originally expected, and at the end of March net borrowing was £399m.
- 8.4 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.
- 8.5 Key exceptions are identified below:

Key exceptions	Impacts and actions
----------------	---------------------

<p>Less borrowing activity than planned –original net borrowing forecast was £479m. Actual net borrowing at 31st March was £399m.</p>	<p>A £2.290m underspend is currently forecast for Debt Charges, an increase of £429k month on month. The increase is largely due to S106 monies reserved in 2016-17 that wasn't anticipated until recently and interest on MLEI loans advanced but not budget during the year. An option to repay a £15m loan and replace with cheaper short term borrowing was exercised recently which also contributed to the increase in underspend reported.</p> <p>This forecast reflects the fall in the forecast for net interest payable following falling interest rates across all parts of the yield curve. New loans have been raised on a short term basis (up to 3 months) to take advantage of cheaper rates of interest than originally budgeted.</p> <p>The impact of lower borrowing on the Debt Charges budget would normally result in a favourable forecast variance (due to lower interest payments). However the Debt Charges budget was reduced in anticipation of capital expenditure slippage during the budget setting process, so the magnitude of the variance reported is muted.</p> <p>The Council is continually reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances (where possible) and undertaking short term borrowing which could potentially generate savings next year, subject to an assessment of the interest rate risks involved.</p>
---	--

8.6 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).

8.7 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).

## 9. ALIGNMENT WITH CORPORATE PRIORITIES

### 9.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 9.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 9.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 10. SIGNIFICANT IMPLICATIONS

### 10.1 Resource Implications

This report provides the latest resources and performance information for the Council and so has a direct impact.

### 10.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

### 10.3 Equality and Diversity Implications

There are no significant implications within this category.

### 10.4 Engagement and Consultation Implications

No public engagement or consultation is required for the purpose of this report.

### 10.5 Localism and Local Member Involvement

There are no significant implications within this category.

### 10.6 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No Name of Legal Officer: Not applicable
Are there any Equality and Diversity implications?	No Name of Officer: Not applicable
Have any engagement and communication implications been cleared by Communications?	No Name of Officer: Not applicable
Are there any Localism and Local Member involvement issues?	No Name of Officer: Not applicable
Have any Public Health implications been cleared by Public Health	No Name of Officer: Not applicable

Source Documents	Location
<p>ETE Finance &amp; Performance Report (March 17)</p> <p>CFA Finance &amp; Performance Report (March 17)</p> <p>PH Finance &amp; Performance Report (March 17)</p> <p>CS and LGSS Cambridge Office Finance &amp; Performance Report (March 17)</p> <p>A&amp;I Finance &amp; Performance Report (March 17)</p> <p>Performance Management Report &amp; Corporate Scorecard (March 17)</p> <p>Capital Monitoring Report (March 17)</p> <p>Report on Debt Outstanding (March 17)</p> <p>Payment Performance Report (March 17)</p>	<p>1<sup>st</sup> Floor, Octagon, Shire Hall, Cambridge</p>

**APPENDIX 1 – transfers between Services throughout the year** (only virements of £1k and above (total value) are shown below)

	CFA £'000	Public Health £'000	ETE £'000	CS Financing £'000	Corporate Services £'000	LGSS Managed £'000	A&I £'000	LGSS Op £'000	Financing Items £'000
Opening Cash Limits as per Business Plan	242,563	182	59,952	34,206	4,674	8,720	0	9,589	3,915
Adjustment LGSS Managed and Operational						10		-10	
LGSS property virement					10			-10	
Licenses budget from LGSS Op. to CS					17	-17			
Contact Centre budget from CFA to CS	-77				77				
CPFT NHS accommodation budget from CFA to LGSS Man.	-10					10			
Reablement budget from CFA to LGSS Op.	-113							113	
Pupil forecasting/demography budget to research group	-53				53				
ETE use of service reserves			2,015						-2,015
Disaggregation of Assets and Investments budgets						-2,714	2,714		
Centralised mobile phones budget	6					-6			
Strategic Assets and Property Services budgets returned to CCC							1,531	-1,531	
Advocacy contract budget from CS to CFA	45				-45				
ETE return of service reserves not needed in 16/17			-65						65
LGSS service reserves allocation for Citrix farm								78	-78
Corporate Capacity Review transfer of budgets	-716		-66		798		-17		
Transfer of LGSS cross-cutting savings to A&I							-24	24	
Transfer from reserves to fund extra gritter routes			570						-570
ETE return of service reserves not needed in 16/17			-604						604
Corporate Capacity Review transfer of budgets			8		-8				
Transfer budget for Deputy Chief Exec function to CS					201			-201	
LGSS use of service reserves for Agresso								140	-140
LGSS use of service reserves for Citrix Farm								26	-26
Transfer budget for income for Pension Board attendance					20			-20	
Re-basing street lighting budget as agreed by Full Council			-600						600
Use service reserves for strategic transport corridor feasibility studies			21						-21
Return P&R wave & pay funding to reserves			-135						135
Correction of corporate capacity review transfer	-4				4				
Transfer insurance budgets	505		1,533			-2,038			
<b>Current budget</b>	<b>242,146</b>	<b>182</b>	<b>62,630</b>	<b>34,206</b>	<b>5,801</b>	<b>3,966</b>	<b>4,204</b>	<b>8,198</b>	<b>2,469</b>
Rounding	0	0	0	0	0	0	0	0	0

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 March 17		
	£000s	£000s	£000s	£000s	
<b><u>General Reserves</u></b>					
- County Fund Balance	18,921	-2,604 <sup>1</sup>	16,317	19,922	
- Services					
1 CFA	1,623	-1,062	561	-4,635	
2 PH	1,138	-113	1,025	638	
3 ETE	3,386	-1,232	2,154	1,622	
4 CS	1,218	-248	970	0	
5 LGSS Operational	1,013	-244	769	356	
subtotal	27,299	-5,503	21,796	17,903	
<b><u>Earmarked</u></b>					
- Specific Reserves					
6 Insurance	2,864	0	2,864	2,864	
subtotal	2,864	0	2,864	2,864	
- Equipment Reserves					
7 CFA	782	42	824	824	
8 ETE	218	0	218	218	
9 CS	57	0	57	57	
subtotal	1,057	42	1,099	1,099	
<b><u>Other Earmarked Funds</u></b>					
10 CFA	4,097	-2,744	1,353	1,156	Includes liquidated damages in respect of the Guided Busway - current balance £1.6m.
11 PH	2,020	0	2,020	1,540	
12 ETE	6,631	-1,111	5,520	6,084	
13 CS	1,274	14	1,288	1,341	
14 LGSS Managed	149	-3	146	146	
15 Assets & Investments	233	103	336	336	
16 LGSS Operational	130	0	130	130	
17 Transformation Fund	11,853	-539	11,314	20,525	Savings realised through change in MRP policy
subtotal	26,387	-4,280	22,107	31,258	
<b>SUB TOTAL</b>	<b>57,607</b>	<b>-9,742</b>	<b>47,866</b>	<b>53,124</b>	
<b><u>Capital Reserves</u></b>					
- Services					
18 CFA	2,428	23,565	25,993	10,155	Section 106 and Community Infrastructure Levy balances.
19 ETE <sup>2</sup>	11,703	30,216	41,919	10,200	
20 LGSS Managed	422	-350	72	72	
21 Assets & Investments	230	558	788	0	
22 Corporate	39,388	11,485	50,873	25,471	
subtotal	54,171	65,474	119,645	45,898	
<b>GRAND TOTAL</b>	<b>111,778</b>	<b>55,733</b>	<b>167,511</b>	<b>99,022</b>	



**Notes:**

1. £95k has been taken from the General Fund this month to cover the deficit on conversion to academy status for Guilden Morden and Thomas Eaton Schools (£48k and £47k respectively).
2. The figures do not include City Deal reserves, which have a current balance of £37.8m and are anticipated to have a year-end balance of £30.4m.

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Fund Description	Balance at 31 March 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 March 17		
	£000s	£000s	£000s	£000s	
<b>- Short Term Provisions</b>					
1 ETE	712	-43	669	0	
2 CS	350	-59	291	100	
3 LGSS Managed	4,545	0	4,545	4,545	
4 Assets & Investments	50	0	50	50	
subtotal	5,657	-102	5,555	4,695	
<b>- Long Term Provisions</b>					
5 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
<b>GRAND TOTAL</b>	<b>9,270</b>	<b>-102</b>	<b>9,168</b>	<b>8,308</b>	



**ANTI FRAUD, ANTI MONEY LAUNDERING AND WHISTLEBLOWING POLICIES REPORT**

*To:* **Audit and Accounts Committee**

*Date:* **30<sup>th</sup> May 2017**

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

*Electoral division(s):* **All**

*Forward Plan ref:* **N/A** *Key decision:* **N/A**

*Purpose:* **To provide the Audit and Accounts Committee with the revised Anti-Fraud, Anti-Money Laundering and Whistleblowing policies for approval.**

*Recommendation:* **To approve the Anti-Fraud, Anti-Money Laundering and Whistleblowing policies.**

<b><i>Officer contact:</i></b>	
Name:	Duncan Wilkinson
Post:	LGSS Chief Internal Auditor
Email:	<a href="mailto:Duncan.Wilkinson@Milton-keynes.gov.uk">Duncan.Wilkinson@Milton-keynes.gov.uk</a>
Tel:	01908 252089

## 1. BACKGROUND

- 1.1 In accordance with best practice, the Council has updated Anti-Money Laundering, Anti-Fraud and Whistleblowing policies to address the issues arising from the Bribery Act using a standard approach that is applied across other authorities.
- 1.2 Audit and Accounts Committee is being presented with the policies for approval. The Committee has already been presented with draft versions of the Anti-Money Laundering and Anti-Fraud and Corruption policies on 21<sup>st</sup> March 2017, and the policies have been updated in light of the Committee's comments at that meeting.
- 1.3 The policies were presented to SMT on 9<sup>th</sup> May 2017 and will be presented to the General Purposes Committee at its meeting of 6<sup>th</sup> June 2017 for approval.
- 1.3 This report is supported by:
- The Anti-Money Laundering Policy (Appendix 1, p.3 right hand numbering)
  - The Anti-Fraud & Corruption Policy (Appendix 2, p.27 right hand numbering)
  - The Whistleblowing Policy (Appendix 3, p.46 right hand numbering)

Source Documents	Location
Anti-Money Laundering Policy Anti-Fraud & Corruption Policy Whistleblowing Policy	Box OCT1108 Shire Hall Castle Hill Cambridge, CB3 0AP

## APPENDIX 1



<b><i>Policy Owner:</i></b>	
Name:	Duncan Wilkinson
Post:	LGSS Chief Internal Auditor
Email:	<a href="mailto:Duncan.Wilkinson@Milton-keynes.gov.uk">Duncan.Wilkinson@Milton-keynes.gov.uk</a>
Tel:	01908 252089

April 2017

## **1 Introduction**

- 1.1 The need for this policy derives from the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007. The Council's legal obligations impact on certain areas of the business and requires Cambridgeshire County Council (CCC) to establish internal procedures to prevent the misuse of services to launder money.
- 1.2 This policy details the controls to prevent and protect against money laundering and terrorist financing

## **2 Scope of the policy**

- 2.1 This policy applies to all employees and contractors / agents of CCC. The policy sets out the procedures which all officers must follow where they suspect or know that a transaction involves money laundering.

## **3 What is Money Laundering?**

- 3.1 Money laundering is how criminally obtained money or other assets are exchanged for money or assets with no obvious link to their criminal origins. It also covers money, however obtained, which is used to fund terrorism.
- 3.2 Money laundering can take many forms such as:
  - Concealing, disguising, converting, transferring or removing criminal property from the UK;
  - Entering into or becoming involved in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property;
  - Acquiring, using or possessing criminal property;
  - Attempting or helping any of the above offences;
  - Involvement in an arrangement which facilitates the control of money or property destined for, or the proceeds of, terrorism;

## 4 How do you detect money laundering

4.1 There is no one method of laundering money. For this reason, it is important that the Council (via its employees and contractors and agents) should be vigilant and alert to possible signs of money laundering through the Council's services.

4.2 At all times, you should ;

- Be wary of cash transactions. 'Cash' for this purpose means notes, coins or travellers' cheques in any currency;
- Take care when commencing business with a new client (establish identity as per below where applicable);
- Be alert to the possibility of money laundering by a client or a prospective client;
- Keep records (as per below where applicable);

## 5 Council's Obligations

5.1 The Money Laundering regulations apply to specific persons, including certain institutions, auditors, accountants, tax advisers and legal professionals.

5.2 Strictly speaking, internal public sector services may not be covered by the legislation. However, public services are susceptible to money laundering activities and CCC must be able to demonstrate its compliance with the law in this area.

5.3 The Proceeds of Crime Act also creates offences relating to money laundering activities, as well as terrorist financing. Again public services may be targeted for this purpose and CCC must be able to demonstrate its compliance with this law.

5.4 CCC has therefore:

- appointed a Chief Internal Auditor to receive disclosures from employees of money laundering activities (their own concerns or that of someone else);
- implemented a reporting procedure where a person:

- knows or suspects; or
  - has a reasonable ground for knowing or suspecting money laundering.
- Set out client identification procedures to be followed in certain circumstances
  - Set down record-keeping procedures for the purposes of money laundering

5.5 All employees, contractors and agents of the public are therefore required to be familiar with the council's policy and to comply with the procedures set out in the following sections and particularly with the reporting procedure.

## 6 The Money Laundering Reporting Officer (MLRO)

6.1 The officer nominated to receive disclosures about money laundering activities is the LGSS Chief Internal Auditor. This post is currently held by Duncan Wilkinson who can be contacted as follows:

Duncan Wilkinson  
Chief Internal Auditor,  
Civic Offices  
Milton Keynes Council  
1 Saxon Gate East  
MK9 3EJ  
Telephone: 01908 252089

Email: [duncan.wilkinson@milton-keynes.gov.uk](mailto:duncan.wilkinson@milton-keynes.gov.uk)

6.2 In the absence of the MLRO, the CCC Director of Law & Governance (as CCC Monitoring Officer), is nominated to deputise as the MLRO until further notice. Quentin Baker can be contacted at, [01223 727961](tel:01223727961), email [quentin.baker@LGSSLaw.co.uk](mailto:quentin.baker@LGSSLaw.co.uk)

## 7 Reporting Procedure

This section explains what you **MUST** do where you become suspicious or know that there is a money laundering or terrorist financing activity going on and how your report will be dealt with by the MLRO.



## 7.1 Reporting to the MLRO

- 7.1.1 Where you know or suspect or have reasonable grounds to know or suspect that a money laundering activity is taking place or has taken place, you must notify the MLRO **IMMEDIATELY** using the money laundering reporting form attached at appendix 1.
- 7.1.2 Similarly, where you believe your involvement in a matter may amount to a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 (see relevant provisions at appendix 2), you must disclose this to the MLRO using the form attached at appendix 1.
- 7.1.3 You must still report your concerns even if you believe that someone else has already reported their suspicions of the same money laundering activity.

**Warning: If you fail to report or disclose as above, you may be liable for prosecution for one or more offences.**

## 7.2 After reporting to the MLRO you **MUST**:

- **not** voice your suspicion to the suspected person or any third party
- **not** disclose to anyone the fact the you have made the report
- **not** make any further enquiries into the matter yourself
- **not** make any reference on the file of the report
- do nothing further on the matter unless you receive specific, written consent from the MLRO to proceed.

**Warning: If you fail to observe any of the above, you may be liable for prosecution for ‘tipping off’ or other offences.**

## 7.3 Once the MLRO receives the report, he/she will;

- (1) note the date of receipt and confirm to you that she/he has received the report.
- (2) advise you of the timescale within which he/she expects to respond to you.
- (3) conduct a provisional investigation into the matter.

- (4) undertake such other reasonable enquiries as appropriate, seeking specialist legal and financial advice (if appropriate)
- (5) make a timely determination as below:
  - (a) Where it is determined there is no reasonable grounds to suspect money laundering, he/she will record the reasons for the finding and give consent for the transaction to proceed.
  - (b) Where it is determined money laundering is suspected he/she will:
    - (i) Make a report to NCA (National Crime Agency), as soon as is practicable, and seek NCA's consent whether to proceed with the transaction.
    - (ii) Advise the officer who made the report of any consent or refusal of consent from NCA.
    - (iii) May give consent for the transaction to proceed where 7 working days have passed since the disclosure to NCA and no refusal notice has been given; or where although the refusal notice has been given, the moratorium period of 31 days has expired since the date of when the refusal notice was given.
    - (iv) Take formal advice from the Director of Law and Governance IF there appears to be reasonable excuse for non- disclosure (eg legal professional privilege) to decide whether or not the matter should be disclosed to NCA.
    - (v) Where the decision is made not to disclose to the NCA, he/she must record the decision and give consent for the transaction to proceed.

#### 7.4 The MLRO commits an offence:

7.4.1 if without reasonable excuse, she/he fails to disclose to NCA as soon as is practicable suspected money laundering reported to him/her (except as set out at 7.3.1 (5) (b) (iv) above)

7.4.2 where after reporting to NCA:

- he/she gives consent to an officer to proceed with the transaction without receiving such consent from NCA;
- where he/she gives such consent before hearing from NCA and the period of 7 working days has not expired since she/he made the disclosure to NCA;
- the moratorium period of 31 days has not expired since the refusal notice.

## 8 Client identification procedure (customer due diligence)

This section explains what you **MUST** do where you are involved in services identified as potential targets for money laundering or terrorist financing transactions. Verifying the identity of clients is a key process that reduces the risk of money laundering and terrorist financing.

8.1 Client/customer due diligence consists of:

- identifying the customer and verifying the client's identity on the basis of documents, data or information obtained from a reliable source;
- identifying a beneficial owner who is not a customer, where there is one, and taking adequate measures on a risk sensitive basis, to verify his/her identity;
- obtaining information on the purpose and intended nature of the business relationship.

8.2 You **must** conduct a 'customer due diligence' in the following circumstances ;

- when establishing a new business relationship
- when carrying out an occasional transaction (a transaction which amounts to €15,000 or more (approximately £10,000) which is carried out in a single operation or several linked operations, and which is carried out other than as part of a business relationship);
- when you suspect money laundering or terrorist financing, regardless of the amount involved;

- when you doubt the veracity or adequacy of documents, data or information previously obtained for identification purposes.

8.3 You **must** complete the verification of the identity of the client (or beneficial owner) before you establish the business relationship or accept / process the transaction.

8.4 You may however, complete such identity verification after establishing the business relationship only if it is necessary not to interrupt the normal conduct of business and there is little risk of money laundering or terrorist financing occurring, but provided that the verification is completed as soon as practicable after contact is first established.

8.5 You should obtain evidence of identity as follows:

8.5.1 For internal clients:

- Written instructions on CCC headed paper signed and dated by the appropriate person; or an email from the Council's internal email system.
- The evidence should be kept on file identifying that it is evidence of the client's identity.

8.5.2 For external clients:

- Written instructions on the organisation's official headed paper, duly signed and dated by the appropriate person/s (It must be clear what position the signing person/s hold/s within the organisation); or an email from the organisation's e-communication system that clearly identifies the sending company and person.
- The evidence should be kept on file identifying that it is evidence of the client's identity.
- Whenever dealing with a company, you must also verify the existence of the company. You must always request to be provided with the company's registration number which you can use to search for the company's existence at the companies house, and the registered address of the company.
- You must further ensure that the person instructing you has the authority from the company to do so.
- When dealing with an individual, identity evidence will be key, verifiable documents such as Driving Licence, Passport or other reliable document.

It is very important that you do not take a tick box approach towards the client identification procedure. You must be satisfied with the authenticity of identification documents and where in doubt, please speak to your manager to see what other forms of identification you may request. The MLRO is able to provide tools that verify the validity of identification documents.

8.6 Where satisfactory evidence of identity is not obtained from the outset or as soon as practicable (in the case of 8.5 above), then;

- You cannot establish a business relationship or carry out an occasional transaction with the client;
- You cannot proceed any further with the transaction (if applicable);
- You must consider whether you need to report the matter to the MLRO.

