

AUDIT AND ACCOUNTS COMMITTEE



Tuesday, 06 February 2024

Democratic and Members' Services
Emma Duncan
Service Director: Legal and Governance

14:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

Red Kite Room
New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/cc-conduct-code>
2. **Minutes of the Audit and Accounts Committee held 1st December 2023 and Action Log** **3 - 16**
3. **Petitions and Public Questions**
4. **Financial reporting and related matters** **17 - 26**
5. **Internal Audit Progress Report** **27 - 92**
6. **Audit and Accounts Committee Agenda Plan** **93 - 94**

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The Audit and Accounts Committee comprises the following members:

Councillor Graham Wilson (Chair) Councillor Nick Gay (Vice-Chair) and Mr Mohammed Hussain Councillor David Ambrose Smith Councillor Chris Boden Councillor Geoffrey Seeff Councillor Alan Sharp Councillor Alison Whelan

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Audit and Accounts Committee Minutes

Date: 1st December 2023

Time: 2:00-4:09pm

Place: New Shire Hall, Alconbury Weald

Present: Councillors C Boden, N Gay (Vice-Chair), G Seeff, A Sharp, A Whelan and G Wilson (Chair); Mohammed Hussain (co-optee)

Officers: Dawn Cave, Mairead Claydon, Emma Duncan (virtual) and Michael Hudson; Janet Atkin, Alison Balcombe, Ben Barlow, Sarah Brown (KPMG), Fiona Coates, Clare Ellis, Richard Gibson, Tom Kelly, Emma Larcombe (KPMG), Dean Leather (virtual), Jacob McHugh (EY) (virtual) (relevant agenda items only)

144. Apologies for Absence and Declarations of Interest

Apologies were received from Councillor McGuire and Stephen Moir.

Councillors Boden and Sharp declared non-pecuniary interests as Members of the Cambridgeshire Pension Fund Committee and Investment Sub-Committee.

145. Minutes of the Committee meeting held 28th September 2023 and Action Log

It was resolved unanimously to approve the public minutes of the Committee meeting held 28th September 2023.

In relation to item on the Action Log, there would be updates on a number of items, including the BDO situation, later in the meeting.

The Chair advised that he had raised the issue of the workload of the Internal Audit staff at the East of England Audit Group, where it was acknowledged that similar difficulties were being experienced by many local authorities.

The Action Log was noted.

146. Petitions and Public Questions

There were no petitions or public questions.

147. Debt Management Update

The Committee considered an update on the Council's Debt Management position.

Whilst the percentage of debt collected within 90 days was meeting the target level, the amount of overdue debt had increased by £7M over the last 30 months. The total overall debt position was £29.8M as at 31st October 2023, which represented

an overall increase of £3.8M compared to the same period in 2022/23. The current debt position had reduced to £23.3M at 30th November, so progress was being made. Adult Social Care client debt had seen a £3.6M increase over the last twelve months across all age brackets, with a £1.9M aged debt (greater than one year old) pressure. The main reasons for overdue debt in Adult Social Care matters related to Court or Protection and Power of Attorney matters, where clients had lost the ability to deal with their financial affairs themselves. Collection rates were encouraging, but bad debt provision had increased to reflect the pressure on Adult Social Care, and there were a number of actions that had been put in place.

Arising from the report:

- a Member welcomed the appointment of the new Strategic Exchequer Manager, which was a major opportunity for the Council to gain tighter control over its debt position. He accepted that for many Adult Social Care debt issues, the Council had little control. On the overall aged debt position, a Member noted the quantity of unapplied receipts, and suggested that greater resource needed to be identified to ensure that nothing was unapplied for longer than necessary. Officers confirmed that these unapplied receipts could usually be linked to the customer, but not the specific invoice, and this was a particular issue with the NHS, as they did not include the relevant references in their remittance advice. The Member suggested that attempts could be made to change these unapplied debt processes, especially by the NHS, ideally through automated processes, and asked if it would be appropriate to raise this matter at a higher level with the NHS. Officers responded that the unapplied debt position was improving, and there were further metrics on income allocation that could be circulated to Committee, with a breakdown by period. **Action Required;**
- a Member asked about the metrics for tracking performance, and whether a second metric was required, relating to absolute debt level. It was confirmed that 85% was the target, and the absolute level was also measured, and it was the absolute level that was off track. It was agreed that it would be helpful for future reports to distinguish debt that had just become overdue compared to more aged debt i.e. 90 days plus. **Action required;**
- a Member asked if anything could be done before invoices were raised, such as more detailed assessments to identify those cases where the client would not be able to pay, to ensure that debt would not arise in the first instance;
- in response to a Member question, it was confirmed that all of the £29.8M debt was overdue;
- a Member asked if there was anything that could be done about the Court of Protection issues. Officers advised that both the voluntary sector and Council functions did a very good job in providing advice and guidance around issues such as lasting Power of Attorney, but the main issue related specifically to those families who could not manage those finances, where there was Court of Protection involvement, which delayed the process. The Member asked about the assessment process, and whether a more detailed assessment at an earlier stage would be helpful? Officers explained that for most clients, the financial assessment was carried out in line with the Care Act requirements. When there was a backlog, this did not adversely affect the clients, as the client was not

liable for backdated charges. Some clients or representatives chose not to undertake a financial assessment, i.e. did not disclose their financial circumstances, in which case they would be liable for full costs. However, those clients often re-engaged in the assessment process when debts fell due. It was agreed that further information would be provided on this point. **Action required;**

- a Member asked if *all* of the Court of Protection issues were outside the Council's control? Officers commented that there may be a small number of complex cases, or cases where officers had not completed the forms within timescales, but those cases were very much in the minority;
- in relation to the Adult Social Care Debt Analysis, a Member noted the inherent difficulties of Court of Protection cases, especially those awaiting probate. However, he was concerned that there was £2.4M debt not being chased because a service response was awaited, which appeared to account for 15% of cases over two years old. Officers confirmed that as part of the deep dive, a number of actions were in place, including working closely with service areas, with a clear escalation route. The Member observed that this should result in a significant reduction in the "awaiting service response" category;
- in relation to the "pending" write-offs, a Member asked about the policies for making provision, and for writing off debts, as the amounts involved were quite significant. He asked if those written off debts were still pursued, where appropriate. Officers confirmed that written off debts would not be pursued, but that was very much the end of the process: "doubtful" debts continued to be pursued.

It was resolved unanimously to note the actions and approach being taken to manage income collection and debt recovery.

148. Consultancy and Agency Spend

The Committee considered a report on the Council's use of consultants and agency spend. Members were advised that the approval form was submitted to the relevant officers prior to any procurement activity taking place, and therefore it was not possible to directly compare approval amounts to spend. However, the report set out a number of case studies to illustrate how the approval forms were being progressed. All consultancy requisitions were submitted to the Procurement and Commercial team for approval, ensuring those consultancy requisitions have consultancy approval forms.

Members noted that spending on agency workers and interims in the Children's, Education and Families directorate remained high, and that the period covered by the report coincided with the separation of these teams from joint arrangements with Peterborough City Council. For that reason, a number of vacant posts had been filled with interims on a temporary basis while permanent recruitment took place.

Arising from the report:

- a Member queried the governance and control for the Greater Cambridge Partnership (GCP). It was confirmed that that organisation was governed by the

Council's Contract Procedure Rules, so the governance arrangements were the same. It was confirmed that the £1M cited was a maximum limit on the approval forms;

- a Member queried the costs of consultancy for the separation of arrangements from Peterborough City Council, noting this had been a Joint Administration decision. Officer confirmed that that expenditure was agency spend rather than consultancy spend, and it was confirmed that as a result of that uncoupling, there were some additional costs that were highlighted, scoped out and subsequently approved by the Staffing and Appeals Committee. The relevant costs related to senior vacancies that had subsequently been filled, e.g. at Service Director level, but this had been a substantial cost at that time;
- it was confirmed that there was no annual budget for agency and consultancy staff, but that these roles were paid for out of Services' own revenue workforce budgets in most cases, with the exception of a small number of capital projects. It was noted that due to the Council's budgetary pressures, expenditure controls had been set up with effect from 04/12/23, so there would be internal controls on all recruitment (permanent, agency or consultancy), which would be scrutinised by senior officers.

The Chair praised the procurement training for Members, and asked if similar training could be set up for agency and consultancy staff. Officers advised that there was a consultancy policy available, and officers would be happy to write a Member briefing paper. Action required.

It was resolved unanimously to note the information in the report and the action being taken.

149. Pension Fund Annual Report and Statement of Accounts 2022-23

The Committee considered the final Pension Fund Annual Report and audited Statement of Accounts. Introducing the report, officers reminded Members that the sign-off of the Annual Report was the responsibility of the Pension Fund Committee, and that Committee would be considering the Annual Report at a meeting later in the month. The Pension Fund Statement of Accounts was the responsibility of the Audit and Accounts Committee.

Key points highlighted in the presentation included:

- contributions had increased from previous years in line with expectations;
- transfers in from other pension funds was cash positive, i.e. more transfers in than transfers out. This area was very much demand led and beyond the control of the Pension Fund;
- benefit payments had increased, reflecting inflation and the number of active pensioner numbers;

- Management Expenses were largely unchanged, with the small decrease being due to financial market movements and changes to asset allocations;
- there had been a decrease in overall returns as at 31st March 2023, due mainly to the Ukraine conflict, inflation and other global events. However, this decrease had not been as bad as anticipated;
- investment assets showed a decrease, reflecting the position of financial markets. Investment liabilities were largely unchanged;
- draft accounts had been reviewed by the Pension Fund Committee, and the final accounts would be considered by that Committee on 20th December;
- Members were pleased to note that the Pensions team had recently won a Public finance award.

In response to concerns previously raised by the Audit and Accounts Committee in relation to the Cambridge and Counties Bank, a Level 3 investment, a report had been considered at a recent meeting of Pension Fund Investment Sub-Committee, and a report would be presented to the next meeting of the Audit and Accounts Committee.

On behalf of the Committee, the Chair congratulated the team on their recent award, and thanked them for their work.

At the invitation of the Chair, Councillor Whelan spoke as Chair of the Pension Fund Committee. She echoed the Chair's comments, especially around the excellent news of the award, and the speed in which accounts had been completed and the audit undertaken.

A Member was pleased that the review of Cambridge & Counties Bank had concluded that that investment was a sound asset. He noted that it was jointly owned by Trinity Hall College. Another Member, who had previously queried the appropriateness of this investment, commented that he was much better informed and reassured, having considered the Investment Sub Committee report, and believed it would be very helpful for that report to be considered by the Audit and Accounts Committee, with as much as possible of the report being considered in public session.

Jacob McHugh of EY advised that this had been an exceptionally smooth audit, and he thanked the Pensions finance team. He highlighted the two corrected, very small differences. The £15.7M downward valuation of the Cambridge & Counties Bank was not an issue per se, but this had not been posted through the original financial statements at the draft stage. The second adjustment related to the timing difference due to the March valuation information being received by the Pension Fund to put through the accounts. He concluded by saying that this had been a smooth, clean and timely audit.

It was resolved unanimously to:

1. approve the Final Statement of Accounts and note Annual Report of the Pension Fund for the 2022-23 financial year;

2. note the findings of external audit documented in the Audit Results Report.

150. Financial reporting and related matters

The Committee considered a report which covered an update on several items relating to the Council's financial reporting across several financial years.

There had been little progress in relation to the objections received in 2017 and 2018, which officers continued to follow up with BDO. BDO had advised they were targeting a 31/12/23 deadline, with an update due on 15/12/23. It was noted that the Executive Director of Finance and Resources had drafted a letter to the relevant parties, signed by Councillors Wilson, Gay, Whelan and Boden. The Executive Director advised that following the Committee's request, he had approached the relevant bodies, namely DLUHC (Department for Levelling Up, Housing and Communities), NAO (National Audit Office), FRC (Financial Reporting Council), PSAA (Public Sector Audit Appointments) and CIPFA (Chartered Institute of Public Finance and Accountancy). The advice had initially been to wait to see what was happening in terms of the Select Committee on audit backlogs. However, no outcome had yet been forthcoming, and officers felt that it was inappropriate to delay this matter any further, so would therefore be writing to all of those organisations. The senior partner at BDO had been contacted, and advised on the course of action being taken. Disappointment had also been expressed to BDO that despite reassurance to this Committee earlier in the year that this work was their top priority, they had subsequently advised that other audits were taking place. The Council would also be engaging legal advice on this matter.

A Member asked about the BDO fee uplift, and if it could be refused due to lack of performance? Officers advised that any uplift needed to go through PSAA, who were being kept aware of the Council's dissatisfaction, and that appropriate action would be taken to challenge future fee increases. A Member commented that this situation was potentially embarrassing for BDO, but also for the Council. He fully endorsed the actions being taken by the Executive Director for Finance and Resources, but felt it was important to put on record that the Council was not responsible for the delays that had taken place, and that the Council had always responded very quickly to requests from BDO for information. He asked if it was appropriate for the Committee to publish the letter to BDO on the Council's website, and the Executive Director agreed to seek the Monitoring Officer's advice on this matter. It was confirmed that BDO would be copied into the letter to the various national bodies. Action required.

For the 2022-2023 accounts, it was noted that there had been no national movement since the Committee last met around dates, including skipping years and backstop dates. EY had progressed the Pensions audit and work was being undertaken in relation to going concern and cashflow. The Committee noted the work that was currently being progressed.

For 2021-22, EY had provided a progress report. There were a small number of remaining areas, some which were quite intricate, where progress was being made. EY outlined the audit results report, the areas outstanding, and expected completion dates for those items. With regard to the largest area of outstanding work related to

long term debtors, specifically the valuation of the This Land debtor, EY were confident that this would be swiftly concluded. It was noted that 12 of the 13 outstanding risks were now closed. Good progress was being made with the VFM work. In conclusion, timely closure of the 2021-22 audit was anticipated.

It was confirmed that the reference in the Executive Summary to “*issues identified through our audit*” were for the Committee’s attention, which were deemed important and ultimately required a management response. It was confirmed that these had been addressed earlier in the year, e.g. specialist valuation of the solar asset, approach to asset registers, approach to disclosure of interest, and these were being taken forward.

A Member asked how far Artificial Intelligence (AI) would be used in audit work. EY confirmed that AI was being used more in audits on the data analytics side, in areas such as payroll, reading invoices, etc. Further guidance was awaited on the 2022/23 audit position. Another Member commented that the judgements on the data were key in audit work, and these would not be done by AI for some time.

A Member commented that this had been a very good audit so far, and paid particular praise to the Council’s finance staff, and the Chair agreed. Officers welcomed these comments, especially as Finance staff were dealing with multiple years’ audits.

Members noted progress with the current year, and that the change of auditors would bring different challenges. A number of issues including Property and Valuation issues which was identified as high risk areas were highlighted, where good progress was being made. KPMG colleagues were in place to begin planning work which was very encouraging.

KPMG representatives were welcomed to the meeting, and they praised the engagement that had taken place so far. They confirmed that there would be representation from KPMG at future Audit and Accounts Committee meetings.

The Chair thanked officers, EY and KPMG for their contributions.

It was resolved unanimously to note the report and receive the appended progress report from EY regarding 2021-22.

151. Internal Audit Progress report

The Committee received a progress report on Internal Audit, for the period to 31st October 2023.

Presenting the report, officers highlighted the following areas:

- Audit reports which had been finalised and draft reports issued, including actions agreed;
- an update on staffing and resources, noting that appointments had been made to senior audit posts;
- TIAA had been appointed as a co-source partner, and were currently undertaking a number of audits;

- the Cabinet Office had confirmed that the Council had reobtained its Public Services Network security certification, meaning that outstanding 'essential' audit action was now closed, and thanks were passed on to IT colleagues;
- a new process was being introduced whereby Executive Assistants in respective directorates were involved in the provision of information and chasing up on individual audit actions, reducing the volume of routine work for the Internal Audit team;
- there were more whistleblowing cases, including a number of cases which required full audit reviews or investigations. A Whistleblowing Report would be considered at the next Committee meeting;
- with regard to key financial systems audits, a Payroll audit report of "Satisfactory" had been received. It had also been confirmed that the Cambridgeshire audit team would be undertaking Payroll and Pensions audits for lead authorities in 2023/24, and walk through testing on these audits would commence in December.

It was confirmed that the results of the Section 106 audit could be circulated to the Committee when it became available. The final report was being delivered by TIAA Ltd and expected on 22/12/23. Action required.

A Member advised that he had previously expressed concern on the contract management of the Healthy Child Programme and Integrated Drugs & Alcohol Systems contract management, and he was puzzled why there had been a failure to move forward on this in the appropriate timescale. Whilst welcoming the information on this matter set out in section 7.2 of this report. He asked if the revised target date of 30/04/24 looked like slipping, a report could be provided to the Audit & Accounts Committee. The Member further requested that the information in paragraph 7.2 be referred to the Adults and Health Committee. The Committee agreed to this request. Action required.

