

# AUDIT AND ACCOUNTS COMMITTEE



**Tuesday, 22 September 2020**

**Democratic and Members' Services**

Fiona McMillan  
Monitoring Officer

**14:00**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

## **COVID-19**

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will be held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

## **AGENDA**

**Open to Public and Press**

1. **Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>*
2. **Audit and Accounts Minutes 30th July 2020** **3 - 22**
3. **Minute Action Log update** **23 - 30**
4. **Petitions and Public Questions**

## **DECISIONS**

5. **Debt Management Update 22nd Sept 2020** **31 - 38**

<b>6.</b>	<b>Internal Audit Progress Report</b>	<b>39 - 54</b>
<b>7.</b>	<b>Forward Agenda Plan as at 14th September 2020</b>	<b>55 - 68</b>
<b>8.</b>	<b>Date of Next Meeting</b>	

The Audit and Accounts Committee comprises the following members:

Councillor Mike Shellens (Chairman) Councillor Terence Rogers (Vice-Chairman)

Councillor Peter Hudson Councillor Mac McGuire Councillor Tom Sanderson Councillor David Wells and Councillor John Williams

*For more information about this meeting, including access arrangements please contact*

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**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** Thursday 30<sup>th</sup> July 2020

**Time:** 2.00 pm – 4.43 pm

**Place:** Virtual Meeting

**Committee Members Present:**

Councillors: I Bates, (substituting for M McGuire) J French (substituting for P Hudson), T Rogers (Vice Chairman), M Shellens, (Chairman) D Wells and J Williams

**Apologies:** Councillors P Hudson, M McGuire and T Sanderson

**Officers Present:**

Fiona Coates Pension Services Financial  
Manager (Minutes 254, 255, 256 and 257)

Mark Hodgson Ernst and Young (External  
Auditor) (Minutes 250-257)

Tom Kelly Head of Finance

Fiona McMillan Joint Director of Law and  
Governance (Minutes 250-257)

Michelle Parker Group Accountant  
Closedown Team (Minutes 254, 255, 256  
and 257)

Rob Sanderson - Democratic Services  
Officer

Ellie Tod Group Accountant Corporate  
Finance (Minute 254, 255, 256 and 257)

Duncan Wilkinson - Chief Internal Auditor

**250. CONFIRMATION OF APPOINTMENT OF CHAIRMAN AND APPOINTMENT OF VICE CHAIRMAN**

The Committee noted that at the Annual Council meeting held in May. Councillor Shellens was re-appointed as the Committee Chairman for the Municipal Year 2020-21 As it was for the Committee to appoint the Vice Chairman / woman, the Chairman sought nominations.

Having been duly nominated and seconded;

It was resolved to appoint:

Councillor Terry Rogers as the Vice Chairman for the municipal  
Year 2020-21

**251. APOLOGIES FOR ABSENCE DECLARATIONS OF INTEREST**

Apologies were received from Councillors Hudson, McGuire and Sanderson.

No declarations of interest were made.

## **252. MINUTES OF THE AUDIT AND ACCOUNTS COMMITTEE DATED 28<sup>th</sup> JANUARY 2020**

It was resolved:

That the minutes of the meeting held on 28<sup>th</sup> January 2020 were agreed as a correct record and would be signed by the Chairman when Shire Hall was re-opened.

### **Actions from Previous meetings**

While there was no minute action log on the current agenda, an update document had been included on the published March Committee meeting agenda. At meeting was subsequently cancelled the day before the meeting due to the coronavirus pandemic lockdown. All actions had been completed as set out in that document apart from the two for which the following oral updates were provided:

#### **a) Additional information request on Brexit Settlement Scheme and 'Hard to Reach Groups'**

The work associated with promoting communications on the Settlement Scheme, and targeting individuals in hard to reach groups to provide them with assistance to navigate the scheme, was put on hold whilst the COVID19 response was prioritised.

However European Union (EU Exit) activity had now been reactivated, and it was recognised that some of the initiatives launched as part of the Covid-19 response were likely to prove useful in targeting the hard to reach groups.