8.7 Where you are satisfied with the evidence of the identity and an ongoing business relationship is established with a client, you should still scrutinise transactions undertaken to ensure that they are consistent with your knowledge of the client or business and risk profile. You should also ensure that the identification documents are up to date.

## **9 Record keeping procedure**

9.1 It is essential that records are properly kept to aid in any subsequent investigation which may be carried out and to demonstrate the Council has met its responsibilities. Each service must keep the following records for a period of five years beginning from the date when the occasional transaction is completed or business relationship ends:

- evidence of the client's identity
- all supporting records, originals or copies, relating to the transaction

9.2 The MLRO must keep all records of any reports or disclosures received by him/her, action taken and the outcome.

**Report to Money Laundering Reporting Officer**

**Re: money laundering activity**

**To: Duncan Wilkinson, CCC Money Laundering Reporting Officer**

From: ..... Date: .....  
*[insert name of employee]*

Directorate: ..... Ext/Tel No: .....  
*[insert post title and section]*

**DETAILS OF SUSPECTED OFFENCE**

**Name (s) and address (es) of person(s) involved:**  
*[if a company/public body please include details of nature of business]*

**Nature, value and timing of activity involved:**  
*[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]*

**Nature of suspicions regarding such activity:**  
*[Please continue on a separate sheet if necessary]*

**Nature of suspicions (cont'd):**

*[Please continue on a separate sheet if necessary]*

**Has any investigation been undertaken (to your knowledge)?**

Yes      No

**If yes, please include details below:**

**Have you discussed your suspicions with anyone else?**

Yes      No

**If yes, please specify below and where applicable, explain why such discussion was necessary:**

**Have you consulted any supervisory body's guidance (e.g. the Law Society) on money laundering?**

Yes      No

**If yes, please specify below:**

**Do you have any grounds for believing that the matter should not be disclosed to NCA? (e.g. are you a lawyer and wish to claim legal professional privilege?)**

Yes      No

**If yes, please set out full details below:**

**Are you involved in a transaction which may involve a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 and which may require NCA's consent?**



Yes    No

**If yes, please set out the details below:**

**Please set out below any other relevant information:**

**Signed:**.....

**Dated:**.....

*Do not discuss the content of this report with the person/s you suspect to be involved in the money laundering activities described or with third parties. To do so may constitute the offence of tipping off which carries a maximum penalty of 5 years' imprisonment.*

**THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO**

**Date report received:** .....

**Date receipt report acknowledged** .....

**CONSIDERATION OF DISCLOSURE:**

**Action Plan:**

**OUTCOME OF CONSIDERATION OF DISCLOSURE**

**Are there reasonable grounds for suspecting money laundering activity?**

Yes    No

**If yes, please give reasons/details below:**

**If there are reasonable grounds for suspicion, will a report be made to NCA?**

Yes    No

If yes, please confirm date of report to NCA: .....  
and complete the box below:

**Details of liaison with NCA regarding the report:**

Notice period: ..... to .....

Moratorium period: ..... to .....

**Is consent required from NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?**

Yes

No   ☐       ☐

*[Please tick the relevant box]*

**If yes, please confirm full details below:**

**Date consent received from NCA:** .....

**Date consent given by you to the employee:** .....

**If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to NCA, please set out below the reason(s) for non-disclosure:**

**Date consent given by you to employee for any prohibited act/transaction to proceed:**

.....

**Other relevant information:**

**Signed:** ..... **Dated:** .....

This report should be retained for at least five years from the date when the occasional transaction or the business relationship to which it relates comes to an end.

**RELEVANT EXTRACTS FROM THE PROCEEDS OF CRIME ACT 2002**

**S.327 Concealing etc**

(1) A person commits an offence if he—

- (a) conceals criminal property;
- (b) disguises criminal property;
- (c) converts criminal property;
- (d) transfers criminal property;
- (e) removes criminal property from England and Wales or from Scotland or from Northern Ireland.

(2) But a person does not commit such an offence if—

- (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so;
- (c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

(3) Concealing or disguising criminal property includes concealing or disguising its nature, source, location, disposition, movement or ownership or any rights with respect to it.

**S.328 Arrangements**

(1) A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person.

(2) But a person does not commit such an offence if—

- (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so;
- (c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

### **S.329 Acquisition, use and possession**

(1) A person commits an offence if he—

- (a) acquires criminal property;
- (b) uses criminal property;
- (c) has possession of criminal property.

(2) But a person does not commit such an offence if—

- (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so;
- (c) he acquired or used or had possession of the property for adequate consideration;
- (d) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

(3) For the purposes of this section—

- (a) a person acquires property for inadequate consideration if the value of the consideration is significantly less than the value of the property;
- (b) a person uses or has possession of property for inadequate consideration if the value of the consideration is significantly less than the value of the use or possession;
- (c) the provision by a person of goods or services which he knows or suspects may help another to carry out criminal conduct is not consideration.

### **S.332 Failure to disclose: other nominated officers**

- (1) A person nominated to receive disclosures under section 337 or 338 commits an offence if the conditions in subsections (2) to (4) are satisfied.
- (2) The first condition is that he knows or suspects that another person is engaged in money laundering.
- (3) The second condition is that the information or other matter on which his knowledge or suspicion is based came to him in consequence of a disclosure made under section 337 or 338.
- (4) The third condition is that he does not make the required disclosure as soon as is practicable after the information or other matter comes to him.
- (5) The required disclosure is a disclosure of the information or other matter—
  - (a) to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service;
  - (b) in the form and manner (if any) prescribed for the purposes of this subsection by order under section 339.
- (6) But a person does not commit an offence under this section if he has a reasonable excuse for not disclosing the information or other matter.

### **S.333 Tipping off**

- (1) A person commits an offence if—
  - (a) he knows or suspects that a disclosure falling within section 337 or 338 has been made, and
  - (b) he makes a disclosure which is likely to prejudice any investigation which might be conducted following the disclosure referred to in paragraph (a).
- (2) But a person does not commit an offence under subsection (1) if—
  - (a) he did not know or suspect that the disclosure was likely to be prejudicial as mentioned in subsection (1);
  - (b) the disclosure is made in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct;
  - (c) he is a professional legal adviser and the disclosure falls within subsection (3).
- (3) A disclosure falls within this subsection if it is a disclosure—

- (a) to (or to a representative of) a client of the professional legal adviser in connection with the giving by the adviser of legal advice to the client, or
  - (b) to any person in connection with legal proceedings or contemplated legal proceedings.
- (4) But a disclosure does not fall within subsection (3) if it is made with the intention of furthering a criminal purpose.

### **S.334 Penalties**

- (1) A person guilty of an offence under section 327, 328 or 329 is liable—
- (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
  - (b) on conviction on indictment, to imprisonment for a term not exceeding 14 years or to a fine or to both.
- (2) A person guilty of an offence under section 330, 331, 332 or 333 is liable—
- (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
  - (b) on conviction on indictment, to imprisonment for a term not exceeding five years or to a fine or to both.

### **S.335 Appropriate consent**

- (1) The appropriate consent is—
- (a) the consent of a nominated officer to do a prohibited act if an authorised disclosure is made to the nominated officer;
  - (b) the consent of a constable to do a prohibited act if an authorised disclosure is made to a constable;
  - (c) the consent of a customs officer to do a prohibited act if an authorised disclosure is made to a customs officer.
- (2) A person must be treated as having the appropriate consent if—
- (a) he makes an authorised disclosure to a constable or a customs officer, and
  - (b) the condition in subsection (3) or the condition in subsection (4) is satisfied.
- (3) The condition is that before the end of the notice period he does not receive notice from a constable or customs officer that consent to the doing of the act is refused.



(4) The condition is that—

(a) before the end of the notice period he receives notice from a constable or customs officer that consent to the doing of the act is refused, and

(b) the moratorium period has expired.

(5) The notice period is the period of seven working days starting with the first working day after the person makes the disclosure.

(6) The moratorium period is the period of 31 days starting with the day on which the person receives notice that consent to the doing of the act is refused.

(7) A working day is a day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 (c. 80) in the part of the United Kingdom in which the person is when he makes the disclosure.

(8) References to a prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).

(9) A nominated officer is a person nominated to receive disclosures under section 338.

(10) Subsections (1) to (4) apply for the purposes of this Part.

### **S.336 Nominated officer: consent**

(1) A nominated officer must not give the appropriate consent to the doing of a prohibited act unless the condition in subsection (2), the condition in subsection (3) or the condition in subsection (4) is satisfied.

(2) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service, and

(b) such a person gives consent to the doing of the act.

(3) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service, and

(b) before the end of the notice period he does not receive notice from such a person that consent to the doing of the act is refused.

(4) The condition is that—

- (a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service,
  - (b) before the end of the notice period he receives notice from such a person that consent to the doing of the act is refused, and
  - (c) the moratorium period has expired.
- (5) A person who is a nominated officer commits an offence if—
- (a) he gives consent to a prohibited act in circumstances where none of the conditions in subsections (2), (3) and (4) is satisfied, and
  - (b) he knows or suspects that the act is a prohibited act.
- (6) A person guilty of such an offence is liable—
- (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
  - (b) on conviction on indictment, to imprisonment for a term not exceeding five years or to a fine or to both.
- (7) The notice period is the period of seven working days starting with the first working day after the nominated officer makes the disclosure.
- (8) The moratorium period is the period of 31 days starting with the day on which the nominated officer is given notice that consent to the doing of the act is refused.
- (9) A working day is a day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 (c. 80) in the part of the United Kingdom in which the nominated officer is when he gives the appropriate consent.
- (10) References to a prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).
- (11) A nominated officer is a person nominated to receive disclosures under section 338.

### **S.337 Protected disclosures**

- (1) A disclosure which satisfies the following three conditions is not to be taken to breach any restriction on the disclosure of information (however imposed).
- (2) The first condition is that the information or other matter disclosed came to the person making the disclosure (the discloser) in the course of his trade, profession, business or employment.

- (3) The second condition is that the information or other matter—
- (a) causes the discloser to know or suspect, or
  - (b) gives him reasonable grounds for knowing or suspecting,
- that another person is engaged in money laundering.
- (4) The third condition is that the disclosure is made to a constable, a customs officer or a nominated officer as soon as is practicable after the information or other matter comes to the discloser.
- (5) A disclosure to a nominated officer is a disclosure which—
- (a) is made to a person nominated by the discloser's employer to receive disclosures under this section, and
  - (b) is made in the course of the discloser's employment and in accordance with the procedure established by the employer for the purpose.

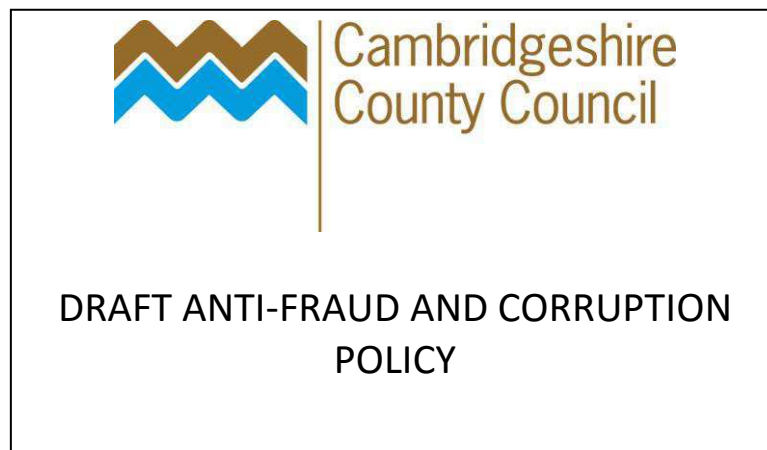
### **S.338 Authorised disclosures**

- (1) For the purposes of this Part a disclosure is authorised if—
- (a) it is a disclosure to a constable, a customs officer or a nominated officer by the alleged offender that property is criminal property,
  - (b) it is made in the form and manner (if any) prescribed for the purposes of this subsection by order under section 339, and
  - (c) the first or second condition set out below is satisfied.
- (2) The first condition is that the disclosure is made before the alleged offender does the prohibited act.
- (3) The second condition is that—
- (a) the disclosure is made after the alleged offender does the prohibited act,
  - (b) there is a good reason for his failure to make the disclosure before he did the act, and
  - (c) the disclosure is made on his own initiative and as soon as it is practicable for him to make it.
- (4) An authorised disclosure is not to be taken to breach any restriction on the disclosure of information (however imposed).
- (5) A disclosure to a nominated officer is a disclosure which—
- (a) is made to a person nominated by the alleged offender's employer to receive authorised disclosures, and

(b) is made in the course of the alleged offender's employment and in accordance with the procedure established by the employer for the purpose.

(6) References to the prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).

## APPENDIX 2



<b><i>Policy Owner:</i></b>	
Name:	Duncan Wilkinson
Post:	LGSS Chief Internal Auditor
Email:	<a href="mailto:Duncan.Wilkinson@Milton-keynes.gov.uk">Duncan.Wilkinson@Milton-keynes.gov.uk</a>
Tel:	01908 252089

## Foreword

Cambridgeshire County Council is committed to the highest standards of financial probity and takes its duty to protect the public funds it administers very seriously.

This is Cambridgeshire County Council's Anti-Fraud Policy. It provides a clear framework for the Council to investigate suspected fraud thoroughly, to prosecute wherever the evidence supports such action and seek recovery of defrauded monies through all possible legal means. This policy also applies to the Bribery Act 2010.

The Council administers significant public funds and is sometimes targeted by persons wishing to defraud the public purse. This policy, and the structures maintained by the Council, demonstrate that we will make every effort to identify attempts to defraud the public purse and will robustly pursue individuals responsible.

The Council, through this policy, has adopted a zero tolerance towards fraud including:

- The referral of matters to the Police for investigation wherever appropriate and the full recovery of fraudulently obtained public funds by all legal means.
- The prosecution of persons responsible for defrauding the Council including prosecution through civil and criminal courts in the Council's own name or through the Police etc
- The termination of contracts with partners and contractors
- The dismissal of employees proven to have defrauded or who have attempted to defraud the Council, including where an employee is complicit with another person's attempts to defraud the Council.

The Council requires all partners and contractors to assist in this role and cooperate with any fraud investigation undertaken by authorised officers. This policy also applies to schools staff.

---

Cllr Mike Shellens  
Audit and Accounts Committee Chair

---

Gillian Beasley  
Chief Executive

## 1. INTRODUCTION

- 1.1 The authority aims to provide community leadership and quality services.
- 1.2 In carrying out its functions and responsibilities, the authority has always adopted a culture of openness and fairness and has expected that elected members and employees at all levels will adopt the highest standards of propriety and accountability. This has been achieved by leading by example and by an understanding of and adherence to rules, procedures and agreed practices. These standards are also expected from organisations that have dealings with the authority (eg suppliers/contractors).
- 1.3 However, in light of the Nolan Report, several well-publicised fraud and corruption cases within local government and the Local Government Act 2000, the authority has formalised these accepted standards and practices and developed an anti-fraud and corruption policy.
- 1.4 The authority demonstrates clearly (through this policy) that it is firmly committed to dealing with fraud and corruption and no distinction will be made for perpetrators inside (members/governors and employees) or outside the authority. In addition, there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.
- 1.5 This policy document embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such an act occurs. For ease of understanding, it is separated into the following sections:
- Culture Section 2
  - Prevention Section 3
  - Deterrence Section 4
  - Detection and investigation Section 5
  - Awareness and Training Section 6
- 1.6 The authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as its external auditors, inspection bodies, the Local Government Ombudsman, HM Revenue & Customs. These bodies are important in highlighting any areas where improvements can be made.
- 1.7 Fraud is defined by the Audit Commission as:

**FRAUD – “The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.**

In addition, fraud can also be defined as:

**“The use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.”**

1.8 Bribery and Corruption may be defined as:

**“A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity.”**

1.8.1 The Bribery Act is now in force, and places responsibilities and powers on organisations such as Local Authorities.

1.8.2 There are 3 key sections of the Act which need to be considered for the purposes of this document, which are:

- **Section 1**, which deals with bribing another person by money, payment in kind, or goods and services.
- **Section 2**, the act of being bribed. This relates to individual officers and could lead to prosecution of senior managers.
- **Section 7**, failure of a commercial organisation to prevent bribery. For this section, a “relevant commercial organisation” means an entity that carries on a business and current indications are that this includes Local Authorities. This section also includes persons associated with the organisation, such as agency workers, suppliers and contractors.

1.8.3 Under the legislation, an organisation has a defence if it can show that it has adequate bribery prevention procedures in place, which are informed by the following 6 principles:

- 1) Proportionality – the action an organisation takes should be proportionate to the risks it faces and the size of the business.
- 2) Top Level Commitment – A culture needs to be evident in which bribery is never acceptable. This can be shown via leadership statements, training and procurement expectations.
- 3) Risk Assessment – to include proportionate risk management perhaps via training, newsletters, procurement controls and inclusion within organisational policies such as this one.
- 4) Due Diligence – ie knowing who the organisation is dealing with.
- 5) Communication – communicating policies and procedures by training and general awareness including how occurrences should be investigated and by whom.
- 6) Monitoring and Review – to ensure policies, training and awareness are relevant and updated and by nominating a responsible officer.



1.8.4 Defence against bribery charges under the act, therefore, should be considered adequate if the organisation has the following in place:

- Risk awareness and preparation
- Adequate communication and senior management buy-in
- A zero-tolerance culture
- Adequate education and training
- An audit trail and integration with counter fraud processes

1.8.5 The penalties for individuals under this legislation can, on conviction on indictment, be as high as a prison term of 10 years, or a fine or both (although under section 7 a guilty person is only liable to a fine). The organisational consequences may include disbarment from contract tenders, reputational and financial risk exposure, and adverse publicity.

1.9 Other risk areas which need to be considered and are covered by this policy include:

- **Facilitation payments** – i.e. payments designed to make things happen but which do not secure agreement. Section 106 payments are the subject of legal debate in this area.
- **Gifts and Hospitality** – genuine low-level hospitality is deemed acceptable, but it is imperative that corporate registers are kept up to date and all staff must make declarations of interest.
- **Disclosures of Interests** – and “the failure to disclose an interest in order to gain financial or other pecuniary gain.”

## 2. CULTURE

2.1 The culture of the authority has always been one of the highest ethical standards, probity, openness and the core values of fairness, trust and value support this. The authority’s culture therefore supports the opposition to fraud and corruption.

2.2 The prevention/detection of fraud/corruption and the protection of the public purse are everyone’s responsibility and of paramount importance to the authority.

2.3 The authority’s elected members, school governors and all employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence. To that effect, the Council has adopted a Whistleblowing Policy.

2.4 The definitions of Fraud and Corruption are by their nature technical and have their basis in the Fraud Act which became law on 15<sup>th</sup> January 2007. A more practical definition is where the Council’s assets, including money, are dishonestly obtained by someone not entitled to them. Examples include:

- theft of cash or assets:
- obtaining access to services to which the person is not entitled e.g. obtaining a Council house or disabled blue badge;

- falsifying information or documentation e.g. timesheets, overtime, expenses, qualifications etc.;
- dishonesty between officers and management/head teachers;
- the deliberate concealment of information required by the Council e.g. convictions or activities inconsistent with the Council's duties and responsibilities;
- Defrauding welfare payments, such as Housing Benefit, Council Tax benefit and Council Tax Single Person Discounts etc.

- 2.5 The authority will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions.
- 2.6 The authority will deal firmly with those who defraud the authority, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.
- 2.7 When fraud or corruption have occurred because of a breakdown in the authority's systems or procedures, Executive or Service Directors will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.
- 2.8 In certain circumstances, and where appropriate, a commercial settlement between the Council and an employee may be deemed necessary as a way of disposing of a case. This should only be undertaken following agreement by the Chief Executive and Monitoring Officer and following an independent review by Council.

### 3. ROLES

#### **Elected Members and School Governors**

As elected representatives, all members of the authority have a duty to citizens to protect the authority from all forms of abuse. This is done through this anti-fraud and corruption policy and compliance with the national code of conduct for members, the authority's Financial Regulations, Constitution and the relevant legislation.