A Member asked about the VAT partial exemption, specifically whether the Council was close to the partial exemption limit. Officers agreed to provide that update nearer to the year end, but confirmed that the Council was not near that limit currently. The Member observed that a significant change would be required in order to reach that limit, and asked why the calculation was required quarterly. Officers advised that there had been some instances in other local authorities where limits had been breached, and whilst unlikely, they were keen to avoid this situation.

A Member noted the limited sample size used in the Payroll audit, which had been rated as "Satisfactory". Officers confirmed that this audit was undertaken by West Northamptonshire Council, and essentially the review was done as two audits, payroll administration and payroll control account reconciliations, and it was the latter area which the two Essential recommendations related to. It was confirmed the payroll audit undertaken this year by the Cambridgeshire audit team would include a greater volume of sample testing.

In response to a question on progress against the audit work programme, officers confirmed that whilst there had been some delays due to resource pressures, it was expected that with the new staff and TIAA resource, good progress would be made going forward. In addition, the new administration of implementation of action monitoring by executive assistants would provide Executive Directors with greater oversight of actions in their area, and this would be undertaken more frequently.

The Executive Director of Finance and Resources confirmed that this process was in place.

It was resolved to review the proposed revised Internal Audit Plan for 2023/24, outlined at Section 6 of the report.

152. Corporate Risk Register

The Committee considered the Corporate Risk Register. It was noted that the Strategy, Resources and Performance Committee was responsible for the development and oversight of the Council's risk management and strategy. The Audit and Accounts Committee also had important functions in relation to risk, including considering the effectiveness of the risk management arrangements and associated control environment, and to seek assurances that appropriate action was being taken in response to risk. It was noted that the Corporate Leadership Team (CLT) had at their Risk and Assurance meeting reviewed the risk matrices and scoring system being used, and agreed to retain the current risk matrix and methodology.

A Member highlighted the shortcomings of a linear 5x5 matrix system, and commented that failing to have a more weighted risk matrix system could produce distortions. His main concern was the potential severity of different '5s' e.g. safeguarding issues for children, and the lack of a "never" event, which almost superseded the matrix approach. He felt that the matrix by itself was not sufficient. He commented that the safeguarding risk in the October 2023 overview could effectively be regarded as the "tip of the iceberg", with most of the processes invisible to Members. He was very concerned that the Council continued to have a strong focus on protecting vulnerable children and young people. He asked if consideration could be given to providing some of the lower level indicators to the Committee, where risks were at a higher level than the risk appetite. The Executive Director commented that the Committee's remit was for the overall strategy, management of the specific risks were the responsible for the individual Policy and Services Committees, such as CYP Committee in this example.

The Chair encouraged Members to undertake the Risk Management training.

It was resolved unanimously to note the Corporate Risk Register as presented to the Strategy Resources & Performance Committee on 31st October 2023.

153. Audit and Accounts Committee Review of Effectiveness

Members considered the outcome of the Committee's review of effectiveness, which had taken place in September, in line with CIPFA guidance.

There had been a lot of positive feedback about how Committee functioning, and an Action Plan which captured the actions coming out of that review. All actions were due to be completed by 31st March 2024.

With regard to governance, and specifically the delineation between this Committee and Constitution and Ethics Committee, the Director of Legal and Governance commented that good governance was the responsibility of all Members and senior

officers. She detailed a number of items that may be added to the Committee's Terms of Reference. She also observed that Max Caller, the renowned local government legal expert, had commented that all the local authorities in serious financial difficulties may have reached that point for different reasons, but poor governance lay at the heart of the matter in all cases. The Audit and Accounts Committee had a broader remit than the Constitution and Ethics Committee, and it was important that Members ensured nothing was falling "between the gaps". Part of that process was not only seeking reassurance that the appropriate systems were in place, but that there was a supportive culture too.

It was resolved to agree the Action Plan at Section 3 of this report, which has been developed through the Review of Effectiveness.

154. Committee Agenda Plan and Training

The Committee considered the Committee Agenda Plan.

A Member advised that at a recent meeting of Assets and Procurement Committee, there had been a report on the risk assessments of the Council's 750 major contracts. Noting the statement in that report that "*Contract risk assessments is an ongoing process and it is hoped that within the next 6-12 months the team will have a comprehensive list of the Council's highest risk contracts to ensure that their Contract Managers are supported as far as possible.*", the Member was concerned that the Council should move forward more quickly on this important issue. He requested an update report to the May Audit and Accounts Committee on the Procurement team's progress with this issue, especially the examination and prioritisation of mitigation plans for the highest rate contracts. The Executive Director of Finance and Resources advised that a report back would be going to the Assets and Procurement Committee in the summer and he would ensure the appropriate information was fed back to the Audit and Accounts Committee at either its May or September meeting. Action required.

It was resolved to note the Agenda Plan.

Audit and Accounts Committee Minutes - Action Log

This is the updated action log at 29th January 2024 and captures the actions arising from the most recent Audit and Accounts Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 24th November 2022

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
98.	Financial Reporting and External Audit Update	Michael Hudson	Regarding BDO's continued underperformance, agreed that the Chief Executive would formally engage with BDO's official complaints procedure, and also with the regulator, ICAEW, if no satisfactory response was received	We have continued to liaise with BDO and flag this with other audit system stakeholders and update is provided in today's Committee papers.	In progress

Minutes of 9th February 2023

109.	Financial Reporting and External Audit Update	Stephen Howarth/ Ellie Tod	A Member requested that when the final accounts were reported to the Committee, a list was also provided of unadjusted differences that had emerged from the audit, including an explanation on the decision not to adjust them.	A listing is provided to Committee Members as the appendix to the financial reporting item on today's agenda	Complete
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Minutes of 28th September 2023

140.	Financial Reporting and related matters	Chair/Michael Hudson	The Chair confirmed that with the Executive Director for Finance and Resources, Vice Chair and Cllr Boden, he would write to the FRC expressing their strong disappointment with the performance of BDO.	We have continued to liaise with BDO and flag this with other audit system stakeholders and update is provided in today's Committee papers. This has included writing to the FRC.	Complete
140.	Financial Reporting and related matters	Tom Kelly/ Stephen Howarth	Officers confirmed there had been progress with VAT reconciliations, but there were other debtor balances relating to an isolated historic issue relating of IT system transfer. It was suggested that the Committee may be interested in looking at this situation in further detail in future, and officers agreed to include a section on this in a future report	Progress with this area continues to progress as part of the work needed to finalise the audit and minimise any differences to an acceptable level. An update on this will be included in a future Committee report.	In progress

Minutes of 1st December 2023

147.	Debt Management Update	Alison Balcombe/ Tom Kelly	Circulate further metrics on the income allocation (of unapplied debts) to Committee, with a breakdown by period.	Further information circulated to Committee on 26/01/24.	Complete
147.	Debt Management Update	Alison Balcombe/ Tom Kelly	Provide Committee with further information on Court of Protection issues.	Further information circulated to Committee on 26/01/24.	Complete

148.	Consultancy and Agency spent	Clare Ellis	Provide Member briefing on Consultancy Policy.		
150.	Financial reporting and related matters	Michael Hudson	BDO to be copied into letter to DLUHC, NAO, FRC, PSAA and CIPFA, and legal advice to be taken as to whether the letter could be published on the Council's website.	Letter issued and BDO copied in	Complete
151.	Internal Audit Progress Report	Mairead Claydon	The results of the Section 106 audit could be circulated to the Committee when it became available	This will be circulated to the Committee when it becomes available.	
151.	Internal Audit Progress Report	Mairead Claydon	Issues on the contract management of the Healthy Child Programme and Integrated Drugs & Alcohol Systems contract management (Section 7.2 of the Audit Progress report) to be referred to Adults and Health Committee.	Referral made to Adults & Health Committee on 25th January 2024.	Complete
151.	Internal Audit Progress Report	Jyoti Atri/ Mairead Claydon	If target date on the associated actions (see above) looks likely to slip further, the Director of Public Health will be asked to submit a report to A&AC.	Director of Public Health has confirmed these actions are on track to meet the revised target date.	In progress
154.	Committee Agenda Plan	Michael Hudson /Clare Ellis	Assets & Procurement Committee report on Contract Risk assessment to be reported on to Audit & Accounts Committee in May or September 2024.	In progress.	In progress

Financial reporting and related matters

To: Audit and Accounts Committee

Meeting Date: 6 February 2024

From: Executive Director for Finance & Resources

Executive summary: The Committee is updated on latest progress with matters related to external audit. This comprises the ongoing audit of 2021-22 (including the audit differences shown in the appendix, and value for money) and historic objections received in 2017 and 2018. Planning for financial reporting for 2023-24, the first year of a new auditor appointment, is also progressing

Recommendation: The Committee is invited to

- i) note the report and
- ii) accept the treatment of audit differences selected by management that are shown in the appendix

Officer contact:

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1. Background

- 1.1 The Council published its [draft and unaudited statement of accounts](#) for 2022-23 on 20 July 2023. These are available on the Council's website and were received and discussed by this Committee at its meeting on 28 July 2023.
- 1.2 There are well-known and widespread challenges nationally with the timeliness of reaching audited, certified and completed financial statements for local government arising from various factors including regulation and risk, auditor capacity and technical/accounting standard related issues.
- 1.3 On 9 January 2024, the new Minister for Local Government, Simon Hoare MP wrote to the Chair of the House of Commons Levelling Up, Housing and Communities Committee restating that there is resolve across the stakeholders in the local audit system to take action to tackle the current backlog issues and ensure a return to timely delivery of high quality financial reporting and external audit in local government. It is anticipated that the Department for Levelling Up, Housing and Communities will launch consultation on proposals soon aimed at introducing a set of deadlines in statute for the completion of outstanding audits. The proposals are to include an initial backstop date of 30 September 2024 for all local audits in England, up to and including the financial year 2022-23. This may result in a number of qualifications and disclaimers of opinions for a number of local authorities, but it is emphasised that statutory requirements for auditors to report on value for money arrangements would remain a high priority. Legislation and changes to the Code of Audit Practice (by the National Audit Office) will be required to implement the backstops.

2. Main Issues

2.1 **Objections to the accounts in 2016-17 and 2017-18**

- 2.1.1 As at the date of drafting this report there remain two objections to the accounts for the years ending 2017 and 2018 which are to be determined by the Council's previous external auditor BDO LLP. Since the last Committee, lead Members from this Committee have further escalated concerns with delays and written to the Financial Reporting Council, Public Sector Auditor Appointments Ltd and the National Audit Office. All of those organisations have acknowledged the Council's concerns and responded, for their respective part. PSAA in its contract management role, for example, is working with BDO across their wider local government external audit work, as this winds down, and has the Council's concerns firmly in view as part of escalation.
- 2.1.2 The Executive Director for Finance and Resources has received communications from BDO since the Committee last met. As a result of retirement of the previous key audit partner leading the work on the objections, we understand that the remaining work has been reassigned by the BDO head office to an experienced local government audit lead, who had recently joined the firm. BDO have acknowledged the understandable frustration on the Council's part and have stated that they are now targeting issue of statement of reasons on the objections by 31 January 2024. Once the determinations are known there may then follow a period for appeals and/or issue of audit completion certificates.

2.1.3 In September, we relayed to the Committee BDO's position that they are looking to exercise their statutory entitlement to fees for the work related to the objections. We have requested an itemisation of any costs proposed.

2.2 Audit of the financial statements for the year ending 31 March 2022

2.2.1 This Committee received a provisional audit results report from EY for 2021-22 at its meeting on 9 February 2023 and further progress updates in September and December. In order that EY could progress audits for other clients and such that the Council could focus on production of draft accounts for 2022-23 audit activity was largely paused during the spring and early summer and has resumed during August to complete the outstanding items.

2.2.2 At the end of January, the Council has provided to the auditor a final version of the accounts resulting from the audit findings and adjusted differences (which is focused on balance sheet presentation and disclosure wording) in readiness for signatures. There has been further progress with resolving areas that were listed as outstanding at the previous meeting including vehicle, plant, equipment balance and depreciation and the cash and VAT debtor. We understand the review work on the remaining areas of long term debtor (This Land) and going concern assessment (focused on the Council's cashflows and reserve projections) is underway, as well as value for money review, and that audit closing procedures are about to commence.

2.2.3 The appendix to this report includes listings of the adjusted and unadjusted differences that have resulted from the audit. Where we are not proposing to make adjustments that have been identified by the auditor, the practical reasons for this that the Council relies on are:

- Immaterial: changes that are small, within the materiality threshold and that we consider would require disproportionate officer time in view of competing priorities for accountancy input.
- Correctable in future year: for some items relating to capital, we can correct a multi-year scheme in a later year, if immaterial to the year in question
- Impacting previous outturn: we look to avoid, where possible, adjusting the outturn that was included in the management accounts as this is helpful to provide certainty to the financial planning processes by which decisions are taken on future budget allocations
- Professional disagreement: if we disagree with the basis for EY's finding
- Over-prudence: we would generally not actively adjust if our estimates were more prudent than that required by EY

EY have indicated the proposed split of adjusted/unadjusted items shown in the appendix is acceptable from an audit perspective and cumulatively.

Through this report the Committee is invited to accept the recommended approach to adjustments shown in the appendix.

2.2.4 We have previously reported to Committee that EY's value for money work for the years from 2018 onwards is progressing. An update on this work is expected imminently from EY. If this becomes available in time for the Committee on 6 February, we will issue this to Members as an addendum to this report.

2.3 Planning for accounts production and audit 2023-24

2.3.1 KPMG LLP is the appointed auditor to the Council for the five years commencing 1 April 2023. Liaison meetings have begun between the audit leads at KPMG and the Council's finance officers in order to build familiarisation with the Council's financial position and risk profile. KPMG attended the Committee in December. Contingent on national timelines and local circumstances/handover, KPMG have advised the Council of their preferred timescales for undertaking an interim/preliminary audit of the Council's main accounts and pension fund during 2024, providing the finance team with an initial planning basis. (We continue to expect that the 2022-23 financial statements opinion will be disclaimed).

2.3.2 We can expect the changeover of auditor to bring with it some early challenges in terms of adjustments to processes, additional background and familiarisation with systems and alternative perspectives / approaches to audit risk or code compliance. KPMG's planning work to date has included preparations for sampling and risk assessment and understanding areas such as assets and valuation; IT, cyber and business systems; fraud, internal audit arrangements and internal controls and value for money and partnership working as well as chart of accounts and ledger requests. The Council is proactively responding to these requests in order that the capacity KPMG LLP has allocated can be well utilised, and a smooth start to 2023-24 secured.

2.3.3 The main areas identified for attention leading to a faster year-end closure of the accounts and published financial reports are:

- Business systems enhancements – streamlining the process for processing of annual fixed assets accounting journals.
- Property and valuations
 - valuer accountability for delivery of asset valuations much earlier (on track: 4 months earlier than 2023).
 - improved quality assurance and data manipulation through implementation of the Council's incoming asset management system, Concerto.
- Finance capacity and resilience – we have created a specialist role within the corporate finance team focused on fixed assets and capital accounting, which has been filled through internal recruitment; pending a backfilling appointment this will boost the Council's financial reporting capacity.
- Improved processes for grant registers and receipt of payroll information from school payroll providers.
- Accounts document streamlining.

Preparations are also progressing for implementation of IFRS 16 in relation to leases.

2.3.4 The Committee has already provided a delegation to the section 151 officer and the Chair in consultation with the Vice Chair and Cllr Boden to sign the final Statement of Accounts,

and to make any related declarations and representations taking account of the final audit results report to be received from the external auditor and agreed adjustments, contingent on receiving an unqualified opinion on the financial statements. This will be utilised to finalise the accounts ahead of the next scheduled Committee date.

3. Significant implications

3.1 Finance implications

This report details progress with financial reporting matters, and the appendix sets out the approach to audit differences.

3.2 Legal implications

The principal governing legislation are the Accounts and Audit Regulations 2015. The Council has published appropriate notices on its website to explain how it is complying with statutory provisions notwithstanding that, in common with many local authorities, stipulated deadlines for final accounts have not been achieved

3.3 Risk implications

There are no new significant risk implications arising from this report. The auditor's work contributes to the Committee's awareness of the risk environment and assurances around stewardship of public funds.