There had been significant work to target those requiring additional support during the Covid period, and the links built up in various communities would be utilised as part of the next phase of Settlement Scheme activity. The detail of some groups was well established and monitored, including Cambridgeshire Children in Care and Care Leavers.

Additional emphasis was now to be focussed upon utilising the information built up during the Covid response and identifying where it provided the positive links to the hard to reach groups impacted by the Settlement Scheme with whom the Council would wish to engage.

#### **b) Community Transport Action Plan - Reclamation of Public Funding.**

This was still an ongoing action. The Chairman had contacted the Chairman of FACT / HACT two days prior to the current meeting and received confirmation that progress was being made, but as disclosure could affect ongoing financial negotiations, Councillor Shellens was not in a position to provide any further details.

## 253. PETITIONS AND PUBLIC QUESTIONS

None received for either by the County Council Constitution deadlines.

## CHANGE IN THE ORDER OF BUSINESS

With the consent of the Committee, it was agreed to take the External Auditor reports out of sequence as the External Auditor Mark Hodgson was required to attend another Council's Audit Committee at 4.00 p.m.

## 254. CAMBRIDGESHIRE PENSION FUND PROVISIONAL AUDIT PLAN YEAR ENDED 31<sup>ST</sup> MARCH 2020

Mark Hodgson the Associate Partner for Ernst and Young LLP (EY) presented the report which, using the standard external audit template, set out how the Council's External Auditors intended to carry out their responsibilities. The purpose was to provide the Committee with a basis to review the proposed audit approach scope for 2019-20 in accordance with the necessary statutory requirements.

The provisional Audit Plan summarised their initial assessment of the key risk factors and outlined the audit strategy in response to the risks and EY would inform the Committee if there were any significant changes or risks once the procedures had been completed. An update would be provided at the next Committee meeting. The report had already been presented to the Pensions Committee on 18<sup>th</sup> June and set out the assurance work required to be undertaken to provide an audit opinion. It was confirmed that it had demonstrated a stable Audit year with no changes in the risk designation from the previous audit year.

Key issues highlighted:

- **The COVID pandemic had provided an issue of complexity in terms of Pension's Fund investments, and specifically level 3 investments and their valuation at 31<sup>st</sup> March.** They were difficult to value as they were not on a quoted exchange or were specific to the asset e.g. Cambridge and Counties Bank, and therefore required a specialist valuation. These were usually provided as an estimate in December, however COVID had now made this estimate uncertain and the External Auditors intended to wait for the actual figures before being able to conclude the audit. There was the expectation this would be resolved by the required new Government sign off date of 30<sup>th</sup> November. It was highlighted that the majority of the audit work had now been undertaken and it was only the Level 3 valuations that were outstanding.
- **Materiality** - Planning Materiality had been set at £31.93 m, Performance materiality at £23.95m with all audit differences /

uncorrected misstatements greater than £1.59 million to be the subject of report back to the Committee.

- **Page 14 - 'Going Concerns' Compliance with the new ISA 570 Government requirements** – although this would apply in full for the next years' accounts, due to the Covid-19 crisis this had been backdated and therefore a 'Going Concerns' assessment would be required from management as an additional disclosure note to include how assets would be liquidated if there were any cash-flow concerns.

Issues raised in discussion included:

- **Page 290 of the agenda pack on risk areas** - the Chairman referred to the section on the value of unquoted investments where the report suggested that about 18% of asset holdings might require to be liquidated which sounded unrealistic to the Chairman. In reply the Auditor clarified he was not saying all the assets should be liquidated at the same time, but was highlighting that level 3 assets which comprised 18% of the asset fund which were therefore material to the Fund could not be easily valued, so getting them accurate was a key audit consideration.
- **Referencing Page 13 and what appeared to be a repeat of the same procedures under both Pension liability assumptions and IAS 26**, the Chairman queried whether both procedures were required. The External Auditor confirmed that they were, as they were different procedures.
- **Page 29 EY Transparency Report 2019** – the Chairman asked that as June 2020 had now passed would there be a revised report. It was confirmed that one was produced every year and would be included on the EY website.