Elected members sign to the effect that they have read and understood the national code of conduct when they take office. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. The Director of Law, Property and Governance advises members of new legislative or procedural requirements.

Members and Governors are required to apply the principles of good governance regarding their own affairs and when acting for the Council, including: declaring pecuniary or non-pecuniary interests; declaring the potential for a conflict of interest; and recording the receipt of all gifts and hospitality. Members and governors must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Cambridgeshire County Council.

#### **Audit and Accounts Committee**

The Audit and Accounts Committee and its members have specific responsibility re: the oversight of the Council's governance arrangements, in respect of the adequacy of control systems to prevent and detect fraud but also the assurance that processes work effectively for individual cases.

The Audit and Accounts Committee considers periodic reports from Internal Audit on suspected and proven frauds and monitors those systems of control applicable to that area, making recommendation to Council where improvement is required.

<p><b><u>SMT / Directors :</u></b></p>	<p>SMT / Directors are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their employees are aware of the Financial Regulations and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>SMT / Directors have responsibility to ensure that effective systems of control are in place corporately and within their directorate to both prevent and detect fraud, and that those systems operate properly.</p> <p>SMT / Directors are required to submit an annual self-assessment of those processes for inclusion within the Council's Annual Governance Statement.</p> <p>SMT / Directors must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Cambridgeshire County Council. SMT / Directors are expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities.</p>
<p><b><u>Heads of Service/</u></b> <b><u>Managers / Head</u></b> <b><u>Teachers</u></b></p>	<p>Managers at all levels are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their employees are aware of the Financial Regulations and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>Managers of all levels must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Cambridgeshire County Council. Managers of all levels are expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities.</p> <p>Heads of Service, Managers and Head Teachers must ensure that special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll, the integrated benefits computer system or council tax. Managers must ensure that relevant training is provided for employees. Checks must be carried out at least annually to ensure that proper procedures are being followed, in order to inform the directorate annual self-assessment.</p>

	<p>The authority recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. The authority's formal recruitment procedures (which contain appropriate safeguards on matters such as written references, verifying qualifications held, and DBS checks undertaken on employees working in regulated activity with children and vulnerable adults) will be adhered to during this process.</p> <p>In line with the Council's Fraud Response Plan, management investigations into disciplinary matters must liaise with Internal Audit regarding any potential fraud or corruption implications of the conduct / investigation. If a member of staff raises concerns regarding suspected fraud, the line manager must inform the Chief Internal Auditor or contact Internal Audit immediately. Line managers should only undertake discreet preliminary enquiries which should be restricted to the basic facts required to determine whether there are any grounds to the allegation. The handling of evidence at the early stages of an investigation can be critical to the outcome of the investigation and advice must be sought from the Chief Internal Auditor to ensure evidence is safeguarded and not compromised. No action should be taken which may alert those suspected of involvement.</p>
--	--

### **Internal Audit**

The Chief Internal Auditor (in consultation with the Director of HR) shall determine whether a concern / suspicion regarding fraud requires investigation by the Internal Audit Investigators as opposed to management, in line with the Council's Fraud Response Plan.

Audit & Risk Management Services plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. The Internal Audit Investigators liaise with management to recommend changes in procedures to prevent further losses to the authority.

The Internal Audit service shall report to SMT and the Audit and Accounts Committee regarding the application of the zero tolerance statement within this policy. Furthermore, the Internal Audit Investigators shall investigate all cases of suspected irregularity in accordance with the requirements of the Police and Criminal Evidence Act 1984, Human Rights Act 1998, Fraud Act 2006, Bribery Act 2010 and other relevant legislation. In all cases where employees are involved, they will work with HR and appropriate senior management to ensure that correct procedures are followed and that this policy and the Council's Fraud Response Plan are adhered to.

<p><b><u>Employees, including school staff</u></b></p>	<p>Each employee is governed in their work by the authority's Constitution and Financial Regulations and other codes of conduct and policies (Code of Conduct; Health and Safety; IT security and so on). Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager.</p> <p>In addition to the above, employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the authority. These will be included in induction training and procedure manuals.</p> <p>Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. Concerns should be raised, in the first instance, directly with the supervisor/business unit manager. Employees who feel unable to report to their line management should contact the Chief Internal Auditor directly, telephone the Whistleblowing Hotline or email <a href="mailto:stop.fraud@cambridgeshire.gov.uk">stop.fraud@cambridgeshire.gov.uk</a>. Should there be a preference to make an anonymous notification, then they should refer to the Council's (or school's) Whistleblowing Policy which gives details of independent persons they can discuss their concerns.</p> <p>All employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of service. Internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.</p>
<p><b><u>External Audit</u></b></p>	<p>Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the authority's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the authority's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity</p>

	for corrupt practices.
--	------------------------

<b><u>External Bodies</u></b>	Internal Audit has arranged, and will keep under review, procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity, in relation to local authorities with external agencies such as: police, county, unitary and district Council groups, the external audit service, Department of Works and Pensions and other government departments.
<b><u>Contractors and Partners</u></b>	<p>Contractors and partners have a responsibility for the communication and implementation of this policy within their organisation. They are also responsible for ensuring that their employees are aware of the Council's Financial Regulations, Whistleblowing and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>Contractors and partners are expected to create an environment in which their staff feel able to approach them (or the Council directly) with any concerns they may have about suspected irregularities. Where they are unsure of the procedures, they must refer to the relevant Executive or Service Director for that area or may approach the Chief Internal Auditor directly on any Whistleblowing issue.</p>
<b><u>Stakeholders and Customers</u></b>	Whilst this policy is primarily aimed at implementing the necessary culture and processes within the Council, its stakeholders and customers may become aware of issues that they feel may indicate fraud. They should refer to the Council's complaints procedure, or they can contact the Chief Internal Auditor to discuss their concerns directly.



#### **4. DETERRENCE**

##### **4.1. Prosecution**

Each case will be considered on its merits.

##### **4.2. Disciplinary Action**

4.2.1 Theft, fraud and bribery and corruption are serious offences against the authority and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken, if appropriate, in addition to criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner, after consultation with the relevant Executive or Service Director, Head Teacher, and if appropriate the Director of HR.

4.2.2 Disciplinary action will be undertaken in accordance with the Council's disciplinary policy and procedure with each case considered on its merits.

4.2.3 Members will face appropriate action under this policy if they are found to have been involved in theft, fraud or corruption against the authority. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. As per the Council's Fraud Response Plan, if fraud concerns relate to an elected Member, the Chief Internal Auditor will inform the Council's Monitoring Officer and Chief Executive and matters, if not referred to the police, will be referred to the Constitution and Ethics Committee or appropriate group leader

4.2.4 Members or employees involved in fraud, theft or corruption that does not involve the Council or its finances may still be subject to the above action, if it is considered to undermine the Council and its reputation.

##### **4.3. Publicity**

4.3.1 The Council recognises the key role that publicity of fraud cases plays in deterring other attempts to defraud the Council. To that effect, a Publicity Policy is attached at Annex A of this policy which sets out these measures in detail.

4.3.2 The authority's Communications service will optimise the publicity opportunities associated with anti-fraud and corruption activity within the authority. Communications will also try to ensure that the results of any action taken, including prosecutions, are reported in the media. The service will maintain close working relationships with all areas involved in anti-fraud work, but particularly Legal Services and Internal Audit.

4.3.3 In all cases where financial loss to the authority has occurred, the authority will seek to recover the loss and advertise this fact.

4.3.4 All anti-fraud and corruption activities, including the update of this policy, will be publicised in order to make employees and the public aware of the authority's commitment to taking action on fraud and corruption when it occurs.

4.3.5 Regular reports will be made to the Audit and Accounts Committee about countering fraud and corruption activities and their success.

## **5. DETECTION AND INVESTIGATION**

5.1 All staff, Members and any other stakeholders in Council services have a vital role in identifying potential fraud or corruption. It is not the responsibility of those groups to investigate their suspicions, as this may undermine a case to be pursued, but all parties play a key role in bringing such concerns to the Council's attention for a proper and thorough investigation to be undertaken.

5.2 Management, including Head Teachers are in the best position to become aware of any problems that could indicate fraud or theft etc. Management are also best placed to ensure that systems of internal control are in place and operating and thus are ideally placed to identify weaknesses or failures that may be exploited. Internal Audit can provide advice and assistance in this area.

5.3 Employees are also ideally placed to detect fraud, theft or corruption. Employees are encouraged to discuss concerns with their line manager but the Fraud Response Plan also provides mechanisms to raise concerns corporately.

5.4 The Fraud Response Plan provides a process to enable the Council to demonstrate :

- Proper investigations for all referrals;
- Proper action taken in relation to findings from investigations;
- Feedback is provided to anyone making a referral;
- Appropriate protection for anyone making or having made a referral.

5.5 Internal Audit plays an important role in the detection of fraud and corruption. Included in the Audit Plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. Internal Audit operates in accordance with best practice, including the adoption of a formal Audit Manual in line with CIPFA best practice. This includes suitable processes to provide assurance to management on the

adequacy of systems of internal control including the completion of follow ups for previous recommendations.

- 5.6 In addition to internal audit, there are numerous systems controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection. In particular, the Council's Corporate Anti-Fraud Team are involved in the reactive and proactive investigation of specialised areas, such as transport-related fraud.
- 5.7 In some cases frauds are discovered by chance or 'tip-off' and arrangements are in place to enable such information to be properly dealt with, in accordance with the requirements of the Human Rights Act 1998.
- 5.8 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern was raised or by the originator. This is essential to the policy, and:
- ensures the consistent treatment of information regarding fraud and corruption;
  - facilitates a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the Human Rights Act 1998.
- 5.9 This process will apply to all the following areas:
- a) fraud/corruption by elected members
  - b) internal fraud/corruption
  - c) other fraud/corruption by authority employees
  - d) fraud by contractors' employees
  - e) external fraud (the public).
- 5.10 Cases under a) will be referred to the Council's External Auditor and the Director for Law and Governance for consideration of action via the Police or Cambridgeshire County Council Constitution and Ethics Committee.
- 5.11 In accordance with basic legal concepts, any person who witnesses or discovers a criminal act has the right to refer concerns directly to the Police.
- 5.12 Any decision to refer a matter to the police will be taken by the Chief Internal Auditor in consultation with the Director of HR and/or Chief Executive and relevant Executive or Service Director or Head Teacher. The authority will normally wish the police to be made aware of, and investigate independently, offenders where financial impropriety is discovered.

- 5.13 Depending on the nature of an allegation under b) to e), the Head of Audit will normally work closely with the Director or Head Teacher concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 5.14 The authority's Fraud Response Plan and disciplinary procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. The processes as outlined in paragraph 4.2.3 will cover members.

## **6. AWARENESS AND TRAINING**

- 6.1. The authority recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of programmed training and an awareness of elected members and employees throughout the authority.
- 6.2. To facilitate this it is intended that a programme of anti-fraud awareness training in the form of workshops possibly incorporating interactive means, will be rolled out across the Council. There will still be specialist training for certain elected members and employees.
- 6.3. A poster to raise awareness of the means to report fraud has been distributed across the Council's officers, and full copies of the anti-fraud and corruption policy are on the Council's intranet.
- 6.4. Key to effective awareness (and deterrence) is a formal and comprehensive system of feedback to provide outcome information to the person who originally referred concerns. Whilst confidentiality must be respected (including the Data Protection Act and Human Rights Act provisions) every referral should be concluded and the outcome communicated to the person making the original referral.
- 6.5. Anti-fraud services should also maintain management information to show:
- How frauds are identified
  - Which type of frauds were affected
  - Any patterns or themes detected
  - New fraud issues highlighted
  - Prevention measures

## Publicity

### **1. Introduction**

- 1.1 Cambridgeshire County Council has adopted this policy to address anti-fraud and corruption issues enhancing public confidence in the administration of taxpayers' money.
- 1.2 The Anti-Fraud & Corruption Policy, and particularly this Publicity section, aims to :
  - 1.2.1 Make clear the connection between saving public monies and the fraud work that achieves this;
  - 1.2.2 Dispel the belief held in some quarters that fraud is a victimless crime;
  - 1.2.3 Demonstrate consistent action is taken for both complex frauds and the perceived lower-level frauds;
  - 1.2.4 Ensure that tough action taken against persons who commit fraud is utilised as an effective deterrent to others;
  - 1.2.5 Alter perceptions of this area of work to move for an image of petty bureaucracy or snoopers to one of professional public funds watchdog;
  - 1.2.6 Ensuring that action taken is consistent with Cambridgeshire County Council policies and legislative provisions as well as being in the public interest.
- 1.3 This policy covers the methods by which the work of the Anti-Fraud services within Cambridgeshire County Council will be promoted, including the publicity associated with specific cases.

### **2 Publicity Categories**

- 2.1 Publicity takes many forms including
  - Leaflets
  - Posters
  - Press Releases / Articles
  - Advertisements
  - Intranet or Internet media
- 2.2 It is imperative that all available forms are maximised to promote an anti-fraud culture throughout the organisation and to the public. However, great care is needed to ensure that publicity in relation to anti-fraud work is positive and does not undermine the service or reinforce the negative perceptions of this area of work.

- 2.3 Thus publicity needs to focus on 3 key areas :
  - 2.3.1 Proactive work of Anti-Fraud services, e.g. a day in the life of a Fraud Investigator;
  - 2.3.2 Specific Cases pursued by Anti-Fraud services, e.g. specific prosecutions / convictions sought;
  - 2.3.3 Reactive responses to Media enquiries.

### **3 Proactive Publicity – Work of Anti-Fraud Services**

- 3.1 This area of work is essential to promote the work of the services and ensure that others are aware of this work, and thus deterred from attempting fraud. The aim of this publicity is to increase the profile of anti-fraud work across Cambridgeshire County Council and the wider community, in order to promote the referral processes and deter fraud.
- 3.2 Intranet pages are maintained which sets out details as to how to contact the Internal Audit Investigators and how to report fraud. The site also provides links to relevant policies.
- 3.3 Any leaflets and posters used for Fraud Awareness purposes shall be reviewed annually to reflect any necessary changes.
- 3.4 It is intended that Fraud Awareness training shall be part of the Council's Corporate Training/Induction system.
- 3.5 In addition to the above, the work of Anti-Fraud services shall be promoted periodically both within the Council and to the general community.
- 3.6 For high profile cases prosecuted, the publicity shall consider whether the work of Anti-Fraud services shall be promoted e.g. volumes of cases referred; investigated; prosecuted; convicted etc.

### **4 Specific Cases**

- 4.1 Great care must be taken when publicising any specific case of fraud, theft or corruption. Data Protection Act and Human Rights Act provisions are key legal protections provided to those suspected of committing such offences, and must not be breached by the Council's attempts to promote anti-fraud work.
- 4.2 However, the publicity attached to any specific case is a necessary element of promoting the deterrent effect of anti-fraud work, as it demonstrates actual instances and consequences to individuals.
- 4.3 Any decision that the Council should prosecute an individual, individuals or organisation(s) must be taken following a formal quality assurance procedure.
- 4.4 Any decision to pursue prosecution will be taken on the basis of professional

advice, the merits of the case itself and any applicable guidelines relevant.

- 4.5 All prosecutions should include a consideration of publicity issues and ensure that the Council's Communications service are involved / aware of the issue so that the Council can adopt a proactive publicity strategy and avoid the need to react to press enquiries.
- 4.6 A specific decision will be taken and recorded by the Head of Service to issue a press release for any specific case. In all other cases, a press statement / position shall be prepared to address any potential press enquiry.
- 4.7 Press releases shall be prepared that promote the Council's Anti-Fraud policy and maximise the deterrent effect of prosecutions.

## **5 Reactive Responses to Media Enquiries**

- 5.1 Ideally the above measures aim to minimise the need for this, where the Council proactively provides relevant information to promote anti-fraud through local (and possibly national) media.
- 5.2 Press queries will arise on some occasions and it is essential that they are responded to in such a way as to promote the anti-fraud policy of the Council.
- 5.3 Responses to Press queries regarding specific individuals must not breach Data Protection or Human Rights legislation.



## Whistleblowing Policy

**THE COUNCIL WANTS YOU TO BE CONFIDENT THAT YOUR CONCERNS WILL BE TAKEN SERIOUSLY AND THAT YOU WILL BE PROTECTED FROM VICTIMISATION OR BULLYING OR HARRASSMENT IF YOU RAISE A CONCERN.**

If you have a concern about the Council's services please read this policy. You may think this policy does not apply to the concern you have – IT DOES, we can give confidential advice about ANY concern you may have regarding the Council and its services.

If you want to informally / confidentially discuss this policy or your concerns you can contact:

Duncan Wilkinson (Chief Internal Auditor) on 01908 252089 or email  
[Duncan.Wilkinson@milton-keynes.gov.uk](mailto:Duncan.Wilkinson@milton-keynes.gov.uk)

Or

- Janet Maulder, Head of HR Advisory – 01223 699495
- Martin Cox, Director of HR - 07921 092743
- Sue Grace, Director of Customer Service and Transformation – 01223 699248
- Sue Stagg, Head of Health Safety & Wellbeing - 07721522896
- Quentin Baker, LGSS Director Law & Governance (Council's Monitoring Officer) - 01223 727961

Or

The Whistleblowing hotline on 01908 252525

Or

Public Concern At Work on 0207 404 6609 or [helpline@pcaw.co.uk](mailto:helpline@pcaw.co.uk)  
 PCAW are an independent charity and information provided to PCAW is protected under the Public Interest Disclosures Act. Their helpline is where their lawyers provide confidential advice free of charge.

**The details of such discussions will not be released to anyone else within the Council without your express consent and meetings can be held at a time and place of your choosing.**



## TABLE OF CONTENTS

1.	INTRODUCTION .....	48
2.	AIMS AND SCOPE OF THIS POLICY .....	49
3.	HOW TO RAISE A CONCERN .....	50
4.	SUPPORTING THE INDIVIDUAL TO RAISE A CONCERN .....	51
4.1	Harassment or Victimisation .....	51
4.2	Confidentiality .....	52
4.3	Anonymity .....	52
4.4	Untrue Allegations .....	52
5.	HOW THE COUNCIL WILL RESPOND .....	53
6.	HOW THE MATTER CAN BE TAKEN FURTHER .....	54
7.	ROLES AND RESPONSIBILITIES .....	54
8.	HOW THE POLICY WILL BE MONITORED .....	56
9.	REVIEW .....	56
Annex A	Procedure for Contractors / Partners .....	11
Annex B	Monitoring Survey .....	12

## **1. INTRODUCTION**

- 1.1 This policy seeks to provide a process that gives anyone with a concern about the Council the confidence to bring that concern to our attention.
- 1.2 Cambridgeshire County Council operates within legal requirements and regulations and expects its employees to co-operate in this by adhering to all laws, regulations, policies and procedures. Any employee becoming aware of inappropriate conduct is obliged and encouraged to report this activity. This policy also applies to contractors, consultants, partners and agency staff and other stakeholders including Councillors.
- 1.3 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. Councillors, customers and stakeholders are also in a position to identify concerns that affect Council services and need to be addressed.
- 1.4 Individuals with a concern may fear that they will be victimised or harassed if they raise the concern. In these circumstances it may feel easier to ignore the concern rather than report what may be a suspicion of malpractice.
- 1.5 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Council encourages employees, customers, contractors, employees of subsidiaries, stakeholders or any other person with serious concerns about any aspect of the Council's work to come forward and voice those concerns. This process is commonly referred to as "whistle blowing".
- 1.6 It is recognised that certain cases will have to proceed on a confidential basis but in accordance with the Freedom of Information Act this policy seeks to provide a transparent method for dealing with concerns. Whistleblowers can have confidence through this policy that they have the fullest protections afforded by the Public Interest Disclosures Act.
- 1.7 Specifically the code of practice set out in this policy makes it clear that staff and others can make reports without fear of reprisals and sets out what protections are in place under this policy. This Code is intended to encourage and enable concerns to be raised within the Council so that they can be addressed, rather than overlooking problems or raising them outside the Council.
- 1.8 All Officers, Councillors and partners have a responsibility to protect the Council's interests through the proper adherence to this policy.