3.4 Equality and Diversity Implications

None identified

4. Source documents

[Council and committee meetings - Cambridgeshire County Council > Meetings \(cmis.uk.com\)](http://cmis.uk.com)

[Statement of accounts - Cambridgeshire County Council](#)

[Local Audit Liaison Committee - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

[HM Treasury review of non-investment asset valuations | Local Government Association](#)

APPENDIX

Non-adjusted differences

Item	Description	Amount	Reason for not adjusting
Insurance Provision	The insurance provision within the Statement of Accounts has been overstated as the 2021-22 estimate was not received until after the draft Statement of Accounts had been prepared.	£1.418m	Immaterial Would impact outturn Being more prudent rather than less Updated annually
A14 Contribution Accrual	Accrued for expected capital contribution CCC was due to make to the A14 project relating to 2021-22 but these contributions have since been delayed to start in 2022-23. Multi-year nature of capital means this can be corrected in 2022-23.	£1m	Correctable in future year Would impact outturn (but earmarked)
Proceeds of crime act creditor	As this money has been awarded to CCC by the court we do not need to pay it back and therefore it should be an earmarked reserve rather than a creditor.	£0.013m	Immaterial
Creditors - old balances	Identified in previous audits, a debit balance is held in creditors relating to a payment in 2018-19. It is expected that a credit balance will be identified to offset this given the nature of the account (payroll payments to HMRC), but at this stage the significant work required to trace this back into historic transactions (pre-dating current ERP system) has not been prioritised. There is uncertainty therefore about where the offsetting credit balance would need to be matched.	£2.4m	Certainty around adjustment that is required
Land values – central Cambridge	Auditor's valuation specialists (EYRE) opinion that central Cambridge land value used by council's valuers (BK) is too high but, considering information from BK and the assumptions made by EYRE (BK using more local knowledge), we prefer the opinion of the appointed valuer so are not adjusting.	£4.2m	Do not agree that an adjustment is appropriate.
Farm valuations	EYRE judge BK farm valuations to be too conservative, but EYRE calculations are based upon a more commercial basis than the Agriculture Act 1970 basis on which CCC operate the farms' portfolio.	£5.0m	Do not agree that an adjustment is appropriate.
Burrough Green	BK valuation used modern equivalent asset calculation for leased-in land area in error, as should have been depreciated replacement cost valuation based upon actual land area.	£0.046m	Immaterial

Item	Description	Amount	Reason for not adjusting
Brunswick House	Net £0.1m understatement of investment property in the balance sheet due to offsetting income assumption adjustment and underlying revaluation.	£0.1m	Immaterial
Investment property valuations	EYRE's opinion that Kingsbridge Centre and Evolution Business Park have been undervalued by BK. Considering information from BK and the assumptions made by EYRE (assumptions not based upon local area knowledge), we do not agree.	£3.4m	Do not agree that an adjustment is appropriate.
Total		£17.5m	

Adjusted differences

Element of accounts	Item	Absolute Amount	Explanation
Disclosure note	Account standards that have been issued but not yet adopted	N/A	Updated to reflect CIPFA bulletin for 2021-22.
Accounting policies	Accounting policies	N/A	VPFE assets have not been accounted for in-line with accounting policies. Wording of accounting policy to be amended for 2021-22 to align with accounting treatment (further amendment made in 2022-23 draft SoA). No change to 'recognition' section; only change required to 'measurement' section: "Land and Building assets and Vehicles, Plant, Furniture and Equipment assets have been included in the Balance Sheet at their current value" to be replaced by "Land and Building assets and PFI-related Vehicles, Plant, Furniture and Equipment assets have been..."; additional paragraph to be added above this: "Upon recognition in the balance sheet, full impairment of Non-PFI Vehicles, Plant, Furniture and Equipment assets is also accounted for".
Disclosure note	Adjustments between funding and accounting basis (ABAB&FB)	N/A	Disclosure only - ABAB&FB note shows unnecessary line for unequal back pay account adjustments - to be removed
Statement & notes	Balance Sheet, CIES, MiRS, EFA, Expenditure Analysis, Unusable reserves, DSG, Grants	£0.056m	DfE EY clawback amount now finalised (£55k greater than estimate), so DSG disclosure note to be updated to agree with final DfE return
Statement & notes	Balance sheet, financial instruments	£1.35m	Correction to year-end school VAT due to journal posting error
Statement & notes	Balance Sheet, MiRS, PPE, reserves	£4.58m	Final valuations from BK received after draft accounts prepared.
Statement & notes	Balance sheet, short term creditors, short-term debtors, financial instruments, cash flow	£3.20m	Recognise creditor balance with pension fund, and recognise VAT debtor balance re voluntary disclosure
Statement & notes	Balance sheet, short-term creditors, Financial Instruments, cash flow	£1.958m	Correction to year-end school creditors due to journal posting error
Disclosure note	Capital expenditure and financing note	N/A	Disclosure only - capital exp and financing note (34), wording above table, 'The closing CFR at 31 March 2021 was £1,026.6m' should read 'The closing CFR at 31 March 2022 was £1,026.6m'
Statement	Cashflow	£6.167m	Disclosure only - adjustment for capital grant income accrual debtor movement missed from capital grants line within operating activities section of cash flow and capital grants line within investing activities section of cash flow - net nil adjustments
Statement & notes	CIES, Balance sheet, MiRS, cash flow, short-term creditors, financial instruments, Audit	£0.174m	Update accruals to reflect better/more up-to-date information on levels of additional audit fees.
Statement & notes	CIES, Balance sheet, MiRS, unusable reserves, adjustments between accounting and funding basis, PPE, expenditure & funding analysis	£1.583m	Differences corrected for some asset components between final valuation information and figures included in PPE workings
Statement & notes	CIES, Balance sheet, MiRS, unusable reserves, adjustments between accounting and funding, PPE, expenditure & funding analysis	£4.686m	Revaluation of solar farm asset following review of the business case model

Element of accounts	Item	Absolute Amount	Explanation
Statement & notes	CIES, Balance sheet, MiRS, unusable reserves, adjustments between accounting and funding, PPE, expenditure & funding analysis	£1.186m	Revaluation of school following correction to some of the valuation inputs
Statement & notes	CIES, Balance sheet, MiRS, unusable reserves, Retirement benefits	£5.477m	Updated IAS19 reports – including taking account of triennial valuation impact
Statement & notes	CIES, MiRS, expenditure & funding analysis, Unusable reserves	£0.006m	Derecognition of disposal cost revenue expenditure
Disclosure note	Exit packages/termination benefits	£0.003m	Disclosure only - Update to include Pension strain payment which was invoiced after the draft accounts
Disclosure note	Going Concern	N/A	Updates to Going Concern note to reflect final position and some typos
Disclosure note	Grants, Expenditure Analysis	£11.39m	PFI credits recoded as grants
Group accounts	Group accounts	N/A	Disclosure only - Added in group audit fee note
Group accounts	Group accounts CIES only	N/A	Disclosure only - Group CIES service descriptions to be updated to match CCC
Group accounts	Group accounts only	£2.572m	Updates to Group Accounts to reflect This Land & CCC final accounts
Disclosure note	Leases	£2.008m	Disclosure only - lessor operating leases working paper corrected
Statements	MiRS and Group accounts MiRS	N/A	Disclosure only - MiRS includes unnecessary row '2021-22 Statutory opening balance adjustment for DSG deficit' - to be removed
Narrative Report	Narrative Report	N/A	Updates to Narrative Statement to reflect final position
Disclosure note	Officer Remuneration	£0.004m	Minor correction to information for shared posts provided by partner council. Also, some updated pay banding figures within the note following correction to school data
Disclosure note	PFI	N/A	Updating presentation of the note to include more lines rather than merging items in opening balances
Disclosure note	Post balance sheet events	N/A	Updates to 'events after balance sheet date' disclosure note to reflect events since draft SoA
Disclosure note	PPE (Capital Commitments)	£21.4m	Capital commitments included budget amount where contract was not yet let. This has now been removed.
Disclosure note & policies	PPE, accounting policies	N/A	Disclosure only - amend disclosure of infrastructure assets to net basis only, add reconciliation to PPE total on BS, update disclosure note wording and accounting policies, all in accordance with CIPFA Bulletin 12
Statement, notes and policies	PPE, accounting policies, BS, CIES, MiRS, expenditure & funding analysis, cash flow, adjustments between accounting and funding basis, unusable reserves	£5.376m	Update estimated useful life for infrastructure assets from 40 years to 50 years following updated estimate

Element of accounts	Item	Absolute Amount	Explanation
Disclosure note	Related parties	N/A	Disclosure only - related parties disclosure note: remove reference to grant made in a prior year.
Disclosure note	Related parties	N/A	Disclosure only - related parties disclosure note: 'entities controlled or significantly influenced by the Council' section - correct date to 31 March 2022 (draft SoA = 31 March 2021)
Disclosure note	Related parties	N/A	Disclosure only - related parties disclosure note: draft SoA states £425k owed to Opus at 31 March 2022, but actually all invoices paid so disclosure needs amending to state that there was no amount owed at that date
Disclosure note	Retirement benefits	N/A	Correcting sensitivity analysis percentage to 0.1% to match IAS19 report (was previously incorrect as 0.5%)
Disclosure note	Short-term debtors	£1.593m	Correction to accrual where debit and credit balances were reversed
Annual governance statement	N/A	N/A	Moving part of significant issues section to future issues as this is more appropriate.

Internal Audit Progress Report

To: Audit & Accounts Committee

Meeting Date: 6th February 2024

From: Mairead Claydon, Head of Internal Audit

Executive Summary: The purpose of the report is to provide an update to the Audit & Accounts Committee on the main areas of internal audit coverage for the period to 31st December 2023.

Recommendation: Audit & Accounts Committee is requested to:

(a) consider the contents of this report; and to

(b) review and comment on the proposed revised Internal Audit Plan for 2023/24, outlined at Section 6 of the report.

Officer contact:

Name: Mairead Claydon

Post: Head of Internal Audit & Risk Management

Email: Mairead.claydon@cambridgeshire.gov.uk

1. Background

- 1.1 The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 1.2 The annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; and the 'flexible' plan, i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process.
- 1.3 More information on this approach is available at Section 6 of the main report, which presents the proposed flexible Audit Plan for 2023/24.

2. Main Issues

2.1 Outstanding Audit actions

- 2.1.1 Annex B details 82 outstanding audit agreed actions as at 31st December 2023. This is a reduction from 96 outstanding actions in our previous report to Committee. There are no outstanding 'essential' actions. Narrative updates on actions where the current target date is after 31st December have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.
- 2.1.2 This is the first reporting cycle where the implementation of actions has been monitored and reported within Directorates, with Executive Assistants maintaining a list of audit actions and updates and requesting monthly updates which can be reviewed at DMTs. This will allow the Internal Audit team to focus resource on reviewing the evidence for implementation of actions, once they are reported to be complete.
- 2.1.3 See Section 7 of the report for more details.

2.2 Investigations Caseload

- 2.2.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as updates on other counter-fraud work and the National Fraud Initiative.
- 2.2.2 A number of investigation reports have been issued since the previous Internal Audit Progress Report in December, and summaries of these investigations are included in Sections 9.4 – 9.6.

2.3 Audit Forward Planning

2.3.1 Section 6 of the Progress Report provides the revised and updated Internal Audit Plan for 2023/24, for comment and challenge by Audit & Accounts Committee. The flexible plan shown below is largely the same as that brought to the December Committee meeting, with some minor amendments.

2.3.2 A full process of revising and updating the Audit Plan for 2024/5 is being undertaken throughout the final quarter of 2023/4, including consultation with key officers and Directors, and the final proposed 2024/5 Internal Audit Plan will be presented to the March 2024 meeting of the Audit & Accounts Committee.

3. Significant Implications

3.1 This report is an information-only update and there are no significant implications to highlight.

4. Source Documents

4.1 None

Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 15th January 2023

Section 1

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Internal Audit Activity

SECTION 6: Audit Forward Planning: 2023/24

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2023/24

ANNEX B: Outstanding Agreed Actions

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CCLT, with a summary of internal audit activity for the first three quarters of the 2023/24 financial year.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. 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.

2.2.2 However, controls are not always complied with, which in itself will 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 element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Compliance Assurance	Control Environment Assurance
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
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 FINALISED ASSIGNMENTS

3.1 Since the last Internal Audit Report in **December 2023**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Systems Assurance	Compliance Assurance	Organisational impact	Audit Actions Agreed			
						Essential	High	Medium	Advisory
1.	Place & Sustainability	Climate Change & Environment Strategy	Limited	Good	Moderate	0	0	8	10
2.	Strategy & Partnerships	Pathfinder Legal Services	Moderate	Moderate	Moderate	0	4	6	9
3.	Strategy & Partnerships	Corporate Key Performance Indicator Framework	Moderate	Good	Minor	0	0	1	1
4.	Children, Education & Families	Consolidated Schools Report	Moderate	Moderate	Minor	0	0	4	1
5.	Children, Education & Families	Huntingdon Primary School	Moderate	Moderate	N/A	N/A ¹			

¹ Individual recommendations within individual schools reports are not risk rated and are not followed up individually by Internal Audit. An action plan to respond to the audit findings is agreed with the school and presented to Governors. Thematic findings are then incorporated into the overarching schools audit report issued to the Director of Education, and recommendations within the overarching report are then risk rated and followed up by audit as usual.

No.	Directorate	Assignment	Systems Assurance	Compliance Assurance	Organisational impact	Audit Actions Agreed			
						Essential	High	Medium	Advisory
6.	Children, Education & Families	Huntingdon Nursery School	Limited	Moderate	N/A	N/A			
7.	Children, Education & Families	Bewick Bridge Primary School	Moderate	Moderate	N/A	N/A			
8.	Finance & Resources	Case 128 National Fraud Initiative	Investigation report issued.			N/A			
9.	Place & Sustainability	Case 125 Guided Busway Procurement	Investigation report issued.			0	7	4	3
10.	Adults Health & Commissioning	Case 127 Supported Living	Investigation report issued.			0	0	7	0

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) which have been issued as final since our last Progress Report in December 2023 are provided in Section 4. Summaries of investigation reports are provided in Section 9.

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

Table 2: Draft Reports

No	Directorate	Assignment
1.	CCC-wide	Agency Workers, Interims & Client-side Review of Opus People Services
2.	Place & Sustainability	Capital Project Management
3.	Finance & Resources	Electronic Records Management
4.	Children, Education & Families	Case 126 Transport Contracts
5.	CCC-wide	Waivers & Direct Awards
6.	Children, Education & Families	Castle School
7.	Children, Education & Families	Meridian Primary School

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

4 *SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE*

4.1 CLIMATE CHANGE & ENVIRONMENT STRATEGY

- 4.1.1 Cambridgeshire County Council (CCC) has outlined a clear vision for its Climate Change and Environment Strategy (CC&ES), which is supported by an Action Plan and delivered via the Climate Change & Environment Programme Board. The Internal Audit review gave a 'limited' assurance opinion to the control environment relating to the CC&ES. The ambitious nature of the CC&ES means that significant work is still underway within the authority to obtain key data and agree the corporate approach to delivering individual targets or Actions. This early stage of implementation therefore reduces the authority's ability to monitor performance against the objectives and outcomes of the Strategy and the ability of audit to provide assurance that the Council has effective arrangements in place to deliver the CC&ES targets in practice. The lack of baseline data, particularly relating to adaptation and natural capital, also impacts performance management.
- 4.1.2 The audit gave a 'good' opinion on compliance with implementation of the CC&ES as it stands. There is a Climate Change and Environment Programme Board (the Programme Board) which manages the delivery of the Action Plan; an extensive programme of internal and external communications has been undertaken; and there is a clear escalation route from the workstreams governed by the Programme Board to the Corporate Leadership Team and on to the political leadership of the Environment and Green Investment Committee.
- 4.1.3 A 'moderate' opinion on organisational impact was given, recognising that Risk 12 ("Climate Change") on the Council's the Corporate Risk Register is the highest rated risk in the register, with a rating of 16; as such, robust strategy is essential in the treatment of this risk. Equally, it is recognised that the risk, just like the CC&E Strategy itself, is extremely long term in nature and thus any impact on the organisation is also likely to occur only in the long term.
- 4.1.4 A range of actions were agreed for implementation as part of the audit review, including developing and refining targets to ensure they are both realistic and measurable; developing an approach to emissions reductions which includes annual targets; and ensuring that net zero ambitions are reflected across the Council's entire policy framework.

INTERNAL AUDIT ACTIVITY

5.1 STAFFING, RESOURCE & RECRUITMENT

5.1.1 Following successful recruitment campaigns, the Internal Audit team has welcomed a new Deputy Head of Internal Audit and a new Senior Auditor to the team in January 2024. A vacancy for a Principal Auditor still remains in the team and a recruitment campaign is planned to take place in February.

5.1.2 The Internal Audit team also continues to run the successful graduate recruitment scheme alongside colleagues in Finance. A recruitment campaign for Internal Audit and Financial Management Associates, who will study to become Chartered Public Finance Accountants during their role at the Council, is now underway. Successful candidates are expected to start work in late August/early September.

5.2 SCHOOLS AUDITS

5.2.1 Beginning in September, the Internal Audit team undertook a programme of seven school finance audit visits. All of these schools have had draft reports issued, and five of these have been finalised. Following this, Internal Audit issued an Overall School Audit Report in December, looking at the thematic findings across the entire sample. Common themes identified this year include a lack of in-system approval by a second officer for individual payroll amendments which increases the risk of payroll fraud; documents such as signed contracts being lost when staff leave due to being held only in emails; and schools having asset registers which have not been updated since their creation, reducing their scope for use as evidence in the event of an insurance claim.