The report was noted.

**255. CAMBRIDGESHIRE COUNTY COUNCIL AUDIT PLAN FOR YEAR ENDED 31<sup>ST</sup> MARCH 2020**

Mark Hodgson presented the report for the main accounts which, using the standard external audit template, set out how the Council's External Auditors intended to carry out their responsibilities. It provided the Committee with a basis to review the proposed audit approach scope for 2019-20 in accordance with the necessary statutory requirements, and to understand if there were other matters that the Committee considered might influence the audit.

The provisional Audit Plan summarised EY's initial assessment of the key risk factors and outlined the audit strategy in response to the risks. The Committee would be informed if there were any significant changes or risks once the procedures had been completed. EY would provide an updated plan if there were any additional audit risks and procedures arising from the financial reporting requirements of the Covid-19 pandemic.

Page 5 set out the categories where there was no change in risk or focus from the previous audit. On 'Property, Plant and Equipment' and the 'Valuation of Land and Buildings and Investment Properties' categories it was highlighted that the Council had engaged a new external valuation specialist in 2019-20 and this, coupled with the impact of Covid-19, presented a higher risk that risk valuations would contain material misstatements.

Page 6 risk highlighted an increase in risk areas for 'Accounting for Grants' and 'Pension Liability IAS 19'. The latter referenced back to the Pensions Audit and the 'Level 3 Valuations' and that until there was certainty on their values, the Council accounts remained unassured for the reason set out in the report. It was highlighted that the Pension Fund deficit estimate and the valuation of the Fund was impacted further by Brexit, Covid-19 and the triannual valuation.

Page 7 set out details of a new risk in respect of 'Dedicated Schools Grant Deficit Accounting' as a result of Department for Education (DfE) changes affecting the full year accounts for the following year, but which had been backdated so if there had been a negative figure, it needed to be shown in the accounts and how this impacted on Council reserves.

There were three considerations in the report under the title 'Impact of Covid-19' as follows:

- a) **Property Plant and Equipment Valuations** – which was already a significant risk due to Covid-19. There was material uncertainty regarding valuations that had previously been undertaken and required a further assessment of its impact since 31st March. Due to market movements valuations might now be overstated. The overseeing professional body had asked all valuers to put in a clause regarding material uncertainty at year end due to the impact of Covid-19 taking into account what had happened to values in April, May and June. Discussions were ongoing regarding updating the valuation report. The Chairman asked for an initial officer view. The Head of Finance stated it was too early to confirm, as discussions continued with valuers but it appeared that markets had started to stabilise, but this required confirmation.
- b) **Pension Valuations** – Due to market volatility, until Pensions valuations at 31<sup>st</sup> March were confirmed, this was likely to have a significant impact on pension assets and liabilities.
- c) **Going Concern** - what was required was a management disclosure note on the cost of Covid-19 in terms of the estimated loss of revenue in terms of its impact on the reserve position 12 month from the audit opinion. Audit required assurance that the Council had undertaken an assessment.

**Group materiality** It was highlighted that planning materiality had been set at £17.21m representing 1.8% of the prior years' gross expenditure of services

plus financing and investment expenditure. Performance materiality had been set at £8.61m with the intention to report all uncorrected misstatements to the primary statements greater than £0.86m.

**Value for Money Risks Conclusions** - these could not be undertaken until the 2018-19 assessment had been completed and was still awaiting the conclusion from BDO on their 2017-18 Value for Money conclusion.

**Draft Accounts Revised Guidance** - Draft accounts had to be prepared under new revised guidance with a deadline of 31<sup>st</sup> August. External Audit had received the draft accounts on 19<sup>th</sup> June and had been able to review them on 29<sup>th</sup> June and as a result, currently the audit was at a far more advanced stage than in the previous year.