## **2. AIMS AND SCOPE OF THIS POLICY**

2.1 This code of practice aims to:

- Encourage and enable any person to feel confident in raising serious concerns and to question and act upon concerns;
- provide avenues for any person to raise concerns and receive feedback on any action taken;
- ensure everyone making a referral receives a response to their concerns;
- describe how to take the matter further if dissatisfied with the Council's response;
- reassure anyone making a referral that they will be protected from reprisals or victimisation.

2.2 For the avoidance of doubt, if you have concerns that any person may be being mistreated / abused you can discuss your concerns in confidence with those listed on the front cover of this policy.

2.3 There are existing procedures in place to enable staff to lodge a grievance relating to their own employment, customers to complain about the service they receive and regarding concerns whether Councillors have breached the National Code of Conduct. This policy should not be used for such concerns, however, advice can be obtained from the contacts on the front cover of this policy if you have any doubts.

2.4 The Whistleblowing Policy is intended to cover concerns that fall outside the scope of the above procedures. A concern may be about:

- sexual, physical or emotional abuse of clients or other individuals;
- conduct which is an offence or a breach of law;
- disclosures related to miscarriages of justice;
- health and safety risks, including risks to the public as well as employees;
- damage to the environment;
- unauthorised use of public funds;
- action that is contrary to the Council's financial procedures or contract regulations;
- possible fraud, corruption or financial irregularity;
- action that is against the Council's Standing Orders and policies;
- practice that falls below established standards or practice;
- other improper or unethical conduct.

2.5 The concern may be something that makes a person feel uncomfortable in terms of known standards, their experience or the standards to which they believe the Council subscribes. If in doubt please contact either the named contact on the front cover of this policy or Public Concern at Work to have a confidential discussion.

2.6 For the avoidance of doubt this policy applies to all employees, contractors, consultants, schools and agency staff and other stakeholders who are acting on behalf of, or in partnership with, the Council.

2.7 Any disclosure of information that, in the reasonable belief of the worker, is made in the public interest, shall be deemed a qualifying disclosure.

2.8 This policy incorporates the provisions that are required from the Public Interest Disclosure Act 1998.

### **3. HOW TO RAISE A CONCERN**

- 3.1 When an individual wishes to raise a concern, he or she will need to identify the issues carefully. They must be clear about the standards against which they are judging practice. Whilst not exhaustive they should consider the following:
- Is it illegal?
  - Does it contravene professional codes of practice?
  - Is it against government guidelines?
  - Is it against the Council's guidelines?
  - Is it about one individual's behaviour or is it about general working practices?
  - Does it contradict what the employee has been taught?
  - Has the individual witnessed the incident?
  - Did anyone else witness the incident at the same time?
- 3.2 Concerns from staff should normally be raised with their immediate manager, in the first instance. Similarly, non-employees (e.g. agency workers or contractors) should raise a concern in the first instance with their contact within the Council, usually the person to whom they directly report.
- 3.3 In some cases, the nature or sensitivity of the concern means that this may not always be appropriate. If a person feels they cannot raise their concern with their immediate manager they are able to go directly to the Chief Internal Auditor. They may also do so if, having raised a concern with the immediate manager/contact, they feel there has not been an appropriate response.
- 3.4 Others wishing to raise a concern should consider whether to raise that concern directly with the relevant senior officer of the service involved or use the Council's existing Complaints process. Details of all such contacts can be found on the Council's website
- 3.5 Given the possible contractual issues, Annex A of this policy gives specific guidance to contractors and partners of the Council in raising such concerns.
- 3.6 Concerns may be raised verbally or in writing. Anyone who wishes to make a written report should give the background and history of the concern (giving relevant dates if possible) and the reason why they are particularly concerned about the situation.
- 3.7 If the individual wishes, they may ask for a private meeting with the person to whom they wish to make the complaint and can be accompanied if they wish. An employee may invite their trade union or professional association representative or work colleague to be present during any meetings or interviews in connection with the concerns they have raised.
- 3.8 When making a complaint verbally, the individual should write down any relevant information and date it. They should keep copies of all correspondence and relevant information.
- 3.9 It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
- 3.10 The individual should ask the person to whom they are making the complaint what the next steps will be and if anything more is expected from them.
- 3.11 Although a person is not expected to prove the truth of an allegation that is made, it will be necessary to demonstrate that there are sufficient grounds for concern. It is not necessary for any person to undertake investigations into their concern prior to contacting the Council, as this may undermine any ultimate action needing to be taken.

- 3.12 Advice and guidance on how specific matters of concern may be pursued can be obtained from the Council's Internal Audit Service. Phone 01908 254230 or email [internal.audit@cambridgeshire.gov.uk](mailto:internal.audit@cambridgeshire.gov.uk). Alternatively staff may wish to get confidential advice from their trade union or professional association
- 3.13 Staff may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of them who have had the same experience or concerns.
- 3.14 Where a person feels that they cannot approach anyone in the Council, they may wish to report their concerns through the external independent reporting scheme called Public Concern At Work. PCAW are an independent charity providing a legal advice service designated by the Bar Council and information provided to PCAW is protected under the Public Interest Disclosures Act. Their helpline number is 0207 404 6609. Their email is [helpline@pcaw.co.uk](mailto:helpline@pcaw.co.uk) where their lawyers provide confidential advice free of charge.

## **4. SUPPORTING THE INDIVIDUAL TO RAISE A CONCERN**

### **4.1 Harassment or Victimisation**

- 4.1.1 The Council recognises that the decision to raise a concern can be difficult, not least because of the fear of reprisals.
- 4.1.2 The Council will not tolerate harassment or victimisation and will take action to protect individuals who raise concerns. This does not mean that if the individual is already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of raising a concern under this policy.
- 4.1.3 It is the clear instruction to those officers (through this formal policy) of the Council who liaise with whistleblowers that they shall not release information to identify a whistleblower to any person within the Council and will only release those details to a proper person outside the Council when there is a legal requirement to do so, e.g. a court order. The only exception to this shall be where the whistleblower themselves gives written permission to do so.
- 4.1.4 Any person applying pressure upon such officers to identify whistleblowers shall be subject to the same provisions as outlined in 4.1.6 below.
- 4.1.5 Where a whistleblower alleges they are / have been victimised / harassed as a result of raising a concern that matter shall be reported to Chief Executive or S151 Officer. Such allegations shall be investigated by the Chief Internal Auditor or LGSS Director of Law and Governance. Where the investigations may identify (either indirectly or directly) the whistleblower the way forward shall be agreed with the whistleblower and any resultant action confidentially reported to the Chair of the Audit & Accounts Committee shall be informed and consulted.
- 4.1.6 Each case will be considered on its merits. Anyone found to have victimised or harassed someone who has made a referral under this policy would normally be considered:
- A matter of Gross Misconduct if done by an employee of the Council;
  - A matter for the Council to consider termination of a contract if done by or at the request of a contractor. If there are concerns that a contractor is victimising, or has victimised, a whistleblower an independent review may be requested;
  - A matter that would be referred to the Constitution & Ethics Committee if undertaken by or at the request of a Councillor;

- A matter that could affect the service provided to a customer if done by or at the request of that customer.

## **4.2 Confidentiality**

- 4.2.1 All concerns will be treated in confidence and every effort will be made not to reveal the identity of the person highlighting the concern if that is the wish of the individual.
- 4.2.2 Individuals are encouraged to put their name to any allegation. The Council will do its best to protect the individual's identity when they do not want their name disclosed. It must be appreciated that the investigation process may reveal the source of the information, and a statement by the individual raising the concern may be required as part of the evidence.

## **4.3 Anonymity**

- 4.3.1 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include :
  - Seriousness of the issue;
  - Credibility of the concern;
  - Likelihood of being able to obtain the necessary information.

## **4.4 Untrue Allegations**

- 4.4.1 Any individual who makes an allegation which is not subsequently confirmed by the investigation, will have no action taken against them and will continue to have protection under this policy from victimisation or harassment.
- 4.4.2 If, however, an individual makes malicious or vexatious allegations, action may be taken against them.

## **5. HOW THE COUNCIL WILL RESPOND**

- 5.1 The action taken by the Council will depend on the nature of the concern. Where appropriate, the matters raised may:
- be investigated by management, internal audit, or other appropriate person;
  - be referred to the external auditor;
  - be referred to the police;
  - form the subject of an independent inquiry.
- 5.2 In order to protect individuals and the Council, an initial investigation will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. Concerns or allegations, which fall within the scope of specific procedures (for example, child protection or discrimination issues), will normally be referred for consideration under those procedures.
- 5.3 It should be noted that some concerns may be resolved by agreed action without the need for investigation. Equally some issues may be investigated without the need for initial enquiries. If urgent action were required, this would be taken before any investigation is conducted.
- 5.4 The Council will write to the person raising the concern within 7 -10 working days (i.e. initially the individual or representative with whom the report was lodged as set out in Sections 4.1 and 4.2):
- acknowledging that the concern has been received;
  - indicating how it proposes to deal with the matter;
  - giving an indication of when a final response or update will be provided;
  - telling the person whether any initial enquiries have been made;
  - supplying the person with information on staff support mechanisms; and
  - telling the person whether further investigations will take place and, if not, why not.
- 5.5 Every effort will be made to resolve the matters raised as soon as possible, in the interests of the Council, the person raising the concern and the person(s) being investigated.

- 5.6 The amount of contact between the officers considering the issues and the person raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.
- 5.7 Where any meeting is arranged, staff have the right, if they so wish, to be accompanied by a trade union or professional association representative or a work colleague who is not involved in the area of work to which the concern relates.
- 5.8 The Council will take appropriate steps to minimise any difficulties, which a person may experience as a result of raising a concern and provide advice and support should they be required to give evidence, e.g. at a disciplinary hearing. Such support may include the ability to give evidence via video link.
- 5.9 The Council accepts that the person raising a concern needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will be kept informed as the investigation progresses unless they have requested otherwise. At the very least they should receive an update on the investigation by the date implied by the estimated response time given in section 5.4

## **6. HOW THE MATTER CAN BE TAKEN FURTHER**

- 6.1 This policy is intended to provide an avenue to raise concerns within the Council. The Council hopes that those using this process will be satisfied with the way their concerns are treated and any investigations that may be carried out. However, if they are not satisfied and feel it right to take the matter outside the Council, the matter can be raised with:
- Public Concern At Work on 0207 404 6609 or [helpline@pcaw.co.uk](mailto:helpline@pcaw.co.uk)
  - Relevant professional bodies or regulatory organisations;
  - A solicitor.
- 6.2 In taking advice from sources outside the Council, a person must ensure that, so far as possible, it is raised without confidential information being divulged and would, other than in exceptional circumstances, be expected to have exhausted the internal routes available first.
- 6.3 Any individual has the right and responsibility to refer a concern to the Police if they suspect a criminal act.

## **7. ROLES AND RESPONSIBILITIES**

- 7.1 The responsibility for the operation of this policy rests with the Executive Directors to ensure all staff are fully aware of its provisions. The Chief Internal Auditor must be advised of all referrals (but in a form which does not endanger confidentiality) so that an annual report to the Council's Audit & Accounts Committee can be compiled.
- 7.2 Investigations should be undertaken by appropriate officers with expertise and will be dependent upon the issue raised. Internal Audit and Human Resources will jointly ensure that investigations are swift and effective and undertaken by someone with relevant skills and experience. Internal Audit and Human Resources (HR) will act as the corporate services who maintain records of all referrals and subsequent investigations received by the Council.



**Additionally:**

- 7.3 Internal Audit will lead on all financial referrals, including those where there are significant financial implications to an allegation, whilst not explicit within the referrals. The Audit team will ensure that concerns raised through the informal process are logged and trends identified.
- 7.4 Human Resources will lead on allegations regarding serious misconduct of Council employees. The HR team will advise and support employees involved in the investigation process, to ensure that such processes are fair and supportive to all those involved.
- 7.5 The Monitoring Officer will lead on allegations regarding misconduct of Councillors.
- 7.6 Employees: In all contracts of employment there is an implied understanding of mutual trust and confidence between the employer and employee. All employees, therefore, have a responsibility to raise concerns about work and they may do so in the manner described in this policy.
- 7.7 Line managers: Must create an open and fair culture within their area of responsibility and ensure that staff concerns are listened to and action taken where necessary. Line managers are responsible for ensuring that there is a safe environment for staff to raise their concerns and that there is no retribution as a result of someone raising their concerns.
- 7.8 Audit & Accounts Committee: is responsible for assuring the Council that the risks across the Council are being identified and managed. It is therefore responsible for ensuring that this policy is robust in identifying concerns and that the identified risks are addressed. It is also responsible for ensuring that the principles within this policy are upheld.

## **8. HOW THE POLICY WILL BE MONITORED**

- 8.1 The Council has a responsibility for registering the nature of all concerns raised and to record the outcome. The Council's Internal Audit Service will produce an annual report, which will identify any patterns of concern and assess the effectiveness of the policy.
- 8.2 This policy will be publicised via the Council's Website and specifically:
  - 8.2.1 Every new employee will be advised to familiarise themselves with the policy when joining the Council;
  - 8.2.2 Every contract will require the contractor to communicate the policy to their staff and adopt its provisions when working for the Council;
  - 8.2.3 Every employee of a LLP owned by the council will be provided a copy of the policy when joining the LLP, together with training on the whistleblowing procedures of their organisation and the circumstances where each policy will apply;
  - 8.2.4 All newly elected members should be provided with a copy of the policy.
- 8.3 A public leaflet will be produced and placed in the Council's public areas to promote the policy and invite feedback.
- 8.4 An annual survey will be undertaken to gauge the awareness of the policy and individual whistleblowers will be asked more detailed questions about their perceptions of the policy in practice.

## **9. REVIEW**

- 9.1 This procedure will be kept under review and any amendments will be subject to consultation with staff representatives. It will be reviewed by the Council's Audit and Accounts Committee on an annual basis.

### **Procedure for Contractors / Partners, including employees of subsidiaries**

1. As a first step contractors should normally raise concerns with their manager, who will then inform the lead Council officer who is dealing with that particular contract. If contractors do not have a manager, they should raise their concerns direct with the lead Council officer. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if contractors believe that their manager or lead Council officer is involved, they should approach the LGSS Director of Law and Governance at the Council direct. Otherwise, the lead Council officer receiving notification of concerns under this policy will inform the LGSS Director of Law and Governance that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the lead Council officer receiving the report will also immediately notify the Chief Internal Auditor.
2. Concerns may be raised verbally or in writing. Individuals who wish to make a written report are invited to use the following format:
  - the background and history of the concern (giving relevant dates if possible);
  - the reason why the individual is particularly concerned about the situation.
3. It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
4. Advice and guidance on how specific matters of concern may be pursued can be obtained internally from the Internal Audit Service. Alternatively contractors may wish to get confidential advice from their trade union or professional association.
5. Contractors may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
6. Contractors may invite their trade union or professional association representative or work colleague to be present during any meetings or interviews in connection with the concerns they have raised.

**General Survey**

- (1) Have you thought about using the Whistleblowing Policy in the last 12 months?
- (2) If yes, but you didn't make a referral, what prevented you?
- (3) On a scale of 1-10 (with 10 being perfect) how would you rate the policy in meeting the needs of someone who has concerns about the Council's services?
- (4) If you answered less than 10, what can we do to change so that we would score 10?

**Specific Survey for those who have raised a concern**

- (1) On a scale of 1-10 (with 10 being perfect) how good do you feel the Council's Whistleblowing arrangements are?
- (2) If you answered less than 10, what can we do to improve so that we would have scored a 10?
- (3) Were you able to obtain sufficient advice before making your referral?
- (4) Did you use normal management structures or the corporate officers?
- (5) Were your concerns properly addressed?
- (6) Were the implications of a referral (e.g. confidentiality and timescales) explained to you?
- (7) Were you provided with regular feedback (if you wanted it)?
- (8) If you asked for confidentiality was that effectively provided?
- (9) Do you feel you suffered harassment, victimisation or any other negative consequence from raising your concern?

**DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17 AND DRAFT CODE OF CORPORATE GOVERNANCE**

**To:** Audit and Accounts Committee

**Date:** 30<sup>th</sup> May 2017

**From:** LGSS Chief Internal Auditor

**Electoral Division(s):** All

**Forward Plan Ref:** N/A                      Key decision: **No**

**Purpose:** This report presents the Annual Governance Statement (AGS) for 2016/17 for consideration by the Audit and Accounts Committee prior to sign off by the Chief Executive and the Chairman of the General Purposes Committee.

The report also presents an update to the Council's Code of Corporate Governance, in line with the 2016 update to the CIPFA/SOLACE Delivering Good Governance In Local Government Framework.

**Recommendation:** The Audit and Accounts Committee is requested:

a) to consider if the AGS at Appendix A is consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2.

b) The Audit & Accounts Committee is requested to review and approve the revised draft Code of Corporate Governance at Appendix B.

<b><i>Officer contact:</i></b>	
<b>Name:</b>	Duncan Wilkinson
<b>Post:</b>	Chief Internal Auditor
<b>Email:</b>	Duncan.wilkinson@cambridgeshire.gov.uk
<b>Tel:</b>	01908 252089

## **1.0 PURPOSE**

- 1.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Chairman of the General Purposes Committee.
- 1.2 The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 1.3 The draft AGS is presented to the Audit and Accounts Committee in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and control.

## **2.0 BACKGROUND**

- 2.1 The draft AGS (at Appendix A) has been compiled by staff in Internal Audit and Risk Management based upon the following sources of evidence:
  - A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
  - A review and re-drafting of the Council's Code of Corporate Governance itself, based on the CIPFA/Solace *Delivering Good Governance in Local Government* Framework 2016 (at Appendix B).
  - Self-assurance statements prepared by directors;
  - The Chief Internal Auditor's opinion on the Council's internal control environment, which will be formally reported to the Audit Committee on 30<sup>th</sup> May 2017.

## **3.0 The Annual Governance Statement**

- 3.1 The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (Solace). The key elements identified in the Statement are:
  - The Council's responsibilities for ensuring a sound system of governance;
  - An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
  - An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
  - The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
  - Reference to how issues raised in the previous year's Statement have been resolved;
  - A conclusion demonstrating a commitment to monitoring implementation through the next annual review.
- 3.2 'Significant Governance Issues' are those that:
  - Seriously prejudice or prevent achievement of a principal objective of the authority;

- Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- Have led to a material impact on the accounts;
- The Audit Committee advises should be considered significant for this purpose;
- The Chief Internal Auditor reports on as significant in the annual opinion on the internal control environment;
- Have attracted significant public interest or have seriously damaged the reputation of the organisation;
- Have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.

#### **4.0 RECOMMENDATION**

- 4.1 The Audit and Accounts Committee is requested to consider whether the draft AGS at Appendix A is consistent with the Committee's own perspective on internal control within the organisation and the definition of significant governance and control issues noted in paragraph 3.2 above.
- 4.2 The Audit and Accounts Committee is requested to review and approve the updated Code of Corporate Governance at Appendix B.

<b>Source Documents</b>	<b>Location</b>
Director Assurance Statement Returns The Code of Corporate Governance (see Appendix B)	OCT1108 Shire Hall Castle Hill Cambridge CB3 0AP

# ANNUAL GOVERNANCE STATEMENT

## SCOPE OF RESPONSIBILITY

Cambridgeshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which include arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (Solace) Framework *Delivering Good Governance in Local Government*.