5.2.2 In order to complement the school audit visits this year by exploring a new risk area, Internal Audit is also undertaking a desktop exercise to review the deficit Recovery Plans of schools in qualifying budget deficits. This review is seeking to provide assurance that there is adequate support in place for schools in deficit situations. This review is being carried out separately to the school site visits, as most of the schools in qualifying deficits have already received audit visits in the last two years. Those schools not previously visited were visited this year as part of the sample of seven.

5.3 ADVICE & GUIDANCE:

5.3.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:

- Liaising with Procurement regarding the implementation of the new Provider Selection Regime.
- Responding to FOI requests.
- Responding to queries regarding the Council's policy on donations.

6. AUDIT FORWARD PLANNING: 2023/24

- 6.1 Core audit work is progressing in line with the agreed Audit Plan 2023/24, following on from the significant rephrasing of the Plan that was reported in July 2023. Progress on work underway is detailed at Annex A to this report.
- 6.2 The proposed ‘flexible’ Internal Audit Plan for the next four quarters (Q4 2023/4 – Q3 2024/5) is set out below, showing the current risk profiling of Internal Audit reviews over the next year. This reflects the usual approach of the team to plan four quarters ahead on a rolling basis. These are new jobs proposed to commence in the period, i.e. ongoing work is not included, as this is reflected in Annex A.
- 6.3 This programme of work is indicative only, and is subject to change to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas.
- 6.4 The flexible plan shown below is largely the same as that brought to the December Committee meeting, with some minor amendments. A review of Council Owned Companies had been planned for Q4 2023/4; however, the audit team have completed in-year reviews of Pathfinder Legal Services and Opus which provide assurance over this area, and it is proposed that the cross-cutting audit be deferred to 2024/5 so that it can consider the implementation of actions agreed as part of these audits. Additionally, a review of the Lifestyle Services Contract had been planned for Q4 2023/4, but has been deferred for consideration for inclusion in the 2024/5 Audit Plan; specialist audit contract review resource is currently undertaking reviews of the Council’s Street Lighting PFI contract and Energy Contracting, which are considered higher priority than the Lifestyle Contract review.
- 6.5 A full process of revising and updating the Audit Plan for 2024/5 is being undertaken throughout the final quarter of 2023/4, including consultation with key officers and Directors, and the final proposed 2024/5 Internal Audit Plan will be presented to the March 2024 meeting of the Audit & Accounts Committee.

Table 5: Proposed ‘Flexible’ Internal Audit Plan (Next Four Quarters):

Audit	Directorate	Category	Days	Why
Current Proposed Flexible Internal Audit Plan for Q4 2023/24:			105	
Quality Assurance in Childrens Social Care	Children's	Safeguarding	25	Review of quality assurance arrangements in Children's to ensuring that key safeguarding risks are mitigated through appropriate monitoring of practice.

Adults Directorate Business Planning Review & Challenge	Adults	Value For Money	20	Review to provide constructive challenge to Business Planning proposals considering the robustness of plans, sustainability of savings and the risks that they mitigate/create.
Project Management Framework and Project Assurance	Strategy & Partnerships	Project Management & Transformation	20	Review of the implementation and development of Council-wide project management framework and project assurance arrangements.
LD Supplier Resilience Reviews	Adults	Business Continuity	20	Review of a sample of key strategic suppliers, with a focus on suppliers of care and transport to vulnerable service users, to identify assurances in place over supplier resilience and continuity planning.
Mosaic System Uploads, Data Integrity and Key Controls	Adults	ICT and Information Governance	20	A review of key controls in the Mosaic system with regards to security and payment controls, and how data integrity is maintained from feeder systems and uploads.
Current Proposed Flexible Internal Audit Plan for Q1 2024/25:			185	
Budget Setting and Demand Forecasting	Finance & Resources	Financial Governance	20	Review of processes for forecasting high demand demographically-driven budgets to ensure processes are robust and budget setting is accurate.
Capital Programme Projects Assurance	Place & Sustainability	Project Management & Transformation	20	Review of a sample of individual capital programme projects, to provide assurance over compliance with the project management controls agreed by the MID Project Assurance Group.
Late Payments in Commissioning	Adults	Financial Governance	15	Review to provide assurance over processes in place to ensure timely payment of social care providers.
Investment Properties	Finance & Resources	Value For Money	20	The Council holds a number of investment properties. This would review management of investments, income streams etc. Reputational risk area.
Business Planning	Strategy & Partnerships	Financial Governance	30	Review of governance, compliance, management and monitoring, lessons learned and benefits realisation.
Early Years Funding Process	Children's	Value For Money	20	To provide assurance that robust and efficient processes are in place to ensure payments to Early Years providers are timely and accurate and there are appropriate controls in place to reduce the risk of fraud.

ICT Procurement	Finance & Resources	Procurement & Commissioning	20	Review of ICT procurement function, including commissioning, contract management, efficiencies etc.
Council Owned Companies	Finance & Resources	Governance	20	High level review of the governance of Council owned companies to provide assurance that the risks associated with these companies are managed appropriately.
Health & Safety in Place & Sustainability	Place & Sustainability	Safeguarding	20	Review of controls and compliance for key health and safety considerations in P&S Directorate including how management obtains assurance that key controls are met

Current Proposed Flexible Internal Audit Plan for Q2 2024/25: 160

Inspection Programmes & Trading Standards	Finance & Resources	Value For Money	20	Review of Trading Standards service to affirm value for money is achieved.
Contract Price Variations	Finance & Resources	Procurement & Commissioning	20	Sample testing for compliance with the Council's guidelines for agreeing price variations in contracts, to provide assurance that cost increases are controlled appropriately
Children's Social Care Placements	Children's	Safeguarding	20	Review of placements in Children's Social Care to provide assurance that the Council is compliant with statutory requirements for placements and ensuring that unregulated accommodation is not being used.
Direct Payments	Adults	Financial Governance	20	Review of direct payments policies and procedures and compliance with procedures in practice, to provide assurance that direct payments are managed in a way that safeguards public funds and ensures that they achieve best value.
Social Care Debt	Adults	Financial Governance	20	Reviewing Council management of social care debt.
Projects Assurance (Non-Capital)	Strategy & Partnerships	Project Management & Transformation	40	Provision of assurance over a sample of key non-capital projects and review of the efficacy of extant assurance processes.
Contract Management - Minor Works Framework	Finance & Resources	Procurement & Commissioning	20	Review of Minor Works Framework contract with an estimated annual value of £8m.

Current Proposed Flexible Internal Audit Plan for Q3 2024/25: 170

ICT Strategy	Finance & Resources	ICT and Information Governance	20	The ICT service is in the process of a major refresh of strategy and governance. This review will aim to work collaboratively with the service to consider progress to date and suggestions for ongoing strategy development.
Contract Management Policies & Compliance	Finance & Resources	Procurement & Commissioning	20	Noted as a risk area. This would review contract management guidance and training available to managers in the organisation, and implementation of contract management processes. High impact area.
Asset Management Strategy	Finance & Resources	Value For Money	20	Review of the Council's asset management strategy to provide assurance that the Council's assets are managed to deliver value for money.
ICT Disaster Recovery	Finance & Resources	ICT and Information Governance	20	Review of ICT disaster recovery planning and testing.
Adult Social Care Finance	Adults	Financial Governance	20	Assurance over the policies and processes in place within the Adults Social Care Finance team, with a particular focus on reviewing invoicing , cost recovery and the link to debt management.
Contract Management - Supported Living	Adults	Procurement & Commissioning	20	Review of the Supported Living framework contract with an annual estimated value of £22.6m
Cambridgeshire County Council Client Monitoring Arrangements for This Land Ltd	Finance & Resources	Governance	20	A review to provide comprehensive follow-up on findings and implementation of actions following the review of This Land Ltd in 2019/20.
Contract Management - Integrated Sexual Health and Contraception Service	Public Health	Procurement & Commissioning	30	Review of this major contract with an estimated annual value of £4.1m

7. FOLLOW UP OF AGREED AUDIT ACTIONS

7.1 OVERVIEW OF FOLLOW UPS

7.1.1 The outstanding management actions from Internal Audit reports as at 31st December 2023 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures). There are currently 82 management actions outstanding, a reduction from a total of 96 outstanding actions as of our previous report to Committee.

7.1.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate up-to-date position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

7.1.3 For this reporting cycle, Internal Audit has introduced a new process for following up recommendations. The new process involves the Executive Assistants in each directorate sharing a spreadsheet of all recommendations with the officers responsible for implementing each recommendation on a monthly basis. Responsible officers are required to provide monthly updates on each recommendation. Internal Audit review those updates to assess whether any recommendations can be closed as implemented, and to provide information on follow ups in this report and Annex B of this report. This new process should increase directorate oversight of outstanding actions.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		Category 'High' recommendations		Category 'Medium' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Implemented	2 (1)	1.09% (0.56%)	25 (20)	13.66% (11.11%)	74 (63)	40.44% (35.00%)	101 (84)	55.19% (46.67%)
Actions due within last 3 months, but not implemented	0 (0)	0.00% (0.00%)	0 (5)	0.00% (2.78%)	19 (29)	10.38% (16.11%)	19 (34)	10.38% (18.89%)
Actions due over 3 months ago, but not implemented	0 (1)	0.00% (0.55%)	14 (11)	7.65% (6.11%)	49 (27)	26.78% (15.00%)	63 (39)	34.43% (21.67%)

Totals	2		39		142		183	
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7.1.4 There are no outstanding 'essential' actions. Further detail on outstanding actions is provided at Annex B.

7.1.5 Table 8 below shows the number of outstanding recommendations in each directorate.

Table 8: Outstanding Actions By Directorate

Directorate		Outstanding recommendations
Children's		12
Adults, Health and Commissioning		4
Place and Sustainability		0
Finance and Resources Directorate	<i>Key Financial Systems</i>	10
	<i>Other</i>	41
Public Health		2
Strategy and Partnerships		13

8.0 *RISK MANAGEMENT*

8.1 In line with the Council's Risk Strategy, the Internal Audit & Risk Management service has sought to re-establish the Corporate Risk Group. This group brings together Cambridgeshire County Council staff who are closely involved in risk management at a directorate or project level, to:

- Develop a network of expert Risk Champions who promote consistent and high-quality risk management culture and practice throughout the organisation and ensure that risk management is embedded in all business processes.
- Facilitate effective communication vertically and horizontally across the organisation about key risks and emerging issues which may impact multiple services or directorates, ensuring consistency in the Council's corporate response to risk.
- To provide additional challenge, scrutiny and feedback on corporate risk registers, risk management policies and procedures.

8.2 The first meeting of the CRG was held on the 13th November 2023 with 21 members of staff attending from across the whole range of the Council's directorates. The Group reviewed and agreed its Terms of Reference, discussed the Risk Strategy and emerging risks within the Council, and undertook a training session on escalating and de-escalating risks.

8.3 The next meeting of the CRG will be on the 15th February 2024, so that feedback from the CRG can be taken to the next CLT Risk & Assurance meeting on the 1st March. Following this meeting, updated reporting on the Corporate Risk Register will be presented to the Strategy and Resources Committee and Audit & Accounts Committee.

9 FRAUD AND CORRUPTION UPDATE

9.1 FRAUD INVESTIGATIONS

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 7. As at the 31st December 2023, Internal Audit has received 24 whistleblowing referrals in the 2023/24 financial year, similar to the number of referrals received by the same point in 2022/23 (21 cases). There are no open cases which have been carried forward from 2022/23.

Table 9. Current Internal Audit Investigations Caseload

All Cases Reported in 2023/24 To Date		Open	Closed	Total
Fraud and Theft	Conflict of Interest	2	1	3
	Council Officer Fraud	2	3	5
	Third Party Fraud	0	2	2
	Health and safety	0	1	1
	Theft	0	2	2
	Attempted blackmail	1	0	1
Governance	Internal Governance Issue	2	1	3
	Schools Governance	0	1	1
Grievance/Bullying	Staff Conduct/Grievance	1	1	1
Safeguarding and Health & Safety	Safeguarding	1	3	4
Total		9	15	24

9.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.3 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Conflict of Interest (2 open cases)** – Internal Audit is currently collaborating with HR colleagues to investigate two cases relating to possible conflicts of interest involving people working for CCC.
- **Safeguarding (1 open case)** – One case of safeguarding concerns raised by a member of the public is currently open, which is being investigated by Children’s Social Care.

- **Internal Governance (2 open cases)** – Internal Audit are currently investigating two cases of internal governance concerns. In one instance, a draft report has been issued, and a summary of the outcomes of the investigations and agreed actions will be brought to Audit & Accounts Committee as part of the next Progress Report, once they have been issued as final. In the remaining case, initial work undertaken suggests there are no serious concerns but Internal Audit continue to investigate.
- **Council Officer Fraud (2 open cases)** – Internal Audit is currently investigating two cases of alleged fraud involving people working for CCC, in conjunction with HR colleagues.
- **Attempted blackmail (1 open case)** – There is currently one open case relating to attempted blackmail. This is being dealt with in conjunction with the police and Information Governance colleagues.
- **Staff Conduct/Grievance (1 open case)** – One case relating to an instance of staff conduct/grievance is currently open, which is being investigated by HR and Safeguarding.

9.2 WHISTLEBLOWING, ANTI-FRAUD AND ANTI-MONEY LAUNDERING E-LEARNING

- 9.2.1 Following the implementation of the new Anti-Fraud and Corruption Policy and new Anti-Money Laundering Policy which both came into force in 2022, Internal Audit is undertaking, in conjunction with the Learning and Development team, to create two e-learning modules to support the embedding of these new policies for both existing and new staff.
- 9.2.2 Following the update provided in December's report, creation of these e-learning modules is still underway. A full draft of the Anti-Money Laundering training module is now complete and the Learning & Development team has developed a test version of the training, in advance of launch. The Whistleblowing & Anti-Fraud training module is still being drafted. Progress has been hindered by resourcing issues in Internal Audit, which have resulted in a scarcity of time to work on the modules in light of priority audit work.

9.3 NATIONAL FRAUD INITIATIVE (NFI)

- 9.3.1 The NFI compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud.
- 9.3.2 The current exercise commenced in September 2022 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output

was released by the NFI in January 2023. The total number of matches for CCC as at January 2023 was 4,200 across 34 reports which have a high or medium risk rating, depending on the nature of the data. The NFI released an extra data set recently regarding residential parking permits therefore the total number of matches is now 4229 across 35 reports.

- 9.3.3 As at January 2024, 2,293 matches have been reviewed and cleared resulting in £1,462.46 identified to recover. This sum relates to pension payments made to a deceased person and the Pension Team Leader (West Northamptonshire) is progressing these cases, with the most recent update being that death certificates have now been ordered. The purpose of the match is to identify instances where an occupational pensioner has died but the pension is still being paid.
- 9.3.4 306 blue badges have been cancelled; the Cabinet Office estimates a notional saving of £198,900 for these.

9.4 GUIDED BUSWAY LEGAL PROCUREMENT INVESTIGATION

- 9.4.1 An audit investigation identified non-compliance with Public Contract Regulations (PCRs) and the Council's Contract Procedure Rules (CPRs) in respect of expenditure incurred on the Guided Busway Litigation budget since 1st April 2018. This included expenditure on expert witnesses, e-disclosure services and legal advice linked to the Busway litigation, and insurance-related expenditure linked to the HSE Busway investigations.
- 9.4.2 Much of the expenditure relating to the Busway dispute was driven by the Council's lawyers leading on the litigation, who would identify a need for specific expert services and often recommended a specific firm or individual or conducted searches to identify a suitable expert. The appointment of these experts was constrained by the requirement that witnesses must be demonstrably independent from any prior connection to the Busway construction or the opposing party. Although the Council contracted directly with these expert services, it was therefore often not possible for the Council to conduct a full open procurement for this expenditure as would usually be required.
- 9.4.3 While officers were therefore frequently constrained in their ability to comply with the normal provisions of PCRs and CPRs, the Council's CPRs set out a process by which exemptions or waivers from CPRs may be requested. The audit found that this process was not always followed to obtain waivers for expenditure which was not in line with CPRs, and there were a number of cases where waivers which were applied for and approved subsequently breached their approval limits, both in value and in duration.
- 9.4.4 The CPRs do not permit officer approval of waivers valued over £500,000 (as this would constitute a Key Decision, which is reserved to Committees), but in practice the audit did not identify reporting to Committee to highlight the unusual

procurement constraints linked to the Busway expenditure nor to seek approval to incur expenditure over £500,000 on contracts that were not compliant with CPRs.