This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

## THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Statement of Accounts.

## THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are:



## ANNUAL GOVERNANCE STATEMENT

- Members exercising strategic leadership by developing and keeping under review the Council's vision and priorities. These set out and communicate the Council's vision of its purpose and intended outcomes for citizens and service users;
- An established business planning process which ensures that services are delivered in accordance with the Council's objectives and represents the best use of resources;
- The measurement of performance in achieving objectives through the mechanisms of the Council's performance management system;
- A written Constitution which specifies the roles and responsibilities of elected members and officers, with clear delegation arrangements and protocols for effective communication;
- Embedded Codes of Conduct which define the standards of behaviour for members and employees;
- The Constitution setting out Schemes of Delegation to members and officers; Financial Procedure Rules; and other supporting procedures for how decisions are taken and the processes and controls required to manage risk. Having arrangements in place to ensure these are reviewed regularly;
- An Audit and Accounts Committee which is responsible for independent assurance on the adequacy of the risk management framework and the associated control environment; the independent scrutiny of the Council's financial performance, to the extent that it affects the Council's exposure to risk and weakens the control environment; and for overseeing the financial reporting process;
- Statutory officers to support and monitor the Council's governance arrangements, ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful;
- Embedded arrangements for whistleblowing and for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users;
- A Consultation Strategy to ensure the Council consults with and engages the diverse communities of Cambridgeshire, allowing them to have a say in the planning and reviewing of the services provided for them.
- A committee-based system of governance, which provides the Council with the high standards of Governance expected of a local authority. Under the committee system of governance, decisions are made by cross-party committees, meaning that a separate scrutiny function is no longer necessary.

# ANNUAL GOVERNANCE STATEMENT

## REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Corporate Governance Framework, including the system of internal control. The review of effectiveness is informed by assurances from executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's and Risk Management's annual reports, and also by comments made by external auditors and other review agencies and inspectorates.

The Governance Framework and its constituent elements have been developed by executive managers and consulted upon with all members, the Audit and Accounts Committee and the Corporate Leadership Team, as appropriate.

The arrangements for reviewing the Governance Framework comprise:

- A review of the Governance Framework and Internal Control Environment in accordance with CIPFA guidance, carried out by Internal Audit annually. Within this, consideration has been given to ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government and the role of the Chief Internal Auditor in Public Service Organisations.
- In 2016/17, a complete review and re-drafting of the Council's Code of Corporate Governance was undertaken by staff within Internal Audit and reviewed with the Monitoring Officer, to reflect the new *Delivering Good Governance in Local Government Framework* issued by CIPFA/Solace in 2016.
- The annual report and opinion on the Internal Control environment prepared by the Chief Internal Auditor. This report draws upon the outcome of audit reviews undertaken throughout 2016/17 and is informed by the comments of external auditors and inspectors. The report is designed to provide assurance on the effectiveness of internal controls.
- The completion of Self-Assurance Statements by directors.
- The consideration of relevant outputs from member- and officer-led reviews undertaken during the year, and the comments made by the external auditors and other review agencies and inspectorates.

The key aspects of the review of effectiveness are:

### i. Council Planning

There is a clear vision of the outcomes which the Council wants to achieve for local people as set out in the Business Plan.

The Council operates a planning process which integrates all aspects of strategic, operational and financial planning which has the full involvement of executive councillors and all senior managers of the Council. This ensures financial plans realistically support the delivery of the Council's priority outcomes and strategy obligations in the short and medium terms. The

# ANNUAL GOVERNANCE STATEMENT

Business Planning process is subject to ongoing development and improvement, and in 2016/17 there has been a focus on ensuring a joined-up 'One Council' approach to Business Planning, with the introduction of a new pipeline process for Business Planning proposals and an emphasis on developing full Business Cases for all proposals.

The budget preparation process was subject to robust challenge by councillors and involved extensive consultation with the people and businesses of Cambridgeshire.

## ii. Performance Management

The Council presents a corporate Integrated Resources and Performance Report to councillors on a monthly basis, which is available to the public on the Council's internet site, giving them an insight into the Council's overall performance.

In 2017/18 a review of the Council's corporate Key Performance Indicators will be undertaken, with the intention of aligning these more closely to financial reporting.

## iii. Executive Decision Making and Scrutiny

Executive decisions are made by one of the Council's five cross-party service committees. A process is in place to allow for executive decisions to be reviewed following request by at least 8 members which must be made within 3 days of a decision being published.

## iv. The Audit and Accounts Committee

The Audit and Accounts Committee provides independent, effective assurance on the adequacy of the Council's governance environment. All major political parties are represented on the Audit Committee.

The Audit and Accounts Committee met regularly during 2016/17, considering reports, including the annual Internal Audit Report, from the Chief Internal Auditor, the Council's Senior Finance Officers and the External Auditor. Additionally the Committee invited officers of the Council to attend the Committee on a number of occasions to assist the Committee in its work. The Chair of the Audit and Accounts Committee presents an annual report to Council detailing the work of the Audit and Accounts Committee in the preceding year.

## v. Statutory Officers

The statutory functions undertaken by the Head of Paid Service, Monitoring Officer, S151 Officer, and the Executive Director of Children, Families and Adult Services were effectively fulfilled during 2016-17 and up to the date of this report.

## vi. Management

The Council's Executive and Corporate Directors have provided assurance through Self-Assurance Statements that:

- They fully understand their roles and responsibilities;

# ANNUAL GOVERNANCE STATEMENT

- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the Council's key priorities;
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks;
- Service Directors and/or relevant senior staff have provided assurance on the key elements of risk and control in their areas of responsibility;
- Throughout the financial year they consider that risks and internal controls have been sufficiently addressed to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and other laws and regulations.

It was noted as part of this assessment that a review of the Assurance Framework of the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership (GCGP), for which Cambridgeshire County Council is the Accountable Body, had highlighted a knowledge gap in some members of the GCGP team, which is being addressed through training in 2017/18.

## **vii. Internal Audit**

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Chief Internal Auditor to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.

The Chief Internal Auditor is due to provide his annual report to the Audit Committee on 30<sup>th</sup> May 2017. This report will outline the key findings of the audit work undertaken during 2016/17, including areas of significant weakness in the internal control environment.

An assurance scoring mechanism, based on three opinions, is used to reflect the effectiveness of the Council's internal control environment. The opinions are:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

From the audit reviews undertaken during 2016/17, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis.

It is the opinion of the Chief Internal Auditor that, taking into account all available evidence, good assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2016/17, and this remains at a similar level from

# ANNUAL GOVERNANCE STATEMENT

2015/16. The detail to support this assessment will be provided in the Annual Internal Audit Report which will be presented to the Audit and Accounts Committee on 30th May 2017.

## **viii. Review of Internal Audit**

The Public Sector Internal Audit Standards were introduced from April 2013. A self-assessment of Internal Audit's compliance with these Standards is conducted annually and was most recently presented to the Audit and Accounts Committee in June 2016. The Cambridgeshire office of LGSS Internal Audit also underwent an external review of compliance with Public Sector Internal Audit Standards in December 2016. This included a review of a number of audits undertaken over the current and previous financial year; interviews with relevant officers, including all members of the Internal Audit team along with the Council's Chief Finance Officer, Monitoring Officer and Chief Executive; and consideration of Internal Audit policies and procedures.

This review identified no areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity, an extremely positive result. Some areas for improvement were identified, and these will be implemented before a follow-up assessment is conducted in 2017/18 against the latest set of Public Sector Internal Audit Standards released in April 2017.

## **ix. External Audit**

BDO was the Council's appointed External Auditor for the 2015/16 Accounts. As well as an examination of the Council's financial statements, the work of the Council's External Auditor included an assessment of the degree to which the Council delivers value for money in its use of its resources. In the Annual Audit letter, the external auditor issued an unqualified conclusion on the ability of the Council to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **x. Risk Management**

The Council managed its risks during 2016/17 in accordance with the approved Risk Management Policy and the Risk Management Procedures. The Strategic Management Team and Directorate Management Teams formally considered risk on a quarterly basis. Quarterly risk management reports were submitted to both the General Purposes Committee and the Audit and Accounts Committee.

The Internal Audit Plan for 2017/18 presented to the Audit and Accounts Committee in March 2017 is substantially based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2017/18.

A full review of the Council's corporate risk register and risk management is planned for 2017/18, and will take place alongside the review of corporate KPIs, to align risk reporting more closely to the Council's financial reporting processes.



# ANNUAL GOVERNANCE STATEMENT

## SIGNIFICANT GOVERNANCE ISSUES

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance on the effectiveness of the Council's governance arrangements. Arrangements in place comply with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Annual Governance Statement process allows the Council to identify any significant governance issues that have been identified, and the associated actions it is proposing to undertake to enhance its corporate governance arrangements. However there are no such actions requiring specific mention in the 2016/17 Annual Governance Statement.

Cambridgeshire does continue to face very significant future challenges associated with a significant reduction in Central Government funding, particularly from 2017/18 onwards. The Council's 5 year Business Plan is reflective of these pressures, and will be subject to annual review to ensure the extreme financial pressures facing the Council in the latter stages of the Plan can be met, whilst continuing to provide effective services to the people of Cambridgeshire.

It is recognized that in order to address this increased financial pressure on the organisation, the Council needs to transform and develop more effective working across all services. To achieve this, the Council has developed a Transformation Programme, which in 2016/17 has delivered a major restructure of key strategic functions including project management, business intelligence and communications, to operate as a central corporate resource. These services are now better placed to support further transformation across the organisation and ensure improved information-sharing across all the Council's directorates and services. The Transformation Programme will continue to be implemented and developed further in 2017/18, including the implementation of a new project management system across the Council and further development of the Business Planning process. Procurement and commissioning continues to be a key focus of the Transformation Programme to ensure the Council can drive best value from its contracts, and Internal Audit compliance testing will continue to support this.

In order to address financial pressures across the public sector, partnership working between the County Council and other public sector organisations is increasingly important. The 2015/16 review of governance arrangements identified that this was an area where Council guidance had become outdated, and therefore in 2016/17, a new Partnerships Governance Framework was produced at the County Council, to guide staff on the set-up, governance and management of effective partnerships.

On 16<sup>th</sup> March 2017, the Secretary of State for Communities and Local Government announced the Cambridgeshire and Peterborough Combined Authority devolution deal. The integrity of Cambridgeshire County Council is protected under this deal and the Council will continue to deliver the vast majority of services for residents as it does currently, with the Leader of the Council acting as a member of the Combined Authority. In future years, there is the potential that devolution in the region could evolve further and this may impact further upon the authority's governance arrangements. Cambridgeshire County Council already works closely with other local authorities in the region, and shares a Chief Executive and several Directors with Peterborough City Council.

# ANNUAL GOVERNANCE STATEMENT

## CONCLUSION

Based on the work that has been completed, assurance can be taken that the governance arrangements at Cambridgeshire County Council are fit for purpose.

Cambridgeshire County Council is committed to ensuring the implementation of all actions that are planned to strengthen the organisation's governance arrangements. Implementation of these actions will be monitored through the next annual review.

## CHAIRMAN OF GENERAL PURPOSES COMMITTEE AND CHIEF EXECUTIVE STATEMENT

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Chairman of the General Purposes Committee

Gillian Beasley  
Chief Executive

Chairman of the Audit and Accounts  
Committee

May 2017

## **CODE OF CORPORATE GOVERNANCE**



# **Code of Corporate Governance**



# CODE OF CORPORATE GOVERNANCE

## FOREWORD

### From the Chairman of the General Purposes Committee

I am pleased to endorse this Code of Corporate Governance, which sets out the commitment of Cambridgeshire County Council to continue to uphold the highest possible standards of good governance. I hope you will find that the document clearly demonstrates our drive to ensure this.

Good governance is key to achieving our vision for Cambridgeshire.

# CODE OF CORPORATE GOVERNANCE

## INTRODUCTION

### Good governance

Good governance is about how the County Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

### Our commitment

Cambridgeshire County Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider

whether those objectives have led to the delivery of appropriate cost-effective services.

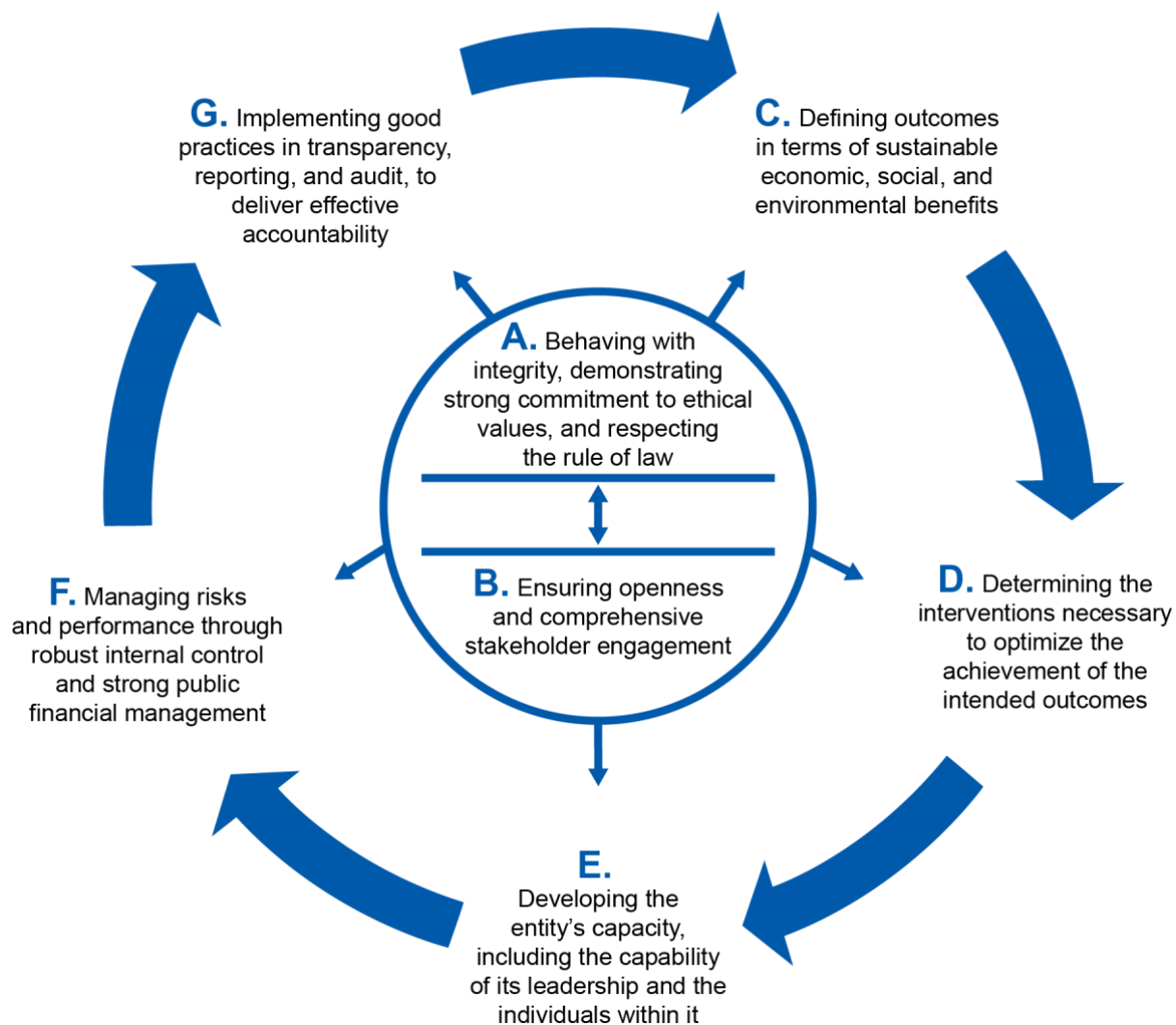
Corporate governance of Cambridgeshire is based on the following principles recommended by CIPFA/SOLACE in a joint document entitled 'Delivering Good Governance in Local Government' which builds on the seven Principles for the Conduct of Individuals in Public Life (Appendix A):

- A.** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B.** Ensuring openness and comprehensive stakeholder engagement.
- C.** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D.** Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E.** Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F.** Managing risks and performance through robust internal control and strong public financial management.
- G.** Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

This document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.

## CODE OF CORPORATE GOVERNANCE

### Achieving the Intended Outcomes While Acting in the Public Interest at all Times



## CODE OF CORPORATE GOVERNANCE

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council:	This is evidenced by:
<b>Behaving with integrity.</b>	<ul style="list-style-type: none"> <li>The Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect through its Constitution, Business Plan and other key policies.</li> <li>The Council's Codes of Conduct for officers and members, and supporting guidance, communicate the expectation that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation. The Council's Constitution (Part 5) sets out the underlying principles which underpin the Codes of Conduct, based on the Seven Principles of Public Life (the Nolan Principles).</li> <li>The Council has in place a Behaviours Framework, which ensures that Cambridgeshire's vision and values are communicated to, and understood by, staff. This framework forms the basis of the annual staff appraisal process.</li> <li>The Council has in place arrangements to ensure that Councillors and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and has in place appropriate processes to ensure that they continue to operate in practice. This includes maintaining the statutory Register of Members Interests, and requiring officers to make Declarations of Interests.</li> <li>The Council has in place arrangements to ensure that core corporate policies and processes are designed in conformity with ethical standards, and are reviewed on a regular basis to ensure they are operating effectively.</li> </ul>	<ul style="list-style-type: none"> <li>Council Business plan</li> <li>The Council's Constitution</li> <li>Members Code of Conduct</li> <li>Officers Code of Conduct</li> <li>Cambridgeshire Behaviours Framework</li> <li>Register of Members' Interests</li> <li>Declaration of Interest Guidance</li> <li>Rules relating to Gifts and Hospitality</li> <li>Members Induction/Training</li> <li>Financial Regulations</li> <li>Contract Procedure Rules</li> <li>Scheme of Delegation</li> <li>Grievance Policy and Procedure</li> <li>Information Governance Policies</li> <li>LGSS Competencies</li> <li>LGSS Values</li> </ul>

## CODE OF CORPORATE GOVERNANCE

<b>Demonstrating strong commitment to ethical values.</b>	<ul style="list-style-type: none"> <li>• The Council's Constitution establishes a clear ethical framework for the Council's operation, and core corporate policies and procedures place emphasis on agreed ethical values.</li> <li>• The Council's Codes of Conduct and Behaviours Framework ensures that personal behaviour is underpinned with ethical values which permeate all aspects of the organisation's culture and operation.</li> <li>• The Council maintains an effective Constitution and Ethics Committee.</li> <li>• The Council's Partnerships Governance Guidance sets out key considerations to ensure that partnerships act with integrity and in compliance with the ethical standards expected by the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council's Constitution</li> <li>• Constitution and Ethics Committee</li> <li>• Partnerships Governance Guidance</li> <li>• Members Code of Conduct</li> <li>• Officers Code of Conduct</li> <li>• Cambridgeshire Behaviours Framework</li> </ul>
<b>Respecting the rule of law.</b>	<ul style="list-style-type: none"> <li>• The Council's policies and culture set the tone for members and staff to demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations, and ensure that statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li> <li>• The Council maintains and implements a Whistleblowing Policy to enable employees to raise any concerns of wrongdoing in confidence and without fear of reprisal. External suppliers, members of the public and Councillors may raise any concerns about suspected illegal or illegitimate practices via the Council's formal Complaints Procedure.</li> <li>• The Council recognises the limits of lawful action and observes both the specific requirements of legislation and the general responsibilities placed on it by public law. The Council observes all specific legislative requirements placed upon it, as well as the requirements of general law, and deals with breaches of legal and regulatory provisions effectively. The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</li> <li>• The Council ensures corruption and misuse of power are dealt with effectively through the Anti-Fraud and Corruption Policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Whistleblowing Policy</li> <li>• Formal Complaints Procedure</li> <li>• Role of the Monitoring Officer as per the Constitution</li> </ul>

## CODE OF CORPORATE GOVERNANCE

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>		
<b>Supporting Principles</b>	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
<b>Openness.</b>	<ul style="list-style-type: none"> <li>• The Council's Constitution, Forward Plan and cross-party Committee system ensures that decision-making is open and there is appropriate oversight and challenge, with an organizational commitment to openness.</li> <li>• The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council's website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided.</li> <li>• The Council's Business Plan, Statements of Accounts, and key strategies are available through the County Council Website.</li> <li>• An effective Internal Audit function is resourced and maintained, with regular reporting to the Audit and Accounts Committee.</li> <li>• The Council is committed to being transparent, accountable and to increasing the amount of data it publishes for reuse by others. The Council maintains the Cambridgeshire Insight websites to enable public access to data, maintains a Publication Scheme listing the information available to the public as a matter of course, and publishes responses to many Freedom of Information requests online.</li> <li>• The Council uses formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</li> </ul>	<ul style="list-style-type: none"> <li>• Forward Plan</li> <li>• The Council's Constitution</li> <li>• Committee System</li> <li>• Internal Audit</li> <li>• Audit and Accounts Committee</li> <li>• Cambridgeshire Insight websites</li> <li>• Publication Scheme</li> <li>• Freedom of Information</li> <li>• FOI Disclosure Log</li> <li>• County Council Website</li> <li>• Business Plan</li> <li>• Statement of Accounts</li> <li>• Committee agendas, reports and minutes</li> <li>• Register of Members' Interests</li> </ul>

## CODE OF CORPORATE GOVERNANCE

<b>Engaging comprehensively with institutional stakeholders.</b>	<ul style="list-style-type: none"> <li>• The Council considers those institutional stakeholders to whom the authority is accountable, to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</li> <li>• The Council aims to develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. The Council's Partnerships Governance Guidance aims to ensure that partnerships are based on trust, a shared commitment to change, and a culture that promotes and accepts challenge among partners.</li> <li>• The Council is part of the Cambridgeshire Information Sharing Framework, developed by public sector organisations across Cambridgeshire and Peterborough to create a positive culture of sharing information with the aim of improving service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships Governance Guidance</li> <li>• Cambridgeshire Information Sharing Framework</li> <li>• The Council's Constitution</li> <li>• Recognition Agreement (unions)</li> </ul>
<b>Engaging with individual citizens and service users effectively.</b>	<ul style="list-style-type: none"> <li>• The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council's website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided.</li> <li>• The Council consults on its Business Plan proposals and other key aspects of its vision, strategic plans and priorities, with the local community and other key stakeholders. The Council takes account of the impact of decisions on future generations of tax payers and service users.</li> <li>• The Council encourages, collects and evaluates the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. The Council maintains a customer feedback and complaints procedure to enable stakeholders to submit their views on Council performance and services.</li> <li>• A clear Consultation Strategy sets out how the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan Consultation</li> <li>• Consultation Strategy</li> <li>• Research and Consultation Database online</li> <li>• Public consultation</li> <li>• Community Impact Assessments</li> <li>• Youth Parliament</li> <li>• Customer Contact Centre and Complaints Procedure</li> <li>• Citizen First, Digital First Strategy</li> </ul>

## CODE OF CORPORATE GOVERNANCE

	ensure that service (or other) provision is contributing towards the achievement of intended outcomes	
--	---	--



## CODE OF CORPORATE GOVERNANCE

### Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
<b>Defining outcomes.</b>	<ul style="list-style-type: none"> <li>The Council's Business Plan forms its agreed statement of the organisation's purpose and intended outcomes, which provides the basis for the authority's overall strategy, planning and other decisions. The Business Plan sets out the Council's Vision and defines the key outcomes for the people of Cambridgeshire. Specific Council strategies and policies link to the outcomes defined in the Business Plan.</li> <li>The Business Plan sets out how the Council will deliver defined outcomes on a sustainable basis, within the resources that will be available. It also specifies the intended impact on, or changes for, stakeholders including citizens and service users, for the next five years.</li> <li>The Business Plan sets out Key Performance Indicators (KPIs), developed by Service Committees, to be used to assess the achievement of the Council's outcomes. The Council's corporate KPIs are reported to General Purposes Committee and Audit and Accounts Committee as part of the regular Integrated Finance and Performance reporting.</li> <li>The Council operates a risk management system to identify and manage risks to the achievement of outcomes. The Corporate Risk Register is reported to and reviewed by the Council's Senior Management Team, General Purposes Committee, and Audit and Accounts Committee on a regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>Business Plan</li> <li>Strategic Management Team</li> <li>Risk Management Policy and Procedures</li> <li>Corporate Risk Register</li> <li>Statement of Accounts</li> <li>Integrated Finance &amp; Performance Reports</li> <li>Capital Strategy ( in Business Plan)</li> </ul>

## CODE OF CORPORATE GOVERNANCE

<b>Sustainable economic, social and environmental benefits.</b>	<ul style="list-style-type: none"> <li>• The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. The Council seeks to take a longer-term view with regard to decision-making, which takes account of risks.</li> <li>• Community Impact Assessments are undertaken for the key proposals included in the Council's Business Plan, which identify the impact of decisions on different groups within the communities affected by the proposals. The Business Plan also incorporates the results of consultation with the local community and businesses.</li> <li>• The Council seeks to determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</li> <li>• The Council identifies and monitors corporate performance indicators, which demonstrate performance against the Council's planned outcomes and how benefits are being delivered.</li> <li>• The Council maintains a prudential financial framework, balancing commitments with available resources and monitoring income and expenditure levels to ensure a sustainable balance is achieved.</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Business Plan Consultation</li> <li>• Annual Statement of Accounts</li> <li>• External Auditors reports</li> <li>• Community Impact Assessments</li> <li>• Integrated Finance &amp; Performance Reporting</li> <li>• Consultation Strategy</li> </ul>
---	--	---

## CODE OF CORPORATE GOVERNANCE

### Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council:	This will be evidenced by:
<b>Determining interventions.</b>	<ul style="list-style-type: none"> <li>The Council's Business Planning process incorporates Business Cases for proposed projects and savings, ensuring decision makers receive objective and rigorous analysis of a variety of options for achieving outcomes, indicating how intended outcomes would be achieved and associated risks. This ensures best value is achieved, however services are provided.</li> <li>The Council's Consultation Strategy ensures that decision-makers consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required, in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul>	<ul style="list-style-type: none"> <li>Business Plan</li> <li>Business Cases</li> <li>Business Plan Consultation</li> <li>Community Impact Assessments</li> <li>Consultation Strategy</li> </ul>

## CODE OF CORPORATE GOVERNANCE

<b>Planning interventions.</b>	<ul style="list-style-type: none"> <li>• The Council has an established annual Business Planning process which sets a five-year strategic plan for the Council that informs the development of strategic and operational plans, priorities and targets. The Business Plan is reviewed annually meaning that mechanisms for delivering outcomes are regularly reviewed and can be adapted to changing circumstances.</li> <li>• The Business Plan incorporates medium term resource planning, including estimates of revenue and capital expenditure. Budgets are prepared in accordance with the Council's objectives, strategies and the Business Plan.</li> <li>• The Business Plan establishes appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. The Council ensures that capacity exists to generate the information required to review service quality regularly.</li> <li>• As part of the Business Planning process, the Council engages with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</li> </ul>	<ul style="list-style-type: none"> <li>• Business Planning process</li> <li>• Business Plan</li> <li>• Partnerships Governance Guidance</li> <li>• Business Plan Consultation</li> <li>• Community Impact Assessments</li> <li>• Consultation Strategy</li> </ul>
<b>Optimising achievement of intended outcomes.</b>	<ul style="list-style-type: none"> <li>• The Council ensures the Business Plan integrates and balances service priorities, affordability and other resource constraints, and that the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</li> <li>• The Council's Business Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period, in order for outcomes to be achieved while optimising resource usage.</li> <li>• Achievement of Business Plan outcomes is monitored and reported to the Council's Senior Management Team through the Integrated Finance and Performance Reports, the Business Plan Savings Tracker and other reporting.</li> <li>• The Council maintains a robust system of risk management which identifies risks to the achievement of the Council's intended outcomes and puts in place mitigating actions to support achievement.</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Risk Management Policy</li> <li>• Corporate Risk Register</li> <li>• Integrated Finance and Performance Reports</li> <li>• Business Plan Savings Tracker</li> <li>• Senior Management Team</li> <li>• Business Continuity Plans</li> <li>• Emergency Planning</li> </ul>

## CODE OF CORPORATE GOVERNANCE

	<ul style="list-style-type: none"><li>The Council maintains systems of business continuity and emergency planning to deal with failures in service delivery or emergencies which may threaten achievement of the Council's intended outcomes.</li></ul>	
--	---	--

## CODE OF CORPORATE GOVERNANCE

<b>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>		
<b>Supporting Principles</b>	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
<b>Developing the entity's capacity.</b>	<ul style="list-style-type: none"> <li>• The Council recognises the benefits of partnerships and collaborative working where added value can be achieved.</li> <li>• The Council maintains robust recruitment and selection processes to ensure that the Council is able to attract suitable candidates, ensuring a diverse workforce that will add value to the organisation. The Council also maintains a secondment policy to ensure that internal resource can be diverted to the areas that will add most value, and to develop the capabilities of staff.</li> <li>• The Council seeks to understand the capacity of its workforce and any gaps, and workforce development strategies are in place to develop the organisation's capacity as required to enhance the strategic allocation of resources.</li> <li>• The Council reviews its operations, performance and use of assets on a regular basis to ensure their continuing effectiveness, and seeks to improve resource use through appropriate application of techniques such as benchmarking and other options, in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships Governance Guidance</li> <li>• Recruitment and Selection Policy and Toolkit</li> <li>• Secondment Policy</li> <li>• Workforce Development Strategies</li> <li>• Transformation Programme</li> <li>• Business Plan</li> <li>• Business Planning Process</li> <li>• Integrated Finance and Performance Reporting</li> <li>• Corporate Risk Register</li> </ul>

## CODE OF CORPORATE GOVERNANCE

<p><b>Developing the capability of the entity's leadership and other individuals.</b></p>	<ul style="list-style-type: none"> <li>• The Council's Constitution and Scheme of Delegation set out a clear statement of the respective roles and responsibilities of the Council's Executive, the Full Council and individual members. The Scheme of Delegation clarifies the type of decisions that are delegated and those reserved for collective decision making of the governing body. Committee Terms of References set out a clear statement of the respective roles and responsibilities of the Council's Committees. This ensures that a shared understanding of roles and objectives is maintained</li> <li>• The Council maintains protocols to ensure effective communication between Council Members and officers in their respective roles.</li> <li>• The Chief Finance Officer is a member of the Senior Management Team has thus has direct access to the Chief Executive and other members of the leadership team.</li> <li>• The Council develops the capabilities of members, senior management, and officers to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks, by:             <ul style="list-style-type: none"> <li>➤ Ensuring Members and staff have access to appropriate induction tailored to their role, and that ongoing training and development matching individual and organisational requirements is available and encouraged;</li> <li>➤ Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis;</li> <li>➤ Holding staff to account through regular performance reviews which take account of training or development needs;</li> <li>➤ Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external;</li> <li>➤ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, and support individuals in maintaining their own physical and mental wellbeing.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Council's Constitution</li> <li>• Scheme of Delegation</li> <li>• Committee Terms of Reference</li> <li>• Members Code of Conduct</li> <li>• Officers Code of Conduct</li> <li>• Protocol on Members/Officer Relations</li> <li>• Workforce Development Strategies</li> <li>• Induction Policy</li> <li>• Corporate Induction</li> <li>• Members Induction Programme</li> <li>• Member Development Programme</li> <li>• Performance Appraisal/PADP Scheme</li> <li>• Improving Performance Policy</li> <li>• Supervision Policy</li> <li>• Cambridgeshire Behaviours Framework</li> <li>• Role of Internal Audit</li> <li>• CFO member of SMT</li> </ul>
---	---	---

## CODE OF CORPORATE GOVERNANCE

<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>		
<b>Supporting Principles</b>	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
<b>Managing risk</b>	<ul style="list-style-type: none"> <li>The Council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. Robust and integrated risk management arrangements are in place and regularly reviewed to ensure that they are working effectively. Risk management is embedded into the culture of the County Council.</li> <li>The Council ensures that responsibilities for managing individual risks are clearly allocated, and the Corporate Risk register is reported to and reviewed by the Council's Senior Management Team, General Purposes Committee, and Audit and Accounts Committee on a regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management Policy</li> <li>Risk Management Procedures</li> <li>Corporate Risk Group</li> <li>Corporate Risk Register</li> <li>Audit and Accounts Committee</li> <li>Risk Reports to Committees</li> <li>Project Management guidance</li> </ul>
<b>Managing performance</b>	<ul style="list-style-type: none"> <li>Members and senior management are provided with regular reports on performance and progress towards outcome achievement.</li> <li>The Council makes decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>The Council encourages effective and constructive challenge and debate on policies and objectives, to support balanced and effective decision making.</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Finance and Performance Reporting</li> <li>Committee agendas, reports and minutes</li> <li>Business Plan Savings Tracker</li> <li>Business Development Team</li> <li>Customer Feedback</li> <li>Internal Audit Reports</li> </ul>



## CODE OF CORPORATE GOVERNANCE

<b>Robust internal control</b>	<ul style="list-style-type: none"> <li>• The Council ensures effective counter fraud, anti-corruption and anti-money laundering arrangements are in place.</li> <li>• Additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by Internal Audit.</li> <li>• The Audit and Accounts Committee is independent of the executive and accountable to the governing body, and: <ul style="list-style-type: none"> <li>➤ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;</li> <li>➤ ensures that its recommendations are listened to and acted upon.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Internal Audit</li> <li>• Internal Audit Annual Report</li> <li>• Annual Governance Statement</li> <li>• Risk Management Policy</li> <li>• Risk Management Procedures</li> <li>• Corporate Risk Register</li> <li>• Audit and Accounts Committee</li> </ul>
<b>Managing data</b>	<ul style="list-style-type: none"> <li>• The Council's information governance policies and procedures ensure that effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</li> <li>• The Council's Senior Information Risk Owner (SIRO) has lead responsibility to ensure that organizational information risks are properly identified and managed and the Council's Caldicott Guardians act as a champion for data confidentiality on behalf of service users in the social care domain.</li> <li>• The Council ensures effective arrangements are in place and operating effectively when sharing data with other bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Data Protection Policy</li> <li>• Freedom of Information/EIR Regulations Policy</li> <li>• Information Security Incident Policy</li> <li>• Records Management Policy</li> <li>• Safe Information Handling Policy</li> <li>• Senior Information Risk Owner</li> <li>• Caldicott Guardians</li> <li>• Partnerships Governance Guidance</li> <li>• Cambridgeshire Information Sharing Framework</li> </ul>
<b>Strong public financial management</b>	<ul style="list-style-type: none"> <li>• The Council ensures that its financial management supports both long term achievement of outcomes and short-term financial and operational performance.</li> <li>• Ensures well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</li> <li>• The Council ensures that officers with a role in financial management are provided with the support and resources to ensure strong public financial management.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Regulations</li> <li>• Integrated Finance and Performance Reporting</li> <li>• Business Plan</li> <li>• Business Planning Process</li> <li>• Budget Holder Information Pack</li> </ul>

## CODE OF CORPORATE GOVERNANCE

### Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>• The Council seeks to write and communicate reports and other information for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</li> <li>• The Council complies with the Local Government Transparency Code and publishes information required in a timely manner.</li> <li>• The Council provides appropriate information to the public to ensure transparency, striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny, while not being too onerous to provide and for users to understand.</li> </ul>	<ul style="list-style-type: none"> <li>• Committee agendas, papers and minutes</li> <li>• County Council website</li> <li>• Publication Scheme</li> <li>• Forward Plan</li> <li>• Cambridgeshire Insight websites</li> </ul>

## CODE OF CORPORATE GOVERNANCE

<b>Implementing good practice in reporting</b>	<ul style="list-style-type: none"> <li>• The Council's Annual Governance Statement ensures robust arrangements for assessing the extent to which the principles contained in this Framework have been applied, and the results of this assessment are published.</li> <li>• The Council ensures that the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</li> <li>• The Council maintains open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Accounts</li> <li>• Annual Governance Statement</li> <li>• Annual External Audit Report and Letter</li> <li>• Internal Audit Reports</li> <li>• Integrated Finance and Performance Reporting</li> <li>• Partnerships Governance Guidance</li> <li>• Committee agendas, reports and minutes</li> </ul>
<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"> <li>• The Council maintains an effective Audit and Accounts Committee and ensures that an effective internal audit function, with direct access to Members, is resourced and maintained. The Internal Audit service provide assurance with regard to governance arrangements and verify that recommendations are acted upon.</li> <li>• The Council ensures that recommendations for corrective action made by external audit are acted upon.</li> <li>• Cambridgeshire County Council welcomes peer challenge, reviews and inspections from regulatory bodies, as a result of which action plans are identified to implement recommendations.</li> <li>• When working in partnership, the Council ensures that arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit &amp; Accounts Committee</li> <li>• Role of Internal Audit</li> <li>• Peer Reviews</li> <li>• Results of External Inspections (Ofsted; CQC; ICO; etc.)</li> <li>• Partnerships Governance Guidance</li> <li>• Risk Management Procedures</li> <li>• Council Meetings</li> </ul>

## CODE OF CORPORATE GOVERNANCE

### MONITORING AND REPORTING

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Audit and Accounts Committee for consideration and will form part of the Council's annual Financial Statement.

The Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements

continue to be regarded as fit for purpose in accordance with the governance framework;

- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

The Annual Governance Statement will be signed by the Chair of the General Purposes Committee and the Chief Executive on behalf of the Council.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.

# CODE OF CORPORATE GOVERNANCE

## APPENDIX A

### Seven principles for the conduct of individuals in public life

The governance framework is supported by the seven **Principles of Public Life**, which set the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings (annexed to the **Members' Code of Conduct**).

**1. Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

**2. Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

**3. Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office

**5. Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**6. Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**7. Leadership**

Holders of public office should promote and support these principles by leadership and example.



**Agenda Item: 14****INTERNAL AUDIT ANNUAL REPORT 2016/17**

**To:** Audit & Accounts Committee  
**Date:** 30<sup>th</sup> May 2017  
**From:** LGSS Chief Internal Auditor

**Purpose:** The Public Sector Internal Audit Standards require that the Chief Internal Auditor presents an annual report to the Authority's Audit & Accounts Committee. This is reflected in the terms of reference of the Authority's Audit & Accounts Committee.

The purpose is for the Audit & Accounts Committee to consider the Annual Internal Audit Report for 2016 – 17 and be made aware of the Chief Internal Auditor's opinion on the state of the Internal Control Framework within Cambridgeshire County Council.

**Key issues:** The Annual Internal Audit Report forms part of the evidence that supports the Authority's Annual Governance Statement 2016 – 17.

**Recommendation:** The Committee is requested to consider and approve the Annual Internal Audit Report.

<b><i>Officer contact:</i></b>	
<b>Name:</b>	Duncan Wilkinson
<b>Post:</b>	Chief Internal Auditor
<b>Email:</b>	Duncan.wilkinson@cambridgeshire.gov.uk
<b>Tel:</b>	01908 252089

# INTERNAL AUDIT SERVICE

## INTERNAL AUDIT ANNUAL REPORT 2016/17

DUNCAN WILKINSON, CHIEF INTERNAL AUDITOR

30<sup>th</sup> May 2017



**LGSS Internal Audit & Risk Management  
Annual Report 2016/17**

***Cambridgeshire County Council***

**Contents:**

**1. INTRODUCTION**

- 1.1 The Annual Reporting Process

**2. HEAD OF INTERNAL AUDIT OPINION 2016 – 17**

- 2.1 Head of Internal Audit Opinion

**3. REVIEW OF INTERNAL CONTROL**

- 3.1 How Internal Control is reviewed  
3.2 The Basis of Assurance

**4. INTERNAL AUDIT IN 2016-17**

- 4.1 Overview and Key Findings  
4.2 Financial and Other Key Systems  
4.3 Compliance  
4.4 Risk-based Reviews  
4.5 Procurement and Contracts Reviews  
4.6 Anti-Fraud and Corruption  
4.7 Information Governance and ICT Audit  
4.8 Grants and other Head of Audit Assurances  
4.9 Policies and Procedures  
4.10 Schools  
4.11 Other Work  
4.12 Summary of Completed Reviews

**5. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE**

- 5.1 Delivery of the 2016 – 17 Internal Audit Plan  
5.2 Customer Feedback  
5.3 Service Development  
5.4 Compliance with Public Sector Internal Audit Standards

## **1. INTRODUCTION**

### **1.1 *The Annual Reporting Process***

- 1.1.1 The Public Sector Internal Audit Standards (Performance Standard 2450) state that the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. Cambridgeshire County Council's Chief Audit Executive is the LGSS Chief Internal Auditor.
- 1.1.2 The annual report is required to incorporate the opinion; a summary of the work that supports the opinion; and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement plan.