- 9.4.5 The investigation also noted that responsibility for progressing a number of outstanding transfers of land related to the Busway was not clear and the risks associated with these outstanding transfers had not been assessed. This responsibility has now been delegated to a named officer, who is progressing the action to review all outstanding land transfers and conduct a risk assessment.
- 9.4.6 A number of actions were agreed as part of the audit report process; some of these have already been implemented, including an update to CPRs to clarify whether exemptions within the Public Contracts Regs 2015 do or do not automatically apply as exemptions to CPRs. The Council's Procurement team are working with the relevant services to ensure any further expenditure on land or insurance matters related to the Busway is made in compliance with CPRs and PCRs. A new 'breach' process to report on, investigate and regularise procurement breaches will be introduced, and following a review of the historic non-compliant spend identified by the audit, these issues will be reported to the Assets & Procurement Committee under the new breach process.

9.5 SUPPORTED LIVING INVESTIGATION

- 9.5.1 A new Operational Lead Manager raised concerns regarding high levels of expenditure against specific budget codes at a Council supported living setting. Whilst no concerns regarding potential fraud were raised, Internal Audit determined that an investigation should be undertaken, including review of physical cash on site and supporting records as well as purchase card (GPC) usage. Internal Audit's review did not identify any fraudulent activity or inappropriate expenditure, although several areas were identified where practices could increase the risk of fraud and theft. A number of actions have been agreed to address this.
- 9.5.2 The review identified a lack of documented corporate guidance over Imprest Accounts & Petty Cash Accounts. This led to correct processes not being followed, which had an adverse impact on the accuracy of budget management and financial reporting; this was the cause of the high level of spend on one of the budget codes. Internal Audit has recommended that corporate guidance on the operation of Imprest accounts and petty cash should be developed and implemented. In addition, it was identified that GPC purchases from other supported living establishments were being mis-coded to the setting, which artificially inflated the setting's expenditure. A recommendation has been made to recode these transactions and ensure expenditure is correctly coded in future.
- 9.5.4 It was also identified that Service Users at the supported living establishment and other nearby establishments were receiving cash advances from the setting's Imprest account and were subsequently invoiced for the value of the advances.

This process is not in line with the Council's Scheme Of Financial Management, was not subject to robust reconciliations between settings, and increases the risk of theft or fraud. Following the audit, one of the agreed actions is that this activity will cease and Service Users will be moved onto pre-payment cards to reduce the need to use cash.

9.6 NATIONAL FRAUD INITIATIVE INVESTIGATION

- 9.6.1 Through Cambridgeshire County Council's National Fraud Initiative (NFI) Payroll data matching exercise, officers in the Council's Internal Audit team identified that an officer who was employed full-time at Cambridgeshire also appeared to be working 30 hours a week with another local authority. Initial inquiries confirmed this had not been declared to HR nor the officer's line manager as required under the Council's Code of Conduct and therefore an investigation into possible gross misconduct was undertaken jointly between Internal Audit and HR. The employee was suspended and an investigation report produced; however the employee resigned prior to a hearing taking place.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2023/24 KEY FINANCIAL SYSTEMS AUDITS

- 10.1.1 The CCC Internal Audit Team are undertaking the Payroll and Pensions Administration key financial system audits for 2023/24 for authorities which share these services under the Lead Authority model. This is a change in approach, as since the implementation of ERP Gold in 2018, the CCC IA Team had previously been responsible for the Accounts Payable, Income Processing and Debt recovery audits, whilst the Pensions and Payroll work has been undertaken by IA Teams at other local authorities that are part of those shared services.
- 10.1.2 Both the Pensions and Payroll audits are underway. Fieldwork undertaken to date on the payroll starter and leaver processes has not identified any significant issues. Further work will include process review and sample testing on overpayments, emergency payments, overall payment file process and control account reconciliations.
- 10.1.3 Work is also underway on the Pensions Administration audit covering the Cambridgeshire and West Northamptonshire schemes. Fieldwork will include coverage of key transfer processes, payments, bank account changes, and performance reporting. The commencement of fieldwork has been delayed, as there were delays in the processes to give the Cambridgeshire IA Team access to the ALTAIR pensions computer application and the West Northamptonshire IT network on which the ALTAIR application is hosted. As of mid-January, the Cambridgeshire team now has access to Pensions systems and work is progressing.

Annex A
Internal Audit Plan Progress
2023/24

Progress to 31st December 2023 with the core Internal Audit Plan 2023/24 and the agreed Q1 – Q3 ‘flexible’ plan, on the basis of individual reviews completed, is summarised as follows:

Audit Plan 23/24 Progress In-Year		
Total Completed & Closed Reviews	29	35%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	18	21%
Draft Report Issued	7	8%
Fieldwork In Progress	21	25%
Reviews at Terms of Reference (ToR) stage and before	2	3%
23/24 Planned reviews yet to start	6	7%
Reviews on hold/paused at Director request	1	1%

Detail of the agreed Core and Q1 – Q3 ‘flexible’ Internal Audit Plan 2023/24, including progress to 31st October 2023, is provided below:

AUDIT TITLE	Directorate	TYPE OF WORK	PROGRESS
Client Funds & Deputyships	F&R	Audit	Complete
Schools Capital Programme	Childrens	Audit	Fieldwork
Street Lighting PFI Variations	P&S	Audit	Complete
Pathfinder Legal Services	S&P	Audit	Complete
Climate Change & Environment Strategy	P&S	Audit	Complete
FOI and SAR	S&P	Audit	Complete
ICT Incident & Problem Management	F&R	Audit	Complete
Capital Project Management	P&S	Audit	Draft Report
ICT Security	F&R	Audit	Complete
ICT Records Management	F&R	Audit	Draft Report
Review of draft Financial Regulations	F&R	Audit	Not started
Estate Health & Safety Inspections	F&R	Audit	Fieldwork
Dedicated Schools Grant Safety Valve	Childrens	Audit	Fieldwork
Safe Employment	CCC	Audit	Fieldwork
Asset Valuations for Statement of Accounts	F&R	Audit	Fieldwork
Establishment Control	F&R	Audit	Fieldwork
Grants to Voluntary Organisations Policy & Compliance	CCC	Audit	Fieldwork
Rental Income	F&R	Audit	Fieldwork
Section 106 Funding	P&S	Audit	Fieldwork
Business Continuity Planning	S&P	Audit	Fieldwork
Multi Agency Safeguarding Hub	Childrens	Audit	Terms of Reference

Adults Directorate Business Planning Review & Challenge	Adults	Audit	Fieldwork
Quality Assurance in Childrens Social Care	Childrens	Audit	Terms of Reference
Project Management Framework and Project Assurance	S&P	Audit	Fieldwork
Mosaic System Uploads, Data Integrity and Key Controls	Adults	Audit	Not started
Supporting Families	Childrens	Grant	N/A
Local Transport Capital Block Funding (Highways Maintenance)	P&S	Grant	Complete
Pothole and Challenge Fund	P&S	Grant	Complete
Disabled Facilities Grant	CCC	Grant	Complete
A14 Grant	P&S	Grant	Complete
Basic Needs Funding	Childrens	Grant	Complete
Procurement Governance	F&R	Audit	Fieldwork
Procurement Compliance	F&R	Audit	Fieldwork
Waste PFI Review Support	P&S	Support	Ongoing
Waivers & Direct Awards Compliance	F&R	Audit	Draft Report
Street Lighting PFI Contract	P&S	Audit	Fieldwork
Management of Consultants	S&P	Audit	Fieldwork
OPUS People Services & Interims	S&P	Audit	Draft Report
Energy Contract	P&S	Audit	Fieldwork
Commissioning Governance	Adults	Audit	Not started
LD Supplier Resilience Reviews	Adults	Audit	Not started
Treasury Management	F&R	Audit	Complete
Payroll	F&R	Audit	Fieldwork
Pensions	F&R	Audit	Fieldwork
National Fraud Initiative	CCC	Support	N/A
Fraud Investigations Review Process	CCC	Investigations	N/A
Case 111 - Conflict of Interest	F&R	Investigations	Complete
Case 118 – Interims	Childrens	Investigations	Complete
Case 125 – Legal Procurement	P&S	Investigations	Complete
Case 126 – Contracts Backlog	Childrens	Investigations	Draft Report
Case 127 – Supported Living	Adults	Investigations	Complete
Case 128 – NFI Match	CCC	Investigations	Complete
Pro-active Counter Fraud Work	CCC	Investigations	N/A
Development of Anti-Fraud & Corruption Strategy	CCC	Investigations	Ongoing
Counter Fraud Training	CCC	Investigations	N/A
FACT/HACT Follow Up	CCC	Investigations	N/A
Council Tax NFI Project	CCC	Investigations	N/A
Whistleblowing Policy Annual Review	CCC	Investigations	Not Started
Schools Assurance Auditing	Childrens	Audit	Complete
Fen Drayton Primary School	Childrens	Audit	Complete
Orchard Park Primary School	Childrens	Audit	Complete
Bewick Bridge Primary School	Childrens	Audit	Complete
Huntingdon Primary School	Childrens	Audit	Complete
Castle School	Childrens	Audit	Draft Report
Huntingdon Nursery School	Childrens	Audit	Complete
Meridiam Primary School	Childrens	Audit	Draft Report

Desktop Deficity Recovery Plans review	Childrens	Audit	Fieldwork
Information Management Board	S&P	Support	N/A
Annual Governance Statement/Code of Corporate Governance	CCC	Support	Complete
Public Sector Internal Audit Standards (PSIAS) Review	CCC	Support	Fieldwork
Corporate Key Performance Indicator Framework	CCC	Audit	Complete
Annual Key Policies & Procedures Review	CCC	Audit	Complete
Annual Assurance on Risk Management	CCC	Audit	Complete
Development of Risk Strategy	CCC	Risk Management	Complete
Risk Management	CCC	Risk Management	N/A
Advice & Guidance	CCC	Support	N/A
Freedom of Information Requests	CCC	Support	N/A
Follow-Ups of Agreed Actions	CCC	Support	N/A
Committee Reporting	CCC	Support	N/A
Management Reporting	CCC	Support	N/A
Audit Plan	CCC	Support	N/A

ANNEX B *Summary of Outstanding Recommendations*

(Recommendation status as at 31.12.2023).

Audit	Risk level	Summary of Recommendation	Target Date	Status
<i>Essential Recommendations overdue - over 3 months</i>				
There are no 'essential' recommendations overdue by under 3 months.				
<i>Essential Recommendations overdue - under 3 months</i>				
There are no 'essential' recommendations overdue by under 3 months.				
<i>High Recommendations overdue - over 3 months</i>				
Healthy Child Programme	H	Once a detailed Pricing Schedule has been developed for the contract, the Public Health team should implement quarterly open-book monitoring against the pricing schedule. This should include a detailed breakdown of actual costs incurred by the providers, with this information being reviewed and challenged by the Authority. The service should also ensure the year-end reconciliation of reported costs to actuals takes place in line with the Section 75 Agreement document.	30/06/2023	The Director of Public Health has confirmed that these actions are on track and will be completed by the revised target date, pending the rollout of new open-book contract management training. Revised target date: 30 th April 2024
Integrated Drugs and Alcohol Treatment System Contract	H	Public Health should alter financial monitoring so that, for budget variances as uncovered in the review of SMS reporting within quarterly contract monitoring meetings, are reconciled to prime evidence, as allowed by clauses 34.1 and 34.2 of the contract. This represents a shift to more open book financial reporting.	31/03/2023	The Director of Public Health has confirmed that these actions are on track and will be completed by the revised target date, pending the rollout of new open-book contract management training. Revised target date: 30 th April 2024

		<p>To assist with this Public Health should utilise the detailed pricing schedule which includes a detailed list of allowable costs against each pricing element. This pricing schedule can be the basis for challenge in contract monitoring meetings allowing for efficient detection of budget variances. It will also allow the council to distinguish costs that should be absorbed by CGL.</p> <p>If the Service considers this unfeasible, they should consult with the Head of Diligence and Best Value for advice and guidance on how to implement a more open book financial reporting approach.</p>		
Fire Risk Assessments	H	<p>The Property Compliance Team, Estates and Facilities Management should ensure that a review is undertaken to identify a definitive list of all properties for which the Council is required to undertake FRA's. If any such properties identified have not had an FRA in the last three years, the Property Compliance Team Manager should ensure that a FRA is undertaken as a matter of priority.</p>	31/03/2023	<p>The service confirmed the property lists have been reviewed and the definitive 'list' has been created as part of the data entry and data verification processes as part of the new Concerto property database. Once cleansed and verified this will provide the definitive schedule of properties in which CCC has an interest that the property function is aware of.</p> <p>Under Corporate Landlord, a further exercise is required to identify property interests taken outside of corporate property processes (i.e. those properties not known or notified to CCC Property). This requires a review of all services across the council and all risks relating to these sites sit with the appropriate services or functions.</p> <p>Estimated completion date 31 March 2024, subject to additional staff resourcing being provided.</p> <p>Revised target date: 31 March 2024</p>
Direct Payments Consolidated Report	H	<p>Internal Audit has consulted with staff in social care, Finance and Debt Recovery and drafted a proposed Direct Payments Fraud and Misuse Policy, attached as Appendix A. The Executive Director of People Services and the Service Director of Finance & Procurement</p>	30/04/2023	<p>The Head of Financial Operations has confirmed that the draft Direct Payments Fraud and Misuse Policy is in the process of being reviewed, with feedback being provided</p>

		<p>should review this policy, make any amendments, and adopt the policy on behalf of the Council.</p> <p>Once the policy is adopted, it should be communicated to staff in social care and finance, alongside an awareness-raising exercise through the Council's internal corporate communication channels.</p>		<p>to clarify the policy or strengthen associated documents such as Direct Payment Agreement templates.</p> <p>After this, the policy will be recirculated through the Practice, Governance and Standards Board. It will then be run past Safeguarding for them to check it is compliant with all relevant requirements, before seeking the final approval at Executive Director for Adults, Health and Commissioning (DASS) and S151 Level.</p> <p>Revised target date: 01 February 2024</p>
Government Procurement cards (GPC)	H	<p>Clear guidance to schools on GPC use should be developed. This should include clear guidelines regarding prohibited categories of expenditure and requirements to review and approve spend. This could be the same as the CCC standard GPC guidance document, or a separate document if it is believed this is required to suit school's needs. Once agreed, a copy should be circulated to all maintained schools and should be shared when schools apply for new GPC or to change a cardholder/approver</p>	01/08/2023	<p>The service has confirmed the GPC Team are working on developing guidance for schools regarding the use of school GPC cards.</p> <p>Revised target date: 31 March 2024</p>
Transparency Code	H	<p>An Information Management Strategy (or equivalent) should be produced to establish how information should be produced and published.</p> <p>It should include:</p> <ul style="list-style-type: none"> • A clear process for key officers to check that all required datasets are published correctly and on time ensuring compliance that the information is published quarterly and annually. • A timetable for key officers to get in touch with service contacts who own the datasets, to remind them that publication is due in advance of deadlines. • Guidance for ensuring if any delayed or absent publication is identified that it is discussed to find out the reasons for this with the officers involved and to 	30/06/2023	<p>Internal Audit has seen a copy of the draft Freedom Of Information Publication Scheme & Local Government Transparency Code Policy.</p> <p>The policies have been reviewed but need to go to the new Information Management Board for final review and approval, when the Board has been set up.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in March 2024.</p> <p>Revised target date: 31 March 2024</p>

		<p>establish whether there are ongoing issues with timeliness of publication and to identify the root cause.</p> <ul style="list-style-type: none"> Processes to ensure that personal information is redacted appropriately. 		
Transparency Code	H	<p>Key Officers need to be identified in the Council who are responsible for ensuring that the Transparency Code data is published in line with requirements. This should include identifying, in a written document (such as the Information Management Strategy referenced at Recommendation 1):</p> <ul style="list-style-type: none"> The central team (i.e. the Information Governance team) with responsibility for requesting data due for publication; collating the data; ensuring that data accuracy checks have been completed; and publishing the data on the Council's external website. For each individual dataset, identifying which team within the Council is responsible for owning and producing the data and supplying the data to the central team. This should include identifying a named key contact within each team for producing the data. For each dataset, identifying the checks that should be conducted to verify that the information published is accurate and is compliant with the format requirements of the Transparency Code, by the key officers. This can then be followed consistently when officers change to ensure that the process is consistent. 	30/06/2023	<p>Internal Audit has seen a copy of the draft Freedom Of Information Publication Scheme & Local Government Transparency Code Policy.</p> <p>The policies have been reviewed but need to go to the new Information Management Board for final review and approval, when the Board has been set up.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in March 2024.</p> <p>Revised target date: 31 March 2024</p>
VAT	H	<p>The VAT team should ensure that reconciliations of purchase VAT are undertaken on a monthly basis and include a detailed review of differences highlighted between the General Ledger and the Making Tax Digital report totals.</p>	31/07/2023	<p>The service has confirmed that this now takes place in practice.</p> <p>Detailed process will be incorporated into the VAT procedures. These have been drafted and are with management for review.</p> <p>Revised target date: TBC</p>