## 2. CHIEF INTERNAL AUDITOR OPINION 2016/17

### 2.1 Chief Internal Auditor Opinion

- 2.1.1 The Public Sector Internal Audit Standards (Performance Standard 2450) state that *'the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.'* This must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.
- 2.1.2 My opinion is derived from an assessment of the range of individual opinions arising from assignments contained within the risk-based Internal Audit Plan. This assessment has taken account of the relative materiality of these areas, and management's progress in addressing control weaknesses.
- 2.1.3 In 2016/17, the Internal Audit service has operated with an adequate level of resource to deliver an annual audit opinion. Internal Audit operates independent of the organisation, as per the Internal Audit Strategy and Charter, and there have been no compromises of Internal Audit's independence in its operation this year.

*On the basis of the audit work undertaken during the 2016/17 financial year, an opinion of **good** assurance is awarded. The internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. In addition, there are no outstanding significant issues arising from the work undertaken by Internal Audit*

*However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.*

*The level of assurance therefore remains at a similar level from 2015/16.*

### **3. REVIEW OF INTERNAL CONTROL**

#### **3.1 How Internal Control is reviewed**

- 3.1.1 In order to support the annual Internal Audit opinion on the internal control environment, each year Internal Audit develops a risk-based Audit Plan. This includes a comprehensive range of work to confirm that all assurances provided as part of the system of internal audit can be relied upon by stakeholders.
- 3.1.2 The changing public sector environment and emergence of new risks increasingly necessitates a flexible approach and re-evaluation of the Audit Plan throughout the year. In 2016, the Cambridgeshire Internal Audit Plan was reviewed and revised in August to improve its alignment to the Council's major Transformation Programme. The revised Plan was approved by the September meeting of the Audit & Accounts Committee. Further minor revisions, to reflect the changing risk profile of the organisation, were approved on an ongoing basis throughout the year.
- 3.1.3 Each Internal Audit review has three key elements. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.
- 3.1.4 However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 3.1.5 Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.
- 3.1.6 Three assurance opinions are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact. To ensure consistency in reporting, the following definitions of audit assurance are used:

<b>Control Environment Assurance</b>	
<b>Level</b>	<b>Definitions</b>
Substantial	There are minimal control weaknesses that present very low risk to the control environment
Good	There are minor control weaknesses that present low risk to the control environment
Moderate	There are some control weaknesses that present a medium risk to the control environment
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment

<b>Compliance Assurance</b>	
<b>Level</b>	<b>Definitions</b>
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected
Moderate	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

- 3.1.7 Organisational impact will be reported as major, moderate or minor (as defined below). All reports with major organisation impacts are reported to SMT, along with the agreed action plan.

<b>Organisational Impact</b>	
<b>Level</b>	<b>Definitions</b>
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

- 3.1.8 Specifically for the compliance reviews undertaken, the following definitions will be used to assess the level of compliance in each individual reviewed:

<b>Opinion for Compliance Audits – Levels of Compliance</b>	
<b>Level</b>	<b>Definitions</b>
High	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
Medium	There was general compliance with the agreed policy and/or procedure. Although errors have been identified there are not considered to be material.
Low	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

### 3.2 *The Basis of Assurance*

- 3.2.1 The findings and assurance levels provided by the reviews undertaken throughout 2016/17 by Internal Audit form the basis of the annual opinion on the adequacy and effectiveness of the control environment.
- 3.2.2 In 2016/17, the Audit Plan has been based on assurance blocks that each give an opinion on the key control environment elements, targeted towards in-year risks, rather than a more traditional cyclical approach that looks at each system over a number of years. The Audit Plan reflects the environment in which the public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, better assurance, safeguarding and making every penny count.

## Section 4

### 4. INTERNAL AUDIT IN 2016/17

#### 4.1 Overview and Key Findings

4.1.1 This section provides information on the audit reviews carried out in 2016-17, by assurance block.

4.1.2 For the reviews undertaken during 2016/17, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole.

4.1.3 In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis. An overview of the implementation of actions in 2016-17 is summarised in Table 1, below<sup>1</sup>:

**Table 1: Implementation of Audit Recommendations 2016-17**

	Category 'Red' recommendations	Category 'Amber' recommendations	Total
<b>Agreed and implemented.</b>	1	43	44
<b>Agreed and due within the last 3 months, but not yet implemented.</b>	0	4	4
<b>Agreed and due over 3 months ago, but not yet implemented.</b>	1	3	4
<b>TOTAL</b>	3	49	52

<sup>1</sup> Please note that the total reflects the number of recommendations required to be implemented within 2016-17, and therefore includes recommendations made in 2015-16.

4.1.4 One action relating to a risk rated “red” remains open at the end of the year. This relates to the need to raise awareness amongst Council officers of the costs to the Council of processing transactions through different means (for instance, the fact that it is more expensive to issue an invoice rather than take a debit card payment over the phone). This action and associated actions from this audit were delayed due to the Corporate Capacity Review, and they will now be implemented as part of the Civica Icon project, with a target date of the end of May 2017.

4.1.5 Of the other actions still outstanding at the end of the year, three further actions related to a review of Payment Methods. Implementation of these actions was delayed due to the Corporate Capacity Review, and they will now be implemented as part of the Civica Icon project. Of the remaining four actions, three are already partially completed and one has been delayed due to the project in question being re-scoped.

#### 4.2 *Financial and Other Key Systems*

4.2.1 This is the 2016/17 suite of annual core systems reviews, undertaken to provide assurance to management and External Audit that expected controls are in place for key financial systems; that these controls are adequately designed and are routinely complied with in practice. The work is focused on the systems that have the highest financial risk; these are agreed in advance with External Audit and assist in providing assurance to External Audit that systems recording transactions within the 2016/17 financial year are free from material misstatement. These reviews also give an opinion as to the effectiveness of financial management procedures and the arrangements to ensure the integrity of accounts.

4.2.2 During 2016/17, the audits were undertaken as joint reviews of Cambridgeshire County Council and Northamptonshire County Council LGSS systems.

4.2.3 Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that these controls continue to work well in practice although there are some minor areas where improvements have been recommended. The level of assurance provided for all key financial systems reviews was good or substantial overall.

4.2.4 Table 2 below details the assurance levels of all key systems audits undertaken in 2016/17, compared to the assurance levels in 2015/16. Where audits are marked with an asterisk, this indicates that the report is at draft stage at the time of writing, but the emerging opinion is included:



**Table 2 – Key Financial Systems Audits 2016/17**

Key Financial Systems:	Audit Opinion 2016-17		Audit Opinion 2015-16	
	Environment	Compliance	Environment	Compliance
Treasury Management*	Substantial	Substantial	Substantial	Substantial
Bank Reconciliation	Substantial	Substantial	Substantial	Substantial
Purchase to Pay	Substantial	Substantial	Substantial	Substantial
Accounts Receivable	Substantial	Substantial	Substantial	Substantial
Payroll	Substantial	Substantial	Substantial	Substantial
Pensions*	Substantial	Substantial	Good	Good
General Ledger	Substantial	Good	Substantial	Substantial
IT General Controls	Substantial	Good	Substantial	Substantial

4.2.5 In relation to the General Ledger review, the compliance assurance was good rather than substantial, as although there was a process for reconciling the General Ledger to the payroll control account and reviewing the payroll suspense account, these processes were not being formally reviewed and signed off and the extent to which differences were being identified and corrected was not clear. The service has agreed recommendations to ensure that formal review and sign-off takes place, and that differences are identified and corrected appropriately.

4.2.6 In relation to the IT General Controls review, the compliance assurance was good rather than substantial, as user access reviews of the key financial systems had not taken place for the first quarters of the financial year, although reviews had taken place in the final quarter. Testing also identified users whose accesses should have been removed as their role had changed or they had left the Authority. Recommendations to address these issues have been agreed with the service.

### 4.3 *Compliance*

4.3.1 Compliance work is fundamental, as it provides assurance across all Directorates and therefore underpins the Head of Internal Audit opinion on the control environment. The audit coverage for compliance is underpinned by an assessment of the Council's framework of controls (often directed by policies and procedures) and includes a focus on those core areas where a high level of compliance is necessary for the organisation to carry out its functions properly. The work involves compliance checks across the

organisation to provide assurance on whether key policies and procedures are being complied with in practice. As a part of this work, the existing controls are challenged to ensure that they are modern, effective and proportionate.

4.3.2 As well as a range of procurement compliance reviews, discussed below at 4.4, the Plan for 2016/17 included coverage of compliance in the following areas:

- Compliance with the Council's Scheme of Delegation;
- Compliance with policies on the use of agency staff;
- Officer compliance with the Council's policies on overtime, travel and subsistence and the use of purchase cards.

4.3.3 The sample testing undertaken throughout the year has not identified any significant non-compliance issues. Where weaknesses have been identified, recommendations have been made to improve procedures and controls; all recommendations which are considered to be of significant impact on the control environment are followed up by Internal Audit to ensure they have been implemented.

#### 4.4 *Risk-Based Reviews*

4.4.1 Risk-based reviews have been a key element of the assurance on the entire control environment of the authority in 2016/17. This assurance block includes reviews which have been targeted towards key areas of high risk, as identified through consultation with senior management, review of risk registers, and the Internal Audit risk assessment of the organisation. This block also incorporates on-going work on initiatives to promote the value of *making every penny count*. Each audit we undertake includes consideration of value for money at its core.

4.4.2 This assurance block includes audit work undertaken using our 'embedded assurance' approach; this applies to reviews where auditors attended Project Boards and/or gave independent advice and support to project or programme work, with periodic reporting as appropriate. In particular, in 2016/17 the Audit Plan was reviewed in August to include a greater focus on the Council's Transformation Programme.

4.4.3 The outcomes of all risk-based reviews issued in 2016/17 can be seen at Appendix 1.

#### 4.5 *Procurement and Contracts Reviews*

4.5.1 In 2016/17, Internal Audit has provided advice and support to the Highways Transformation programme and the associated ongoing competitive

dialogue. Work has also been conducted focusing on the Street Lighting and Waste PFIs. Reviews in these key high-value contract areas will continue into the 2017/18 financial year, with a focus on the ongoing contract management of the Highways Contract.

4.5.2 In addition, a number of cross-cutting reviews have been undertaken, with a particular focus on key aspects of the Council's procurement framework, including:

- Reviews of compliance with EU Procurement Regulations; off-contract expenditure; and contract extensions.
- A review of procurement governance and the Contract Procedure Rules;
- A review of contract management.

4.5.3 The reviews undertaken throughout the year have not identified any significant non-compliance issues. Where weaknesses have been identified, recommendations have been made to improve procedures and controls. A particular theme which was identified from the compliance reviews was weak compliance with the processes for procurement exemption requests. A number of actions to address this have been agreed and an audit review focusing specifically on procurement exemptions is scheduled for 2017/18, which will follow up on this finding.

#### 4.6 *Anti-Fraud and Corruption*

4.6.1 This is a high-risk area across the public sector. LGSS Internal Audit undertakes work on anti-fraud and corruption, which includes both reactive and pro-active elements, along with a number of initiatives to raise awareness of the council's anti-fraud and corruption culture and to report on the arrangements in place, and pro-active fraud strategy work.

4.6.2 In 2016/17, pro-active work included the launch of a fraud awareness campaign, in conjunction with the Chartered Institute of Public Finance & Accountancy's (CIPFA) Counter Fraud Centre. This included a fraud awareness poster campaign and a new intranet page explaining how to report fraud and the warning signs, as well as posts on the Council's Daily Blog and in service/departmental newsletters. Towards the end of the year, draft updates of the Council's Anti-Fraud and Corruption and Money Laundering Policies were presented to the Audit & Accounts Committee.

4.6.3 Details of specific cases have been reported to the Audit and Accounts Committee throughout the year. In addition to the full investigations outlined in Table 3 below, advice and guidance is provided to officers on an ad-hoc basis.

**Table 3 – Investigations 2016-17**

Type of referral	No. referrals	Outcomes
<b>Alleged theft of cash</b>	3 cases	Of the 3 referrals, 2 were investigated. Of these one was visited and advice given on site, with recommendations accepted as preventative control measures. The other was closed as unable to prove; the service is no longer operating.
<b>Allegations in relation to misuse of concessionary travel passes.</b>	8 cases	<p>A positive partnership with the concessionary travel team has been established during the year. All reactive referrals received have been reviewed with appropriate conclusions, which included two cautions being issued and one referral on to the Department for Work and Pensions.</p> <p>With a view to preventative measures, the Counter Fraud officers have advised on working processes, including issuing warning letters in order to raise the awareness of compliance and deter others from abusing this service. Counter Fraud continue to support the service and further cases are being investigated in 2017/18.</p>
<b>Proactive partnership working with the Pensions service.</b>	33 cases	33 matters were investigated, to establish the facts where scheme member's payments had been frozen; without confirmation of the individual's circumstances, this could create a risk of fraud, or of overpayments not being recovered. 3 cases were identified as having recoverable overpayments following the death of members of the scheme. The team have also assisted the service to maintain records with date of death and changes of address.
<b>Allegations relating to a manager inappropriately acting as line manager for close family members and possibly approving fraudulent remuneration claims.</b>	1 case	This case was investigated and a disciplinary hearing concluded, with no further action to be taken by HR and management.

<b>Investigation into allegations relating to a transport service provider.</b>	1 case	This review is ongoing in 2017/18.
<b>Investigation into allegations relating to possible fraud against a Council contractor.</b>	1 case	This review is ongoing in 2017/18.

- 4.6.4 The National Fraud Initiative (NFI) data matching exercise was carried out for Cambridgeshire County Council in October 2016. This statutory exercise involves a data-matching exercise between public and private sector bodies to prevent and detect fraud. The Internal Audit team co-ordinated the collection and submission of the required datasets for Cambridgeshire County Council, and ensured that required Data Processing Notices were in place in advance of the data collection. The results of the exercise were received by the Council in February 2017, the process of following-up on identified matches is currently underway.

#### 4.7 *ICT and Information Governance*

- 4.7.1 Internal Audit work was directed to assessing the adequacy of risk management in the following important ICT and information governance risk areas during 2016-17. Where audits are marked with an asterisk, this indicates that the report is at draft stage at the time of writing, but the emerging opinion is included:

<b>Review Title</b>	<b>Control Assurance</b>	<b>Compliance Assurance</b>
IT Controls over financial systems	Substantial	Substantial
General Computer Controls*	Good	Good
ERP Gold	N/A – embedded review	
Records Management	Good	Moderate
Information Commissioner's Office Follow-Up	Moderate	Moderate
Information Governance Policies	Good	N/A

- 4.7.2 The Internal Audit team input to the Information Commissioner's Office review of Cambridgeshire County Council in early 2016/17 and subsequently conducted a follow-up review to provide assurance that actions agreed with the ICO were being implemented. As a result of this work, the team are also conducting a series of risk workshops with the Business Intelligence service, to develop a comprehensive new information risk register.
- 4.7.3 The Internal Audit Plan for 2017/18 includes an allowance of time for continued work on the ERP project, as well as providing assurance over the

migration of data over to the new system. Additionally there will be a continued focus on information security as a key risk area for the Council.

#### *4.8 Grants and Other Head of Audit Assurances*

- 4.8.1 In 2016/17, 8 grants received by Cambridgeshire County Council required review and certification by Internal Audit to verify that funds have been spent in accordance with grant conditions. A review was also conducted of the use of the Public Health Grant, to provide the Director of Public Health with assurance for her sign-off of the grant.
- 4.8.2 The Troubled Families Grant has been a particular area of focus for the Internal Audit team in 2016/17. Audit conduct review and certification of claims made by the Council under this grant from the Department for Communities & Local Government, and there were significant changes to the process in-year which meant that a higher level of audit review was required. By the end of the first six-month claim window, the Council had made just 23 claims and Audit engaged with the Service Director over concerns that the Council may be at risk of falling significantly behind its targets for identifying and processing families eligible for this grant. It was agreed for Internal Audit to conduct a review of the processes by which families are identified and claimed, including benchmarking current practice at Cambridgeshire against processes in place at other Councils.
- 4.8.3 The review and report was completed in early January and a number of suggestions and recommendations were made. Internal Audit continued to work closely with the service to review the grant and monitor the progress being made with the claim, and a total of 405 claims were made by the end of the 2016/17 year.

#### *4.9 Policies and Procedures*

- 4.9.1 In 2016/17, Internal Audit has maintained a focus on review of financial and anti-fraud policies and procedures, to ensure that these are: up to date; fit for purpose; effectively communicated; routinely complied with across the organisation; monitored and routinely improved. Work has included reviews of the Council's Anti-Fraud and Corruption Policy, the Anti-Money Laundering Policy, and the Whistleblowing Policy, all of which have been reviewed and improved ready for relaunching in early 2017/18.
- 4.9.2 In addition to work which focuses specifically on individual Council policies and procedures, every risk-based audit review undertaken considers the current policies and procedures in the service area under review, and audit recommendations include suggested revisions or updates to policies as appropriate.



#### 4.10 *Schools Audits*

- 4.10.1 In 2016/17, the audit team conducted a thematic review of schools financial risks at sixteen Local Authority Maintained schools, and a review of safer recruitment and payroll at fifteen schools. Detailed results of the assurance levels from these reviews are available at Appendix A.
- 4.10.2 The schools sampled for the audits were selected from schools which had been identified as being high risk, either due to low assurance from previous audits; schools which had undergone changes in leadership; schools with existing financial management concerns; or where the school was identified as high risk by the Schools Intervention Service.
- 4.10.3 For each schools report issued an action plan has been agreed with the school. The implementation of these actions will ensure that the control environment at these schools is improved to an appropriate level.
- 4.10.4 Additional actions to improve the control environment across all schools have also been implemented in-year. This has included writing to all schools to inform them of areas for improvement; Internal Audit creating a safe recruitment self-assessment toolkit to enable schools to review their own processes; and working with the Council's Education Advisors to improve their safe recruitment reviews.

#### 4.11 *Other Work*

- 4.11.1 Internal Audit continues to provide advice and guidance to officers on a wide range of issues, including the interpretation of Council policies and procedures, risks and controls within systems or processes, and ad-hoc guidance on queries relating to projects or transformation. Internal Audit aims to provide clear advice and risk-based recommendations with a view to reducing bureaucracy whilst maintaining a robust control environment. Where appropriate, we also refer queries or concerns on to specialist services such as Information Governance or IT Security.
- 4.11.2 In 2016/17, Internal Audit carried out a wide range of additional advice and guidance work, including:
- Reviews of Service Specific Finance Instructions for the Registrations Service and the 18-25 Service;
  - Reviews and feedback on the City Deal Risk Management Plan and the proposed assessment methodology for the Total Transport Pilot;
  - Review of procedures within the Safeguarding & Standards Unit around accessibility of electronic documents;

- Advice and guidance to various services on specific queries including: invoicing processes; Imprest account procedures; library donations; and crime insurance queries.

4.11.3 Internal Audit also leads on co-ordinating risk management work across the organisation. In 2016/17, the team has introduced the new GRACE risk management system to Cambridgeshire County Council, and is supporting a review of the Corporate Risk Register and risk management processes which will continue into the 2017/18 financial year.

#### 4.12 *Summary of Completed Reviews*

4.12.1 A summary of all audit reports issued in 2016/17 is attached at Appendix 1.



## 5. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE

### 5.1 *Delivery of the 2016/17 Internal Audit Plan*

5.1.1 The Cambridgeshire County Council Internal Audit Plan was agreed in March 2016, at which point it was agreed that 1550 days would be delivered on areas identified for audit activity.

5.1.2 The days spent in each area of the Audit Plan, analysed by the major categories of our work, is set out in Table 5, below:

**Table 5 – Internal Audit Resource Input**

Audit Area	Days
Key Financial Systems	135
Compliance	99
Risk-Based Reviews	229
Transformation Programme	104
Making Every Penny Count	87
Procurement & Contracts	137
Anti-Fraud and Corruption	175
ICT and Information Governance	50
Grants and other Head of Audit Assurances	99
Policies and Procedures	43
Schools	125
Risk Management	75
Follow-Up of Actions and Advice & Guidance	92
Governance and Other Chargeable Activity	99
<b>TOTAL AUDIT DAYS DELIVERED</b>	<b>1550</b>

### 5.2 *Customer Feedback*

5.2.1 When final reports are issued, Internal Audit issue Customer Feedback Questionnaires to all officers who receive the final report, and request feedback. Officers have the opportunity to score the Internal Audit team against a range of criteria on a scale of 1 – 4, with 1 being “Very Disappointed” and 4 being “Very Satisfied”. Officers also have the option of providing more detailed feedback. The team’s target is for each returned questionnaire to average a score of 3 or higher.