		This requirement and detailed process should be incorporated into the VAT procedures recommended at recommendation 1 above.		
VAT	H	<p>The VAT team should establish and document a procedure to ensure the HMRC regulations on the Partial Exemption rule to local authorities are complied with. This should include regular monitoring to provide in year assurance or to identify where it is likely that the partial exemption limit may be exceeded. This would also support timely completion of the full year calculation as potential issues will have been identified during the year.</p> <p>The VAT team should ensure the procedure requires officers to notify the S151 if it is identified that the partial exemption limit may be breached.</p> <p>The Partial Exemption calculations should be reviewed and reported to the Deputy 151 Officer as a matter of priority.</p>	31/07/2023	<p>The Service have confirmed that partial exemption limit calculations are now included as part of the monthly VAT return process and that results of the calculation are shared with the Head of Finance.</p> <p>Detailed process will be incorporated into the VAT procedures. These have been drafted and are with management for review.</p> <p>Revised target date: TBC</p>
Fostering Payments (In-House)	H	<p>Any outstanding debts from the prior financial year (1 year old or more) should be shared with the Debt Recovery service for formal debt recovery via the corporate debt policy once service recovery has been exhausted, or debts should be formally written off in line with corporate procedure. Every effort should be made to confirm contact details of carers at every point of contact. Case workers should routinely check contact details are up to date to prevent risk that council cannot pursue debts. Monies owed should be calculated at a full cost recovery basis and noted on the tracker to ensure the council is recovering full cost.</p>	01/09/2023	<p>The service has advised that debts over a year old have been dealt with. There is a tracker to record overpayments and the action that is being taken to monitor/recover debts. The number of current outstanding debts for this year is low – approximately 5, totalling less than £1000 – and we have put into place processes for recording and recovering debts, leaving an audit trail of actions that have been taken.</p> <p>Revised target date: 31st March 2024</p>

Fostering Payments (External)	H	<p>The service should aim to accelerate timescales for onboarding thus creating a wider scope of providers on the DPS to reduce the need for spot placements. Procurement and Commissioning should review the frequency of the onboarding process and investigate whether the 6-monthly evaluation rounds could be completed on a more frequent basis to increase DPS provider base. Periods at which onboarding occurs should be formalised and frequent.</p>	30/09/2023	<p>The Head of Commissioning confirmed that this will form part of discussions through the newly formed Sufficiency Board, and regular discussion with Commissioning Managers and the HoS Childrens Commissioning with Procurement Colleagues about the frequency of the reopening of the DPS which was recently extended from April 24 to March 26. Quarterly provider forums due are due to take place for all 4 LOTs aligned in the DPS from April 24 where we will be encouraging our spot provider market to join the DPS and drive / shape market sustainability in Cambridgeshire.</p> <p>Revised target date: 30th April 2024</p>
VAT	H	<p>The VAT team should develop documented procedures to give clear guidance on VAT requirements and processes. These procedures should include and clearly explain:</p> <ul style="list-style-type: none"> • Roles and responsibilities of officers • VAT reporting requirements • The detailed steps to be undertaken using the monthly VAT return working spreadsheet • Timescales and deadlines for key tasks • Details of how VAT returns and supporting reconciliations should be undertaken and reviewed/signed off. <p>In developing these procedures the VAT Team should review current processes to determine:</p> <ul style="list-style-type: none"> • the purpose and necessity of the tasks in each of the 25 worksheets, including removal of duplication. • What each VAT report currently run details, is used for, and whether they are all necessary. 	30/09/2023	<p>Procedure notes have been drafted and are with managers for review. Review and approval of these procedures has been delayed, as the relevant managers are focussing on the closedown of the 2022/23 accounts.</p> <p>Revised target date: 28th February 2024</p>

VAT	H	<p>Corporate Finance should educate the budget managers on the importance of coding VAT to its correct cost centre and make sure that budget managers follow the guidance, re-allocating the associated VAT amount while they re-allocate/journal the net expenditure from the suspense cost centre.</p> <p>Corporate Finance should regularly check the suspense cost centre to ensure the VAT amounts left there won't cause the council to breach 5% PE limits.</p>	30/09/2023	<p>The service is reviewing communication options to target finance admin staff as well as budget managers, and are looking into VAT training and whether funding can be identified for this.</p> <p>The Service has reported that VAT on suspense accounts is regularly reviewed and very rarely is an issue, but monthly VAT adjustment journals will be implemented to clear any such items on a regular basis.</p> <p>Revised target date: 28th February 2024</p>
<i>High Recommendations overdue - under 3 months</i>				
Fostering Payments (In-House)	H	<p>Reconciliations should be expanded to include a tracker for all CCC Young People with a Peterborough City Council (PCC) carer. CCC should be made aware of the amount of weekly expenditure for these payments and reconcile quarterly as the recharge process commences, and before it is finalised. This would reduce the risk that CCC are paying above the actual agreed weekly expenditure for these placements. There is concern, given that we have little detail on CCC young people in PCC care (including the level of the carers they are with) that CCC could be being overcharged by this authority. To help reduce the budget gap going forward, the service could explore the volume of CCC YP in PCC care and compare this to the number of PCC YP in CCC care to consider whether it may be worthwhile</p>	01/10/2023	<p>The Head of Commissioning confirmed that this will form part of discussions through the newly formed Sufficiency Board, and regular discussion with Commissioning Managers and the HoS Childrens Commissioning with Procurement Colleagues about the frequency of the reopening of the DPS which was recently extended from April 24 to March 26. These discussions are due to take place from April 2024.</p> <p>No updated revised target date, which is currently set at 31st January, was provided by the service.</p> <p>Revised target date: 31 January 2024</p>
<i>Medium Recommendations overdue - over 3 months</i>				

General Ledger 20/21	M	Urgent action is taken in conjunction with the Payroll and HR Transactions Manager to address the weaknesses in the quality and accuracy of payroll control accounts.	30/09/2021	<p>This action continues to be progressed by the Payroll Team in liaison with Corporate Finance. Aged items are being cleared and there is an action plan in place to address specific issues. The Strategic Finance Manager confirmed that system changes have been implemented that have resolved the root cause issue in relation to two control accounts. Latest analysis shows a significant reduction in aged items.</p> <p>Revised target date: While progress has been made, Finance Colleagues have confirmed it will take some time to clear the remaining historic transactions. Internal Audit will be undertaking a payroll audit to be completed in Q4. This will include a review of control account reconciliations and clearance of unreconciled items. Internal Audit will provide a further update as part of our next progress report.</p>
DSG - High Needs Block Demand Management	M	The service has indicated that there are already plans to review and update the Personal Budget policy. The service should ensure as part of this update that guidance is clear that where any provision is to be secured by a Personal Budget, Section J of the Education Health and Care Plan should include: details of how the Personal Budget will support particular outcomes; the specific provision it will be used for, including any flexibility in its usage; and the arrangements for any direct payments for education, health and social care.	01/04/2022	<p>A new Personal Budgets policy has been produced to address this recommendation. It has gone to Comms for publication, so this recommendation should be closed by the next committee cycle once the policy has been published.</p> <p>No revised target date was provided by the service.</p> <p>Revised target date: TBC</p>
DSG - High Needs Block Demand Management	M	A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an Education, Health and Care Plan (EHCP) after an	01/09/2022	A full training packing with qualifications has been rolled out for staff and we have provided guidance to schools on the EHCP process. However with the implementation of a new case management system, changed processes and a new system of banding to identify needs, this package will

			annual review has taken place. The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.		need refreshing in light of changes and this will be complete in 2025. Revised target date: 31 January 2025.
Overall Report	Schools	M	The School Finance Team should amend existing CCC regulations for schools to clearly specify areas where schools need to formulate their own internal policies in addition to the CCC regulations for schools. These include a Scheme of Financial Delegation and the other policy areas listed in Annex A to this report.	30/09/2022	The service has advised that this recommendation will be actioned through the new Scheme for Financing Schools. No revised target date provided. Revised target date: TBC
Overall Report	Schools	M	Where CCC regulations for schools allow for varying proportionality of controls such as separation of duties, the Schools Finance Team should consider clarifying in what situations it is acceptable to deviate from best practice, and to what degree. This could include setting a financial threshold above which schools must be able to evidence separation of duties in purchasing. It should also be made clearer in the regulations what constitutes sufficient separation of duties at different stages of the purchasing process. For example, can the same person approve a purchase order and then raise it on the system (such as the Headteacher)	30/09/2022	
Overall Report	Schools	M	The School Finance Team should amend CCC regulations for schools to state that the Payroll Costing Report and Previous Pay Comparison Report should be used to identify all variances and illustrate the full cost of the payroll to be signed off. If these two reports are used, the Payroll Validation Reports and EPM Variance reports are not necessary and schools are able to conduct more detailed scrutiny of their payroll.	30/09/2022	

Overall Schools Report	M	The School Finance Team should consider amending CCC regulations for schools to include a requirement that a second officer must authorise individual payroll amendments. This would require schools to apply separation of duties in all individual payroll amendments, which if not demonstrated increases the risk of payroll fraud.	30/09/2022	
Overall school audits 22-23	M	In conjunction with Recommendation 1, the Director of Education and/or Schools' Finance Team should write to all schools to explain that whilst schools do not use ERP Gold, they should follow the key purchasing controls of having an order form raised, approved by a separate approver, and a goods receipting process should be undertaken and evidenced before payment.	31/07/2023	The service has advised that this recommendation will be actioned through the new Scheme for Financing Schools. No revised target date provided. Revised target date: TBC
Overall school audits 22-23	M	In conjunction with Recommendation 1, the Director of Education and/or Schools' Finance Team should write to all schools to clarify that PTA and school bank accounts should be kept entirely separate. In conjunction with Recommendation 4 below, this information should be included in consolidated financial guidance for schools	31/07/2023	
Overall school audits 22-23	M	The School Finance Team should consolidate existing CCC regulations for schools into a single document. This should include key controls for making purchases without the use of ERP Gold, which formerly existed in the Financial Regulations for Schools.	31/07/2023	
Overall school audits 22-23	M	The School Finance Team should amend existing CCC regulations for schools to clearly specify areas where schools need to ratify their own internal policies in addition to the CCC regulations for schools.	31/07/2023	
Key Policies and Procedures	M	The Partnership Governance Advice and Guidance to be allocated an owner, reviewed depending on the last review date and published on Camweb.	30/11/2022	The Partnership Governance Advice & Guidance document has been reviewed by the Assistant Director Policy, Insight and Programmes. It will be reviewed by the Executive Director for Strategy and Partnerships in February for

				<p>comment prior to scheduling at the Corporate Leadership Team for sign off.</p> <p>Revised target date: 31 March 2024</p>
Accounts Receivable Income 21/22	M	<p>Documented procedures should be created to govern the future ongoing use of the fortuitous income codes. These procedures should include clear criteria that should be met prior to a suspense item being moved to an income code.</p> <p>These procedures should also cover the process of moving transactions from customer accounts to a fortuitous income code. Once developed, the procedures should be agreed with the S151 officers.</p>	31/12/2022	<p>This action was delayed due to the Income Management System (IMS) project implementing a new income system – in part as changes resultant from the new system had to be considered.</p> <p>A draft process has now been developed in respect of how the fortuitous income code will be operated. As the Income Processing Service is a shared service the paper outlining the new process had to be reviewed / approved with the S151 officers across each Partner organisation to obtain approval.</p> <p>The CCC process and document has been agreed and Finance codes provided. Operation will start during January 2024 due to resource constraints within Income Processing due to dual (ERP and IMS) system testing.</p> <p>Revised target date: 31 January 2024</p>
Accounts Receivable Income 21/22	M	<p>A policy should be developed to govern how credit only customer accounts should be treated and managed. The policy should include at what point in time a credit only account should be considered as aged. For example, an aged account could be defined as one that has not had any invoices raised for 6 months. The policy should include a check to ensure that a credit only account is not due to failure on behalf of the Council to raise an invoice prior to any further action being taken.</p>	31/12/2022	<p>The Service has confirmed that the policy has been drafted and reviewed by the Head of Finance. The document has been updated from the feedback and is being sent for final sign off. A code has been agreed to write back credits.</p> <p>Credit only accounts are reviewed as part of BAU, and they are working with ASC finance to review aged items. Its will be reported in Service Review meetings. However to reduce the number of credit accounts it is recommended</p>

		<p>Once this policy has been developed, exception reporting should be developed to identify aged credit only accounts so that action can be determined and taken in line with the policy.</p> <p>Data on credit only accounts should be incorporated into the current reporting regime and in conjunction with unapplied items reporting (recommended above) and should include:</p> <ul style="list-style-type: none"> • The number of credit only accounts • The value of transactions on credit only accounts • The volume of transactions on credit only accounts • Narrative on any issues and action taken in relation to clearing transactions from credit only accounts. 		<p>that standing orders should where possible be replaced by direct debits as we are unable to stop a SO once a customer is not receiving care.</p> <p>Sundry credit accounts are also being reviewed as part of BAU.</p> <p>Revised target date: 28 February 2024</p>
Insurance Fund	M	<p>The Claims Handling Manual should be updated following implementation of an Insurance Strategy, this should ensure that the service goals and objectives are supported by operational processes which target management resource accordingly. This could also include: current reporting review processes, betterment circumstances.</p>	31/12/2022	<p>The Interim Head of Insurance advised that amendments to the document are in progress, although the implementation of this recommendation relies to some extent on the Insurance Strategy being finalised. The strategy has not been formally approved and is under review by the s151 Officer.</p> <p>Moreover, the service is about to migrate away from the existing FMX system to a new piece of software in the very short term and this will likely result in some changes to procedures and consequently the supporting manuals. Accordingly the Claims Handling Manual will be more thoroughly reviewed and amended to take into account changes in processes in relation to the new system.</p> <p>Revised target date: 31 March 2024</p>
Insurance Fund	M	<p>An Insurance Strategy is developed to provide a clear framework for the service goals and objectives including a structured approach to the Councils</p>	31/01/2023	<p>The interim Head of Insurance advised that this action has been delayed due to service pressures, however work has now commenced to form an insurance strategy and an</p>

		insurance arrangements. For example, this could include the following information: The strategic aims of the service, a breakdown of the risks the council self-insures and policies the council holds with external insurance providers, the process for projecting future risk profile, management and recharging arrangements, claims management processes and processes for reviewing the insurance strategy.		initial framework for the document is with S151 for consideration and feedback. The strategy will then need to go to Lead Authority Board as the document will support all councils the Insurance Service supports. However, the service is about to migrate away from the existing FMX system to a new piece of software in the very short term and this may result in some changes to the Strategy. Accordingly, the Strategy rollout will be delayed so that it can incorporate any potential changes to select the new system. Revised target date: 31 March 2024
Fire Risk Assessments	M	Once a definitive list has been identified of all council properties requiring FRAs, a column should be added to the corporate portfolio spreadsheet to indicate where an FRA needs to be completed for a property, so the Compliance Team can regularly reconcile against their own FRA compliance spreadsheet to ensure they are carrying out required FRAs. An area of good practice would be to add another column for the rationale if a FRA is not required, as this would prevent the need to duplicate work if staff move on. The live corporate portfolio list should then be made available to all Teams to ensure that they are aware of when new properties are added or when properties are deleted.	31/03/2023	The service confirmed progress has been made on this recommendation but it is not yet complete. This work is being prioritised alongside other key H&S tasks and is linked to the work on compiling a verified list of properties. Revised target date: 31 March 2024
Government Procurement cards (GPC)	M	It is recommended that the CCC FAQ document is used as the primary guidance for acceptable use. As an internal document, it can be tailored to be consistent with the policies of CCC. The RBS User Guidance provides a more general guidance, and details of the responsibilities of Cardholders, Approvers and the GPC team. The User Guide, CCC FAQ Document and Travel	01/06/2023	The current process has been reviewed, with the goal to transfer all off-system processes onto ERP, to allow workflow approval, audit trails, improved reporting, and automated ERP alert emails. New guidance will be put in place when the new process is implemented.

		and Expenses Policy should be consolidated and updated to ensure that guidance on staff subsistence is clear and consistent to all staff, including those in Client Funds and Social teams where exceptions may be permitted.		The update above is the most recent provided. A further update has not been provided yet in this reporting cycle. Revised target date: 31 March 2024
Government Procurement cards (GPC)	M	Conditions and exemptions for spend (usually purchases on behalf of service users) within prohibited categories should be clearly specified in the CCC FAQ document	01/07/2023	Reports have now been produced and a meeting is being arranged with Finance to confirm which categories should be prohibited. The update above is the most recent provided. A further update has not been provided yet in this reporting cycle. Revised target date: TBC
Chartwell Assurance	M	To maximise transparency, it is recommended that a checking mechanism is included within Project Management Office (PMO) gating or within project commissioning working procedures, that requires commissioning officers/project managers to consider whether related party and/or conflict of interest declarations apply to their project and, if they do, document a plan for managing this. Declarations and linked management plans can be reported to and governed by the relevant project boards/groups. This may include the Capital Programme Board and Corporate Leadership Team for larger scale projects.	01/06/2023	The service has confirmed that Programme Management Office gating meetings now include as the first agenda point, a statement regarding conflict of interest. A new project management framework is in development, and the ambition is to have this published on Camweb in early 2024. The service confirmed that a procedure has been established for recording and escalating conflicts of interest, which will be published in the new Programme and Project Management Framework. Revised target date: 28 th February 2024
Income Processing 22/23	M	The Business Systems Team should ensure that the discrepancy in the CCC ZAR10 control account reconciliation is resolved. Once completed the details of the issue and resolution should be reported to the CCC Head of Finance.	31/07/2023	Business Systems working with Accounts Payables Colleagues to clear the low value discrepancy, relating to one transaction of £354.25. this is awaiting confirmation from the Close-Down Accountant before the transaction can be cleared. Revised target date TBC

FOI and SARS	M	The Information Governance Team should review all policies and procedures on both Camweb and the Council's external website.	31/07/2023	<p>The policies have been reviewed but need to go to the new Information Management Board when set up.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in March 2024.</p> <p>Revised target date 31 March 2024</p>
Fostering Payments (In-House)	M	The service should undertake a review of its success to date in using IFA 'top up' fees to recruit and retain in-house foster carers and consider whether a higher level of payment should be rolled out across the board to attract and retain more in-house carers. If payment of higher fees significantly improves the availability of in-house placements, the additional cost of the 'top up' fees may be offset by the reduction in the need for external placements. This should be fully explored by the service.	01/08/2023	<p>From February 2024 the CiC Commissioning Manager will spot check fostering placements on a monthly to ensure compliance, with results included in the ART Dashboard. The service has advised that the fostering service is currently undergoing a transformation project, which includes reviewing the issue of payments to foster carers as outlined in the recommendation. Target date revised to end of March.</p> <p>Revised target date: 31 March 2024</p>
Transparency Code	M	A process should be introduced for reporting on compliance with the Transparency Code to the Information Management Board and/or senior management to include any issues with production of or access to data.	30/06/2023	<p>The policies have been reviewed but need to go to the new Information Management Board for final review and approval.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in March 2024.</p> <p>Revised target date: 31 March 2024</p>
Transparency Code	M	The process that the Information Governance Team undertakes for correcting published data which is subsequently identified as inaccurate is not documented.	30/06/2023	<p>The policies have been reviewed but need to go to the new Information Management Board for final review and approval, when the Board has been set up.</p>

			The process that the Information Governance Team undertakes for correcting wrongly published data should be documented so it is consistent.		In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in March 2024 happen until the new year. Revised target date: 31 March 2024
Accuracy Coding	of	M	All product codes that reference 'health' should be reviewed to provide clarity over which code should be used for transactions that relate to the NHS or other health authorities. Consideration should be given to streamlining product codes. A large amount of Council money contributes to NHS services, evident in 3 sample transactions amounting to over £1m, so it is important the expenditure is coded correctly to not overstate the expenditure on professional fees and hired services.	01/09/2023	Code changes have not yet been agreed by partner LAs and they cannot be changed in ERP Gold only for CCC. Further meetings are required. Revised target date: 28 th February 2024
Accuracy Coding	of	M	Product codes and product code descriptions should be reviewed to rationalise/remove duplicates and conflicts. to provide greater clarity and help mitigate the risk of miscoding on the GL. This review should cover the following: <ul style="list-style-type: none"> • The 'grants to voluntary bodies' account code could be removed and replaced with the pre-existing 'grants' account code which already has two product codes: 'charitable' and 'non-charitable'. Any expenditure related to charities will then all be coded to one product code and account code, rather than split across two different account codes. • The 'grants and support for other service users' product codes could be amended to include the description 'direct to service user' to ensure it is 	01/09/2023	Code changes have not yet been agreed by partner LAs and they cannot be changed in ERP Gold only for CCC. Further meetings are required. Revised target date: 28 th February 2024

		<p>completely clear to an officer the account code should only include payments made directly to service users.</p> <ul style="list-style-type: none"> • The 'joint partnership funding' product and account code could be renamed to 'contributions to joint partnerships', 'to make it clear to officers the account code should only be used when the payment is a contribution and is not fully incurred by CCC. • Product code descriptions should be reviewed to ensure there are no duplicate descriptions. 		
Accounts Payable 22-23	M	<p>The current process for manual spreadsheet uploads should be reviewed to ensure that only budget holders can approve manual uploads, that they can only approve upload payments against their own budget, and that they cannot approve individual payments in excess of their agreed limit in line with each Council's scheme of financial management.</p> <p>If the process is to remain it should be agreed with S151 Officers at each Council.</p>	30/09/2023	<p>Due to spreadsheets containing multiple cost centres in some scenarios ERP cannot be used as an approval process. The spreadsheet process does not lend itself to individual budget manager approval. AP will produce a document that outlines the process and will look to agree Section 151 approval and approval limits.</p> <p>Due to the change freeze in ERP Gold no further action has been taken.</p> <p>Revised target date: 31 March 2024</p>
Accounts Payable 22-23	M	<p>The Head of Financial Operations should consider whether verification checks should be introduced in relation to bank account changes where the supplier on ERP Gold is an individual rather than an organisation. Internal Audit recommend the following controls are considered for implementation:</p> <ul style="list-style-type: none"> • When an ERP supplier amend form is submitted by an officer (e.g. a social Worker) they should certify that they have confirmed the change as legitimate with the supplier (i.e. the customer/foster carer). • A copy of the suppliers identification must be provided with the ERP supplier amend form. 	30/09/2023	<p>A demonstration was held by Spotlight on the 31 October who have a Bank Verification Tool, which also has the ability to check individual bank accounts during the verification process. This is run by the Cabinet Office who have provided us with 1,000 credits to pilot the solution and perform a time and motion study to understand any resource impact on including individuals to the verification process. We are still working with Spotlight as to date it is not ready to implement. We will continue to work with the supplier during Q4, and if the solution isn't viable we will look to write to the 151s regarding the risk of not verifying individuals. Verifying individuals through the current process is not possible as there are no means</p>

		If it is considered by the Head of Finance Operations that any such controls are disproportionate or may have an adverse impact on the efficiency of operations, the current arrangements for bank detail changes in relation to non-commercial suppliers who are individuals should be endorsed by the S151 Officer at each client council to ensure they are prepared to accept the increased risk of bank mandate fraud/financial abuse.		of 100% assurance in terms of ensuring the person is not fraudulent. Revised target date: 31 March 2024
Direct Payments Consolidated Report	M	The Internal Audit team will conduct a full audit review of Direct Payments to identify any control weaknesses not picked up in this consolidated report.	30/09/2023	This remains in the Audit Plan and is currently scheduled to take place in Q2 2024/25. The timing of this audit has been delayed by the need to reprioritise the Audit Plan to the areas of highest risk following significant resource pressures within the team. Revised target date: Audit to commence July 2024.
Direct Payments Consolidated Report	M	Internal Audit will conduct a review of the Council's arrangements with its current and former Direct Payments Support Services (DPSS) to understand the level of contractual responsibility placed on these organisations to identify and flag any excessive or unusual expenditure, arrangements for service users when the contracted DPSS changes, and to consider whether the current contractual terms are sufficient to enable the Council to place reliance on DPSS to report overspending and/or misuse of Direct Payments or whether these should be strengthened.	30/09/2023	This will be covered as part of the Direct Payments Audit scheduled for Q2 2024/25. Revised target date: Audit to commence July 2024.
Direct Payments Consolidated Report	M	The Council's Direct Payment Agreement should be amended to require Council approval for all arrangements where close family are paid as Personal Assistants via a Direct Payment, regardless of whether	30/09/2023	Internal Audit met with the action owner on 16th January 2024, who confirmed that the new agreement wording is on track to be formally adopted by the revised target date.

		they live in the same household, and to specify that the Council may ask for the return of any money paid to family members without prior approval. Payments to family members should only be made where this has been written into the service user's Care & Support Plan and signed off accordingly.		Revised target date: 01 February 2024
Direct Payments Consolidated Report	M	Social care procedures should be updated to specify that when individuals with a Direct Payment are reassessed and a new Care & Support Plan drawn up, they should also be issued with the current version of the Direct Payment Agreement/Authorised Person Agreement alongside the Care & Support Plan and requested to return a signed copy.	30/09/2023	Internal Audit met with the action owner on 16th January 2024, who confirmed that the new policy is on track to be formally adopted by the revised target date. Revised target date: 01 February 2024
Direct Payments Consolidated Report	M	Direct Payments Monitoring Officers procedures should be updated to include a check of whether there is a signed and up to date (within the last 3 years) Direct Payment Agreement (DPA)/Authorised Person Agreement on file when conducting their annual account	30/09/2023	Internal Audit met with the action owner on 16th January 2024, who confirmed that the new policy is on track to be formally adopted by the revised target date. Revised target date: 01 February 2024
Debt Recovery 22/23	M	The use of debt collection agencies should be reintroduced, for both automated referrals in line with the collections policy and manual referrals by recovery officers on a case by case basis. Consideration should be given to amending procedures to refer further categories of debt not currently included in the collections policy. This could include aged debts and/or debts that have not been subject to recovery activity for a significant period of time. If referrals to the collection agency are not going to be	30/09/2023	It is acknowledged that the Income policy does mention all debts under £500 and over 90 days (excluding Adult Social Care) should be referred to a Debt Collection Agent. In order to achieve this however in an efficient way requires some configuration within ERP Gold, and due to a number of significant system projects during 22/23 & 23/24 there has not been resource available to progress at this time. It should also be noted that 99% of 22/23 sundry debt has

		reintroduced, this decision should be ratified by the S151 Officer.		<p>been secured and therefore resources are being directed towards increasing ASC debt. As part of the Deep Dive into ASC Debt we will work with ASC to see whether External DCAs could be utilised for some ASC debts.</p> <p>The policy has been amended to reflect the use of DCAs on a case by case basis, rather an automatic referral for certain debt types. The draft has been circulated to Internal Audit for review.</p> <p>Revised target date: 31 January 2024</p>
Debt Recovery 22/23	M	The Head of Finance Operations should decide if procedures should be amended to reflect the current practice and detail the approval time-out procedure, or whether to amend the system workflow in ERP for write-offs to ensure that budget holder approval must be given before write-offs are progressed. In conjunction with Recommendation 5, the procedure could vary for different values of write-offs.	30/09/2023	<p>The Inbuilt system process is functioning as intended with write-offs being sent to approved budget holders using the ERP workflow process, before approval is obtained from S151 or delegated officer.</p> <p>It is recognised however that although the process is operating as designed that in some areas there may be a need for greater compliance with budget holders to approve their write-offs within the system workflow.</p> <p>A new process for Write Offs has been scoped and agreed in principle with Senior Finance officers in each Partner. However due to resource constraints in Business Systems and the change freeze, this cannot be implemented until the new Financial Year</p> <p>Revised target date: 30 June 2024</p>
Fostering Payments (In-House)	M	To avoid the need for complicated payment suspensions and delays in record updating, fostering finance management should be given access to edit payments within ContrOCC on notification of an error or change. There appears no need for this to be	01/09/2023	<p>The service has advised that this recommendation has been implemented. Internal Audit is liaising with the service to obtain evidence of this to facilitate closure.</p> <p>Revised target date: 31 March 2024</p>

		completed by IT, especially as they do not request any evidence of the change to verify any change request. Likewise, for SOC 408 changes, provided the change has been approved and this is verified by the finance team on receipt of the 408 notification the responsibility to update payment records could be shared by the finance, ART and Duty teams.		
Fostering Payments (In-House)	M	The service should expand internal and external guidance for the outstanding elements that have not been addressed by the external Foster Handbook and Independent Fostering Agency (IFA) transfer guidance. These outstanding elements include allowances for children entering higher education and confirming allowances for pocket money/savings and respite placements, as these currently are quoted within the Handbook guidance as 'under review'.	01/09/2023	The Service Manager confirmed that the current handbook has been updated to include allowance information about pocket money and savings, as well as respite placements. Allowances for children entering higher education is yet to be resolved. The service is looking to set up a system whereby children's allowance is paid directly into their bank account. This is the same update provided for the last committee cycle, but the service is still working towards an end of March revised target date. Revised target date: 31st March 2024
ICT Change Management	M	ITDS staff should investigate how the Hornbill system can be configured such that extracted lists of changes (e.g. in the Request List screen) include columns to specify the change type and whether changes have been approved, rejected, or neither. These functionalities should then be introduced.	30/09/2023	The service confirmed that this has been requested but is yet to be actioned as it requires Hornbill themselves to implement. No change since last update but responsible officer confirmed that implementation is still on track for the revised target date. Revised target date: 28 February 2024
ICT Change Management	M	In conjunction with Recommendation 1 of this report, the details regarding the priority levels included in RFCs should be clarified in written procedures to add value to existing reporting. This should include what differentiates low and high priority changes, who decides on that classification for each change, and what	30/09/2023	Documentation has been updated and Recommendation 1 closed, but this element has not been incorporated and so Internal Audit is liaising with the service in regard to this recommendation. Internal Audit met with the service on 22nd November, and the Change Manager confirmed that they will look to incorporate definitions of low and

		the workflow implications are. If these classifications are meaningless, they should be removed from Request for Change forms.		high value changes into written policies and procedures. No change since last update but responsible officer confirmed that implementation is still on track for the revised target date. Revised target date: 28 February 2024
ICT Change Management	M	All Change Advisory Board meetings should be minuted to evidence who has been involved in discussions and decision-making, and what decisions have been made. This will serve to provide supporting evidence in the event of retrospective review, for actions made in Hornbill on behalf of other users or actions based on Change Advisory Board decisions.	30/09/2023	Internal Audit met with the service on 22nd Nov, who confirmed that CAB meeting decisions related to changes are now recorded directly in the change request wherever possible. Where this is not possible, a decisions and discussions form has been created to record them, but this will be rarely used as most decisions relate to specific changes. Internal Audit has requested evidence of a CAB decision being recorded in change request in order to close the change. Revised target date: 28 February 2024
ICT Change Management	M	ITDS staff should create a report which can be extracted from Hornbill, that lists changes where more than one approval was provided by the same person. Change Advisory Board should review this on a quarterly basis, to ensure that any changes which were illegitimately pushed-through the approval process do not go unnoticed.	30/09/2023	The service has confirmed that this is not possible with the current configuration of Hornbill, but Internal Audit is liaising with the service to explore whether this configuration is achievable. No change since last update but responsible officer confirmed that implementation is still on track for the revised target date. Revised target date: 28 February 2024
ICT Change Management	M	In conjunction with Recommendation 1, written procedures should be updated to require that when a PIR is undertaken, results of the PIR and especially any reasons for failure or learning opportunities should be recorded in Hornbill. It should also be recorded who undertook the Post-Implementation Review (PIR) and when.	30/09/2023	Documentation has been updated and Recommendation 1 closed, but this element has not been incorporated and so Internal Audit is liaising with the service with regard to this recommendation. IA met with the Change Manager on 22nd Nov, who confirmed that PIR results are recorded in Hornbill. IA has requested evidence of this happening in order to get the change closed, and the service will look to update the documents in line with the recommendation.