5.2.2 The results of the feedback received in 2016-17 is summarised in Table 6 below, with the figures for 2015-16 for comparison. The average score for all feedback received in 2016-17 was 3.56, a positive result and comparable to

2015-16. Of the 17 feedback forms received, 9 (53%) gave the highest possible rating of 'Very Satisfied'.

**Table 6: Customer Feedback Received**

	2016-17		2015-16	
	No. responses	Avg. score	No. responses	Avg. score
<b>Non-Schools Audit</b>	12	3.63	13	3.6
<b>Schools Audit</b>	5	3.4	5	3.73
<b>Overall</b>	<b>17</b>	<b>3.56</b>	<b>18</b>	<b>3.67</b>

### 5.3 *Service Development*

- 5.3.1 Continuing Professional Development has been a major focus of the quality assurance programme in 2016/17, to ensure that staff have the skills to carry out their responsibilities with proficiency and deliver work of the required quality. Team meetings are used to deliver training and workshops to staff, and a system of post-audit assessments against the CIPFA Excellent Internal Auditor standard is used to identify areas for development on an ongoing basis, in tandem with regular supervision of all staff.
- 5.3.2 A new Internal Audit Strategy and Charter have been developed in-year, to ensure that the service remains effective and focused in providing a modern, independent and objective assurance function to Councillors and management. Draft documents were presented to the Audit & Accounts Committee for comment in March 2017.

### 5.4 *Compliance with Public Sector Internal Audit Standards*

- 5.4.1 The Internal Audit service has operated in compliance with Public Sector Internal Audit Standards throughout the year.
- 5.4.2 An external assessment of Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS) was undertaken in 2016/17, and a number of recommendations were agreed to further improve the work of the service, including the introduction of a new Terms of Reference format, and the inclusion of some specific areas within the Annual Report. A follow up visit is scheduled for May 2017, to confirm the implementation of these actions and to confirm compliance with the latest set of standards issued in April 2017.

## APPENDIX A

### CCC INTERNAL AUDIT

#### Summary of Completed Reviews 2016/17:

The table below summarises the Internal Audit reviews that were completed during the 2016/17 financial year, excluding counter fraud investigations which are itemised separately in section 4.6; and schools audits which are itemised separately below.

Audit Title	Directorate	Compliance assurance	Systems assurance	Organisational impact
<b>TRANSFORMATION PROGRAMME</b>				
Following the Money Strategy	Cross-Cutting	Consultancy report benchmarking financial data to identify future areas for transformation.		
Transformation Programme	Cross-Cutting	Embedded work provided to the Transformation Programme.		
Corporate Capacity Review	Cross-Cutting	Embedded work provided to the Corporate Capacity Review.		
Procurement, Contracts & Purchasing (V4)	Cross-Cutting	Embedded work to support the review of procurement, contracts and purchasing.		
QA Task & Resource Mapping	Cross-Cutting	Consultancy report on the quality assurance function in the Corporate Capacity Review.		
Corporate Policy Statements	Cross-Cutting	Consultancy report on the development of Council-wide corporate policy statements, including drafting a cash handling policy.		
Partnerships Framework	Cross-Cutting	Advice and support to the development of a new Partnerships Framework.		
Transformation Programme - Benefits Realisation*	Cross-Cutting	Moderate	Moderate	Moderate
Business Planning Compliance*	Cross-Cutting	Moderate	Moderate	Moderate
<b>MAKING EVERY PENNY COUNT</b>				
Client Contributions	CFA	Moderate	Moderate	Minor
Traded Services - Cost Recovery	Cross-Cutting	Follow-up work completed with the service re: business planning. Further work deferred to 2017/18 due to a service review.		
VAT - Compliance	Cross-Cutting	Substantial	N/A	Minor
Review of Procurement - Compliance	Cross-Cutting	Good	N/A	Minor
Overtime - Compliance	Cross-Cutting	Good	N/A	Minor
Travel & Subsistence - Compliance	Cross-Cutting	Good	Moderate	Minor
<b>KEY FINANCIAL SYSTEMS</b>				
Accounts Receivable	Cross-Cutting	Substantial	Substantial	Minor
Purchase to Pay	Cross-Cutting	Substantial	Substantial	Minor
Payroll	Cross-Cutting	Substantial	Substantial	Minor
General Ledger	Cross-Cutting	Substantial	Good	Minor

Bank Reconciliation	Cross-Cutting	Substantial	Substantial	Minor
Treasury Management*	Cross-Cutting	Substantial	Substantial	Minor
Financial Systems IT General Controls	Cross-Cutting	Substantial	Good	Minor
Risk Management	Cross-Cutting	Support and input to review of risk management policy and procedures, in conjunction with Business Intelligence service.		
Procurement Governance*	Cross-Cutting	Good	Good	Minor
Debt Recovery	Cross-Cutting	Moderate	Moderate	Moderate
Pensions	Cross-Cutting	Substantial	Substantial	Minor
GRANT VERIFICATION				
Local Transport Capital Block Funding	ETE	Grant certification provided		
Local Sustainable Transport Fund	ETE	Grant certification provided		
Cycle City Phase II	ETE	Grant certification provided		
Public Health Grant	PH	Review of grant completed and advice provided to the Director of Public Health		
Troubled Families Grant	CFA	Grant certification provided Consultancy review completed and actions agreed with management		
Disabled Facilities Grant	CFA	Grant certification provided		
Bus Services Operators Grant	ETE	Grant certification provided		
Arts Grant	ETE	Grant certification provided		
Local Growth Fund Grant	ETE	Grant certification provided		
COMMISSIONING & CONTRACTS				
Schools Capital Programme*	CFA	Moderate	Good	Minor
Highways Contract Transformation	ETE	Ongoing support to the Highways Transformation programme.		
Waste PFI Contract	ETE	Advice and guidance re: the Waste PFI contract.		
Off-Contract Spend	Cross-Cutting	Good	N/A	Minor
Contract Management*	Cross-Cutting	Moderate	Good	Moderate
RISK-BASED AUDITS				
Section 106	ETE	Good	Moderate	Minor
Total Transport Pilot	ETE	Good	Good	Minor
Replacement of AIS System	CFA	Good	Moderate	Minor
Commitment Records in CFA	CFA	Good	Good	Minor
Quality Assurance	CFA	Good	Good	Minor
Appointeeships	CFA	Moderate	Limited	Moderate
Blue Badges	CST	Briefing note provided		
Capital Programme Projects	Cross-Cutting	Review requested late in the year – to be completed in 2017 / 18		
Use of Consultants	Cross-Cutting	Review requested late in the year – to be completed in 2017 / 18		
Residential Care Homes Project	CFA	Good	Good	Minor

Property Portfolio Development Project	Cross-Cutting	Ongoing embedded assurance support to Project Board		
POLICIES & PROCEDURES				
Financial Regulations	Cross-Cutting	N/A	Good	Minor
Contract Procedure Rules*	Cross-Cutting	Good	Good	Minor
Business Continuity Policy	Cross-Cutting	N/A	Good	Minor
Scheme of Delegation	Cross-Cutting	Moderate	Moderate	Minor
Information Governance Policies	Cross-Cutting	N/A	Good	Minor
Code of Conduct and Behaviour Policies	Cross-Cutting	N/A	Good	Minor
Risk Management Policy	Cross-Cutting	Support and input to review of risk management policy and procedures, in conjunction with Business Intelligence service.		
Enforcement Policy	Cross-Cutting	N/A	Good	Minor
COMPLIANCE				
Direct Payments - Compliance	CFA	Moderate	N/A	Minor
Duplicate Payments - Compliance Follow-Up	Cross-Cutting	Good	Good	Minor
Fees and Charges	Cross-Cutting	Ongoing support to in-year implementation of Council-wide Fees and Charges policy		
Grants to Voluntary Organisations - Compliance	Cross-Cutting	Substantial	N/A	Minor
Agency Staff - Compliance	Cross-Cutting	Moderate	Moderate	Moderate
Unannounced Visits – Hawthorns & Victoria Rd Residential Units	CFA	Limited	Limited	Minor
	CFA	Moderate	Moderate	Minor
Key Performance Indicators – Compliance	Cross-Cutting	Substantial	Substantial	Minor
Scheme of Delegation - Compliance	Cross-Cutting	Moderate	Moderate	Minor
Use of GPC - Compliance	Cross-Cutting	Limited	N/A	Minor
Contract Extensions - Compliance	Cross-Cutting	Good	Good	Minor
EU Procurement Regulations - Compliance	Cross-Cutting	Moderate	N/A	Minor
ICT AND INFORMATION GOVERNANCE				
Information Security	CST	Moderate	Moderate	Minor
Records Management - ICO	CST	Moderate	Good	Minor
Agresso ERP	Cross-Cutting	Ongoing audit engagement with the project		
General Computer Controls*	Cross-Cutting	Good	Good	Minor
ANTI-FRAUD AND CORRUPTION				
National Fraud Initiative	Cross-Cutting	Co-ordination of data collection for statutory National Fraud Initiative		
Operational Guidance Working Party	CFA	Support to development of financial policy in Children, Families & Adults		

\* These audit reports were still at draft stage at the time of writing this report but the emerging opinions are included.

### Schools Audits 2016-17

N.B. Schools were selected for audit review from a sample of those schools assessed to be more high-risk, on the basis of previous low audit opinions; leadership turnover; financial problems; or other issues identified in conjunction with the Schools Intervention Service.

School	Audit	Opinion
Somersham	Schools Financial Risks	Moderate assurance
St Helen's School	Schools Financial Risks	Good assurance
Stukeley Meadows School	Schools Financial Risks	Limited assurance
St Johns School	Schools Financial Risks	No assurance
St Phillips School	Schools Financial Risks	Limited assurance
Haslingfield School	Schools Financial Risks	Limited assurance
Downham Feoffees School	Schools Financial Risks	Moderate assurance
Foxton School	Schools Financial Risks	Good assurance
Granta School	Schools Financial Risks	Moderate assurance
Kings Hedges School	Schools Financial Risks	Moderate assurance
Linton Infants School	Schools Financial Risks	Moderate assurance
Morley Memorial School	Schools Financial Risks	Moderate assurance
Thorndown School	Schools Financial Risks	Good assurance
Wheatfields School	Schools Financial Risks	Good assurance
Histon Early Years	Safe Recruitment	Limited assurance
Harbour School	Schools Financial Risks	Limited assurance
Ely St Johns School	Schools Financial Risks	Good assurance
Hartford Junior	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Limited assurance
Sawtry Junior	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance
Earith Primary	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Moderate assurance Recruitment & Payroll – Moderate assurance
Thomas Eaton	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Moderate assurance Recruitment & Payroll – Moderate assurance
Kinderley Primary	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Limited assurance
Girton Glebe	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Moderate assurance Recruitment & Payroll – Good assurance
Great Gidding	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance
Milton Road	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Limited assurance
Weatheralls	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Moderate assurance Recruitment & Payroll – Good assurance
Waterbeach	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Moderate assurance Recruitment & Payroll – Good assurance
Wisbeach St Mary	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – No assurance Recruitment & Payroll – Limited assurance

Icknield	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Good assurance
Guyhim	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance
Guilden Morden	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance





**AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN**

<b>MEETING DATE REPORT DEADLINES AND REPORT TITLES</b>	<b>Frequency of report</b>	<b>Corporate/Service Director /external officer responsible</b>	<b>Report author</b>
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 25<sup>th</sup> JULY 2017</b> (In advance of the Committee there will be a formal private meeting of one an hours duration between the Audit and Accounts Committee and the Chief Internal Auditor. Meeting room to be confirmed by Democratic Services nearer the date of the meeting).  <b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 11<sup>th</sup> July 2017</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Safe Recruitment Update	Quarterly basis	Service Director Learning	Keith Grimwade / Sarah Bowman / Chris Meddle / Mairead Kelly
Children's Social Care Case-loads Quarterly Update	Quarterly basis	Service Director Enhanced and Preventative Services (Children)	
Draft Statement of Accounts: 2016-17 (last year for the draft accounts as the 2017-18 set are required to be agreed by end of July 2018)	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Chris Malyon / Iain Jenkins

LGSS Draft Accounts (for information only)	Annual	Deputy S151 Officer. LGSS	Iain Jenkins Head of Finance (Deputy S151 Officer) LGSS
Code of Corporate Governance - updated document	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Annual Risk Management Report	Annual	Director, Customer Services and Transformation	Sue Grace / Tom Barden / Sue Norman
Transformation Fund Update – Savings Update against projects undertaken	One off request	Strategic Finance Manager / Head of Business Intelligence	Tom Kelly / Tom Barden D Barden
Annual Report of the Audit and Accounts Committee (The timetable is for the Chairman / woman to present this report at the same time as other Service Committee Annual Reports to the Full Council meeting in October)  <i>Note this has been scheduled early as for the last two years the Chairman had been unhappy with the report which has been received at the September Committee meetings requiring a re-write coming back to the November Committee and resulting in the final version having to go to a later Council meeting than all the other Committee Annual Reports)</i>	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman / woman
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress)	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal Audit

<i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>			
Integrated Resources and Performance Report	Each Cycle (previously except for the July meeting as when the Committee was in June it was too early)	Chief Finance Officer	C Malyon / Rebecca Bartram S Heywood
Audit and Accounts Committee Training Plan.	Once a year	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 19<sup>th</sup> SEPTEMBER 2017</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Tuesday 6<sup>th</sup> September</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Annual Report to Council	Once a year presented to the October full council meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor

Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update  <i>Note: The Workforce Strategy was originally scheduled for the May Audit and Accounts Committee meeting at the request of the Chairman on the basis that it was going to General Purposes Committee on 21<sup>st</sup> March and Full Council on 28<sup>th</sup> March. It has now been rescheduled for the 6<sup>th</sup> June and 28<sup>th</sup> July meetings and has therefore been re-scheduled for the September Committee meeting.</i>	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
Accounts: <ul style="list-style-type: none"> <li>Revised Statement of Accounts</li> <li>ISA 260 Report and Letter of Representation and</li> <li>ISA 260 Report – Pension Fund</li> </ul>	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant  External Audit BDO LLP	Chris Malyon /Iain Jenkins  Lisa Clampin, and Barry Pryke  David Eagles
Annual Report of the Audit and Accounts Committee (The Chairman / woman presents the report at the same time with other Annual Reports from Service Committees to the Full Council meeting in October)	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman / woman
Internal Audit Progress Report	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Kelly
Risk Updates Report	Regular	Director, Customer Services and Transformation	Sue Grace / Sue Norman
Resources and Performance Update Report	Each Cycle	Chief Finance Officer	Chris Malyon / Sarah Heywood / Rebecca Bartram

Update on Unspent Section 106 Monies ( this might be via e-mail)	Twice a year	Chief Finance Officer	S Heywood
--	--------------	-----------------------	-----------

<b>COMMITTEE DATE 2.00P.M. TUESDAY 21<sup>ST</sup> NOVEMBER 2017</b> <b>Deadline for reports to be with Democratic Services:</b> <b>Mid-day Tuesday 8<sup>TH</sup> NOVEMBER 2017</b>			
Minutes and Minutes Log Update	Each meeting	Democratic Services	Rob Sanderson
Safe Recruitment in Schools Update - Safeguarding Review	Regular update	Children and Young People with input from Internal Audit	Keith Grimwade / Chris Meddle / Sara Rogers / Mairead Kelly
Report on the outcomes of the FACT investigations.	One off	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Kelly
Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
Integrated Resources and Performance Report	Each Cycle - would always be	Chief Finance Officer	T Kelly / Rebecca Bartram

	one that had already been through General Purposes Committee		
External Audit - Annual Audit Letter 2016/17	Annual	External Audit BDO	BDO Lisa Clampin
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress, Galileo and whistleblowing and the outstanding library till issue)  <i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>	Each meeting except June as this is too close to the July meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal Audit

<b>COMMITTEE DATE: 2.00 p.m. Tuesday 23<sup>rd</sup> JANUARY 2018</b> <b>Deadline for reports to be with Democratic Services: Mid-day Tuesday 9<sup>th</sup> January 2018</b>			
<b>Minute Log</b>	Each meeting	Democratic Services	Rob Sanderson

Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	T Kelly / Rebecca Bartram
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update and updates in the recommendations reported to the July Committee meeting on Information Security and Social Care IT System and an update on the Domiciliary care audit)  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal Audit
Risk Updates Report		Director, Customer Services and Transformation	Sue Grace / T Barden / S Norman
<b>COMMITTEE DATE: 2.00 P.M. Tuesday 27<sup>TH</sup> March 2018</b> <b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 13<sup>TH</sup> March 2018</b>			
Cambridgeshire County Council External Audit Plan 2017-18 including Pensions Work Plan to include cover sheet with	Annual Report to March meeting	BDO LLP	Lisa Clampin, David Eagles / Barry Pryke

recommendations on what Auditors wish the Audit and Accounts Committee to agree			
Internal Audit Plan 2018/19	Annual to the March meeting	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Risk Updates Report		Director, Customer Services and Transformation	Sue Grace / Tom Barden / Sue Norman
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update)  <i>Relevant officers to attend the Committee to be invited by D Wilkinson where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Integrated Resources and Performance Report	Each Cycle would always be one that had already been through General Purposes Committee / or going to Committee same day	Chief Finance Officer	T Kelly / Rebecca Bartram
Update on Unspent Section 106 Monies (this might be via e-mail)	Twice a year	Chief Finance Officer	S Heywood



<b>Committee Date 2.00 P.M. Tuesday 29th MAY 2018</b>			
<b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 15<sup>th</sup> May 2018</b>			
Appointment of Chairman / woman and Vice Chairman / woman	Once a year	Democratic Services to add as first item on agenda	Rob Sanderson
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
Draft Statement of Accounts: 2017-18	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Chris Malyon / Iain Jenkins
Annual Report of the Internal Auditor	Annual Report on the Internal Control Environment.	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Draft Annual Governance Statement	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Annual Risk Management Report	Annual	Director, Customer Services and Transformation	Sue Grace / Tom Barden / Sue Norman
Review of Terms of Reference	Once a year	LGSS Chief Internal	Duncan Wilkinson

		Auditor	LGSS Chief Internal Auditor
Integrated Resources and Performance Report	Each Cycle (Except July)	Chief Finance Officer	T Kelly / Rebecca Bartram
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 25<sup>th</sup> JULY 2018</b>  <b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 11<sup>th</sup> July 2018</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
2018-19 Fee Letter 2018/19 Pension Fund Fee Letter	Annual	External Audit	Barry Pryke / David Eagles
Pension Fund External Audit Plan	Annual	External Audit	David Eagles
Statement of Accounts: 2017-18	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Chris Malyon / Iain Jenkins
LGSS Draft Accounts (for information only)	Annual	Deputy S151 Officer. LGSS	Iain Jenkins Head of Finance (Deputy S151 Officer) LGSS
Code of Corporate Governance - updated document	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor

Transformation Fund Update – Savings Update against projects undertaken	One off request	Strategic Finance Manager / Head of Business Intelligence	Tom Kelly / Tom Barden
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress)  <i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Audit and Accounts Committee Training Plan.	Once a year	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor

#### Notes

Risk Management Update reports would normally now go to o March, May (Annual Report), September and January. Due to changes in the proposed reporting for 2017 the May report has been deferred to July

2016/17 cycle was as follows:

- Jan, following SMT November review of corp risk
- March, following SMT February
- June following SMT May review
- September, following SMT August review

Integrated Resources and Performance Report every cycle except July as the meeting is too near the June meeting and General Purposes Committee is later in July and would always be one that had already been through General Purposes Committee or was going to General Purposes Committee in advance of this Committee as the appropriate decision making Committee

**Update 18<sup>th</sup> May 2017**