				Revised target date: 28 February 2024
ICT Change Management	M	Change Advisory Board members should mark that they have reviewed retrospective changes in the Hornbill system to evidence their review by all Change Advisory Board members before the change is formally closed. This is especially important in the absence of any Change Advisory Board meeting minutes.	30/09/2023	Documentation has been updated but this element has not been incorporated, and so Internal Audit is liaising with the service with regard to this recommendation. Revised target date: 28 February 2023
IT Security 23-24	M	We recommend that, where it doesn't exist already, the Council establishes formalised policy detailing the approach to the security of the network. This should include requirements for network monitoring and use of information outputs from such activities. It is then essential that the Council works to ensure that system configurations are aligned with requirements outlined in policy. The Council should continue to work towards the implementation of a SIEM solution which will help them detect, assess and respond to security threats. Once procured, the Council should work with the third party provider to outline their security requirements and ensure these are built into the configuration of the SIEM solution.	30/09/2023	The service has reported that the network monitoring policy is in place and a SIEM tool has been implemented. Further configuration - to bring in more systems - on the SIEM tool is required. Revised target date: TBC
IT Security 23-24	M	We recommend that the Council defines its requirements with regard to privileged accounts. This should include: <ul style="list-style-type: none"> • Processes and procedures for request and approval. • A role-based matrix highlighting the users/roles for which privileged access would be appropriate. • Review of privileged accounts in line with a least privilege model to evaluate and reduce the volume of 	30/09/2023	Internal Audit has not received an update for this recommendation. Revised target date: TBC

		<p>privileged accounts.</p> <ul style="list-style-type: none"> • Requirements for a minimum number of shared service accounts and increased password changes. • Formalised approval pathways which ensure an appropriate level of approval is sought from an individual other than the requester. • Regular review of privileged access accounts, with disablement of unused/inactive accounts. • Requirements for review and management of tools such as KeePass and LAPS to ensure secure configuration and usage. <p>In conjunction with these requirements, the Council should conduct a review of active privileged accounts. Enterprise and Domain Admin accounts should be reviewed for appropriateness and reduced to a lower number of individuals, applying the principle of least privilege. Consideration should also be given to those accounts which are inactive. IT management, in conjunction with the Information Security Manager should take action to disable or delete these, as appropriate.</p>		
IT Security 23-24	M	<p>We recommend that the Council underpins the Vulnerability Management Policy with procedural documentation which includes:</p> <ul style="list-style-type: none"> • Types of security assessment to be undertaken. • Frequency and schedules for security assessments. • Roles and responsibilities for security assessments. • Actions and procedures to be taken to track, manage, report and rectify issues identified during security assessments. This should include consistent usage of the RAP template to assign relevant actions and owners to vulnerabilities. • Compliance requirements for security assessments (e.g., Public Sector Network compliance requirements). 	30/09/2023	<p>Internal Audit has received procedure and checklist documents from the service in relation to this recommendation. Internal audit will liaise with the service to discuss this and review to establish whether all elements of the recommendation have been fully implemented.</p> <p>Revised target date: TBC</p>

		<p>We recommend that the Council implements an overall RAP or similar tracker which provides oversight of all vulnerabilities being tracked. By consolidating the outstanding results of all assessments, the organisation will be afforded a holistic view of their vulnerabilities. This will be an important tool to provide oversight to management groups and prevent duplication in tracking vulnerabilities identified during multiple assessments.</p> <p>The Council should consider introducing a vulnerability management working group which meets on a regular basis with the remit of monitoring the results of security assessments and carrying out remediation activities. Such a group should report to both the Cyber Security Group and Strategic Cyber Security Board to ensure clear, hierarchical oversight over the organisation's position with regards to their exposure to vulnerabilities.</p>		
VAT	M	Internal Audit suggest the VAT team considering implementing spot checks on ERP Gold transactions to identify cases where VAT has not been recorded in ERP Gold. Such spot-checks may be best focussed on the highest value transactions each month.	30/09/2023	<p>The service has confirmed that these checks are expected to be implemented in the next month. Internal Audit will follow up in early 2024 to ensure the process is implemented.</p> <p>Revised target date: 28th February 2024</p>
<i>Medium Recommendations overdue - under 3 months</i>				
Fostering Payments (In-House)	M	ART should endeavour to ensure that a 408 form is signed for every young person placed. The Fostering service should endeavour to obtain a signed copy of the placement plan (72 hrs) prior to the	01/10/2023	The service has advised that this recommendation has been implemented. Internal Audit has contacted the service to obtain evidence of the recommendation being implemented, to facilitate closure.

		<p>start of any placement. In cases of emergency, where this is unfeasible, they should endeavour to collect this at the earliest opportunity. The Fostering service should undertake a review of all current in-house foster carers to confirm that a signed, up-to-date foster care agreement is on file for them. In cases of existing placements which do not have a signed fostering agreement, corporate parenting should liaise with the foster parents to obtain these. All signed agreements should be documented in a shared folder to ensure any problems can be quickly settled with foster carers.</p> <p>The Fostering service should endeavour to complete 408 notifications to include all information (including weekly placement fees), to confirm changes to placements have been authorised and to increase the likelihood of accurate commitment records and trackers.</p> <p>Ongoing assurances for the above should be provided via regular spot-checking on a sample of files on an intermittent basis as part of a wider quality assurance process. Outcomes of which could be reported within ART dashboard to maintain oversight of compliance performance.</p>		Revised target date: 31 March 2024
IT Security 23-24	M	<p>The Council should ensure that they prioritise, monitor, track and follow up on actions resulting from password reviews in order that significant issues are remediated in a timely and effective manner. The Council should consider forced password changes where account passwords are found to not comply with policy and guidance.</p> <p>We recommend that the Council defines policy and processes around the provision and use of exceptional accounts, such as those for third party use or generic</p>	31/10/2023	<p>The service has reported that a password policy is in place which provides advice on managing passwords. Internal Audit will contact the service to obtain a copy of the policy to assess whether this meets the recommendation.</p> <p>Revised target date: TBC</p>

		accounts. For the latter, the Council should implement working practices to restrict access to only those who require it and track who has been provided with such access.		
VAT	M	<p>The HR Service (as the policy owners) should liaise with the Corporate Comms Team to ensure officers and managers are reminded of the requirement that mileage and expense claims must be supported by VAT receipts.</p> <p>The HR Service should consider undertaking spot checks of mileage and expense claims. It is recognised there may be limited resources to check significant numbers so such checks should focus on the highest value claims.</p>	31/10/2023	<p>The HR Service has confirmed they are liaising with the Payroll Service to explore how such checks can be best undertaken.</p> <p>Revised target date: TBC</p>
Accounts Payable 22-23	M	The Business Systems Team should undertake an investigation, supported as required by AP, to establish why historic open AP transactions from prior periods and years remain open and determine whether these transactions can be cleared.	31/12/2023	<p>The service has confirmed that work is underway. The service has provided the outstanding listing to both the Head of Finance Operations and Payroll, and their technical team is working with both the AP and Payroll teams to resolve it.</p> <p>Revised target date: TBC</p>
Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the same supplier is set up multiple times. Each case should be reviewed to establish if the existence of multiple supplier records in ERP Gold is appropriate and if not, it should be determined which supplier records should be deleted.	31/12/2023	<p>The data has been reviewed and suppliers have been identified to be closed. The AP Manager is to check the proposed supplier accounts closures and then we will look to close in bulk. Due to conflicting priorities and the system change freeze this will be delayed until Q4.</p> <p>Revised target date: 31 March 2024</p>
Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the supplier record on ERP Gold is set up for both commercial and non-commercial	31/12/2023	The data has been reviewed and suppliers have been identified to be closed. The AP Manager is to check the proposed supplier accounts closures and then we will look

		payments. Each case should be reviewed to establish if the existence as both payment types is appropriate and if not, if should be determined which payment type should be disabled.		to close in bulk. Due to conflicting priorities and the system change freeze this will be delayed until Q4. Revised target date: 31 March 2024
Client Funds	M	The service should carry out a full cost analysis of the client funds service. This should include a comprehensive calculation of the direct and indirect costs of the service; the level at which charges would have to be set to cover costs; the level of subsidy the Council is providing per client; a comparison to the costs of private providers of the service; and a clear business case and recommendation on whether the Council should continue to provide this service	31/12/2023	A draft paper is currently being reviewed following feedback from the Director of Finance and Resources, to include the level of revenue collected by the Client Funds team. Revised target date: 28 th February 2024
ERP Gold IT User Access Controls 2022/23	M	That a more robust system for recording and retaining evidence of review and approval for superuser access is put in place.	31/12/2023	The service has reported that a new process has been put in place and that draft procedures are in development. Internal audit will request and review evidence once procedures are completed. Revised target date: TBC
Fostering Payments (External)	M	Prior to commencement of a fostering placement, the ART team should endeavour to obtain the individual placement contract (signed by both relevant council officers and care providers). This agreement should be stored in a centralised repository such as Liquid Logic, where information for each individual YP is held, to be available to access across all different involved teams (including ART, Duty and Finance). Access rights to the chosen central repository should be reviewed to ensure it is accessible to all relevant teams and officers. In the case of emergency, where care must be provided but an agreement has not be signed by the provider,	31/12/2023	The ART Team are in the process of creating outstanding Individual Placement Agreements (IPA)s and getting these signed off for providers. This action started in November when a new BSO was appointed to the team, with most outstanding IPAs now in place. Going forward IPAs will be produced and signed for the start of the placements, and in emergency cases the correct manager sign offs will be in place and saved in the CYP file.

		<p>must be agreed and signed off by the relevant manager (depending on cost of placement).</p> <p>Any outstanding contracts, for which the council has not obtained a signed copy of the contract by the provider, should be chased as a matter of urgency, to reduce the risk that services provided are not obligating. Regular spot checks of placement case files may assist in flagging instances where contracts have not been completed and signed. The service should consider recording unsigned contracts in a separate filing area/folder (prior to being uploaded to the centralised repository when signed) and implementing regular monitoring of this area with a target set for this to be as empty as possible. Furthermore, regular 'completeness' reviews on a set number of random case files could provide assurances against this risk on an ongoing basis.</p>		<p>From February 2024 the CiC Commissioning Manager will spot check fostering placements on a monthly to ensure compliance, with results included in the ART Dashboard.</p> <p>No revised target date was provided.</p> <p>Revised target date: TBC</p>
Fostering Payments (External)	M	<p>Proof of exhaustion of in-house options before a decision is made to search IFA should be documented in all cases and recorded on the CYP Chronology notes as per current process guidance. If this cannot be evidenced, no IFA search should be agreed (unless in emergency or exceptional circumstances). Decisions should be formally signed off and recorded on the CYP Chronology notes.</p> <p>Internal Audit recommend implementing quality assurance monitoring processes to ensure compliance with the above. This could include regular spot checks that IFAs are not progressed without appropriate evidence in place, with any instances of non-compliance reported and escalated to senior management to investigate. Outcomes of quality</p>	31/12/2023	<p>This process has now been implemented in practice, with evidence saved in the appropriate CYP file. From February 2024, the CiC Commissioning Manager will spot check fostering placements on a monthly to ensure compliance, with results included in the ART Dashboard. This will provide evidence of implementation.</p> <p>No revised target date was provided.</p> <p>Revised target date: TBC</p>

		assurance checks could be reported as part of the ART dashboard.		
Fostering Payments (External)	M	<p>Quoted costs and potential applicable discounts should be noted against response checklists and considered when evaluating responses by IFAs to ensure that if multiple appropriate placements are available, the Council is selecting the lowest cost option, as per existing policy guidance.</p> <p>Internal Audit recommend implementing quality assurance monitoring processes to ensure compliance with the above. This could include regular spot checks on a sample of placements to ensure that lowest cost options are being selected as standard, with any instances of non-compliance reported and escalated to senior management to investigate. Outcomes of quality assurance checks could be reported as part of the ART dashboard.</p>	31/12/2023	<p>The ART team choose the lowest cost fostering placement when appropriate e.g. where both/all meet the child's needs. From February 2024 the CiC Commissioning Manager will spot check fostering placements on a monthly to ensure compliance, with results included in the ART Dashboard. This will provide evidence of implementation.</p> <p>No revised target date was provided.</p> <p>Revised target date: TBC</p>
Incident & Problem Management 22-23	M	<p>The ICT Service should implement the problem management process in line with the documented procedures. Specifically this should include:</p> <ul style="list-style-type: none"> • Identification and recording of problems • Analysis incidents to identify problems or match incidents to known problems • Implementation of a problem log to include relevant information for each problem including : <ul style="list-style-type: none"> o categorisation, prioritisation, and urgency rating o Investigation and diagnosis o Workarounds and known error records o Resolution and closure 	31/12/2023	<p>No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue.</p> <p>Revised target date: TBC</p>

<p>Incident & Problem Management 22-23</p>	<p>M</p>	<p>Problem management procedures should be amended to incorporate the following:</p> <p>a) The ICT Service should consider how Hornbill can be utilised in the problem management process. Once established the documented procedures should be amended to give clarity and guidance on the use of Hornbill for problem management. If it is decided Hornbill will not be utilised a rationale should be recorded as a note in the procedures.</p> <p>b) The service should add tables to the guidance listing the priority systems and sites for problem management and resolution. This would bring the guidance in to line with incident management and provide consistency in information for officers.</p> <p>c) Procedures should be amended to provide clear criteria for identifying when a problem should be recognised and classified as a major problem. This should be considered in conjunction with recommendation 3 in this report to ensure priority systems and sites are factored into the criteria for major problems.</p> <p>d) Procedures should be amended to confirm the complete process required to be undertaken in relation to major problems.</p> <p>e) Procedures should be amended to include a problem communication / notification process. Notifications to end users should include a description on how resolution should impact service users, steps being taken to resolve the problem and the estimated time required to resolve.</p>	<p>31/12/2023</p>	<p>No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue.</p> <p>Revised target date: TBC</p>
<p>Incident & Problem Management 22-23</p>	<p>M</p>	<p>A more detailed major incident response plan should be developed and incorporated into procedures. This should include a more detailed system and site</p>	<p>31/12/2023</p>	<p>No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue.</p>

		<p>prioritisation matrix that should either:</p> <ul style="list-style-type: none"> • Rank systems and sites in priority order • Have a clear process for determining and agreeing the key priority should more than on critical system or site be impacted at the same time 		Revised target date: TBC
Incident & Problem management 22-23	M	<p>The service should review the major incident log, determine whether any current information requirements should be amended, and ensure all details and information required is recorded in the log for each major incident. Key information that should be included are:</p> <ul style="list-style-type: none"> • root cause • resolution • future actions needed; and • whether those actions have been implemented. <p>Management should consider undertaking regular reviews to confirm required information is recorded in the log.</p>	31/12/2023	<p>No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue.</p> <p>Revised target date: TBC</p>
Incident & Problem management 22-23	M	<p>The service should review the major incident (Hornbill reference IN00080965) and associated major incident review and ensure it is completed. In particular the service should establish the root cause of the incident, confirm a fix was implemented, and identify any future actions to help prevent re-occurrences or to inform future resolutions to other issues.</p>	31/12/2023	<p>No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue.</p> <p>Revised target date: TBC</p>
invoice raising and aged debt	M	<p>The IT Service should review the current mobile phone contract and associated agreements with a view to ensuring that CCC does not pay bills relating to other local authority usage in advance of collecting those costs from those local authorities.</p>	31/12/2023	<p>No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue.</p> <p>Revised target date: TBC</p>

Key Policies and Procedures	M	The policies that are not on the policy library need to be added. The policies on the policy library where information is not complete needs to be reviewed and updated.	31/12/2023	No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue. Revised target date: TBC
Key Policies and Procedures	M	A regular formal communication plan based around the policy framework should be produced to ensure that all 'key' policies are communicated to staff at least once annually via the normal internal comms channels.	31/12/2023	No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue. Revised target date: TBC
Key Policies and Procedures	M	A corporate review of the policies that are included in the induction module on the LMS system should be undertaken to make sure the key policies are included.	31/12/2023	No update has yet been received for this recommendation. This is the first reporting cycle for which this recommendation was overdue. Revised target date: TBC

Audit and Accounts Committee Forward Agenda Plan

Updated 29th January 2024

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Financial Reporting and Related Matters Update – Monitoring at each meeting, covering Integrated Finance Monitoring Report. Lead officers: Tom Kelly/Stephen Howarth/Michelle Parker/Eleanor Tod.
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update, Update on the value of the National Fraud Initiative and Risk Register. 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. Lead Officer: Mairead Claydon
- Agenda Plan/Training

Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
28/03/24 (20/03/24)	Draft Internal Audit Plan 2024/25		Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Whistleblowing Report 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
30/05/24 (21/05/24)	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
	Draft Annual Governance Statement 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Internal Audit Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Procurement and Commercial Report	Annual	Head of Procurement and Commercial	Clare Ellis
	Notification of appointment of Committee Chair and Vice Chair	Annual	Democratic Services Officer	Dawn Cave

	External Audit Plan for Cambridgeshire Pension Fund 2022-23	Annual	External Auditor/ Investments and Fund Accounting Manager - Pensions	Sarah Brown/ Ben Barlow
	Annual Risk Management Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
30/07/24	Draft Cambridgeshire County Council Statement of Accounts 2023-24	Annual	Service Director: Finance & Procurement	Tom Kelly
	Annual Risk Management Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
31/10/24	Audit & Accounts Committee Annual Report 2023-24	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	External Audit Plan for Cambridgeshire County Council 2022-23	Annual	External Auditor/ Head of Finance	Sarah Brown/ Stephen Howarth
	Pension Fund Annual Report and Statement of Accounts 2023-24	Annual	Investments and Fund Accounting Manager - Pensions	Ben Barlow/ Fiona Coates
	Corporate Risk Register	Six monthly	Head of Internal Audit & Risk Management	Mairead Claydon
	Debt Management Update		Head of Revenue & Benefits	Alison Balcombe
	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
30/01/25	Cambridgeshire County Council Statement of Accounts 2023-24 and Audit Results Report	Annual	External Auditor/ Head of Finance	Sarah Brown/ Stephen Howarth
27/03/25	Draft Internal Audit Plan 2025/26	Annual	Head of Internal Audit & Risk Management	Mairead Claydon

+ = indicates Exempt report