Issues raised included;

- Why, as it was stated there was a significant risk to the Pension Fund from Covid-19, had this not also been highlighted in the previous Pension Audit report? In respect of the separate Pension Fund audit no audit was undertaken of the liability in the Pension Fund accounts, with the Audit limited to the asset valuation. The liability was assessed as part of the Council's overall Accounts and represented the opposite side of the actuarial model.
- Why unlike 2018-19, when details of the variation fee were provided, was there no financial details of the Audit fee variation for 2019-20? It was explained that the document set out the details of the laid down scale fee. The additional, variation fee was still the subject of discussions with Management. As in previous years, the statutory standard fee laid down by the Government's Public Sector Appointments Ltd (PSA) did not reflect the amount of additional work that auditors had undertaken to provide an ISA opinion. The agreed variation would be included in the final Audit report. EY's proposal was as stated in their report.
- Page 6 – 'Accounting for grants' - the Chairman, in noting that this was an increase in risk to red due to the identification of material errors in the accounting and treatment of grants in the previous audit, asked how confident officers were that these errors would not be repeated. Tom Kelly, Head of Finance indicated that a significant amount of work had been undertaken in this area, with improvements having been made.
- Page 14 referencing asset valuations, as these were fluctuating wildly, were there to be dates set for specific valuations? In reply it was explained that valuations were received on a daily basis from the markets as market activity picked up. There was expected to be a point in time where the figures could be given regarding whether the 31<sup>st</sup> March figures were not considered to be materially changed, or if there was a change, what their new value would be. While a date could not yet be given, this was expected anytime between now and the end of September.



- The Chairman queried the Group materiality figure of £17.21m which the report stated represented 1.8% of the prior years' gross expenditure of services as he could not find the figure. It was clarified that it had been included in last year's Group Accounts at £956m.

**It was resolved:**

- a) To Note the report.
- b) To confirm Committee's understanding of, and agreement to the materiality and reporting levels as set out in the officers' report.

**256. ANNUAL GOVERNANCE STATEMENT (AGS)**

The Chief Internal Auditor Duncan Wilkinson introduced the report, explaining that the AGS document itself was already included as part of the Council's Accounts as set out in the report on the agenda. Whilst the document had been prepared by Internal Audit, it was owned by the Council to be agreed and approved by the Chairman of General Purposes Committee, Chief Executive and Chairman of the Audit and Accounts Committee. The Statement provided an overview of how the Council was complying with its adopted Code of Corporate Governance and Best Practice.

The following were identified as the key highlights:

- Based on the work completed, assurance existed that the governance arrangements at the Council were fit for purpose and also consistent with The Chief Internal Auditor's Annual Audit Opinion of 'Satisfactory' for the year to 31/3/20. *(Note: The full Internal Audit Annual Report , along with the other routine monitoring / information reports, been circulated to the Committee on emails and not included on agendas during the current lockdown as agreed by Group Leaders in order to limit the number of reports on an agenda and to keep meetings to a manageable size).*
- The preparation of the AGS did not identify any significant governance issues requiring action.
- Financial pressures were highlighted as being a challenge (recognising the national picture across the public sector) and would only increase with the impact of Covid19.

The Chairman asked why, as the document was largely retrospective and with the assurance systems already in place, was the opinion given no better than satisfactory. It was explained that this was as it had only been the first year of the implementation of ERP Gold and therefore Internal Audit did not have multiple year assurance of the stability and resilience of the system. Duncan Wilkinson the Chief Auditor sought to provide assurance that the satisfactory audit opinion was not a negative, as to be able to provide an opinion rated 'Good' required evidence of strong systems of control over several years. It was therefore considered to be a reasonable opinion, taking into account all the pressures.

It was resolved to agree:

That the AGS published alongside the Statement of Accounts included on pages 234-244 of the agenda document pack was consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2 on page 21 of the agenda pack.

**257. DRAFT CAMBRIDGESHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2019-20**

This report presented the draft Cambridgeshire County Council (CCC) Statement of Accounts 2019/20 and also included the Annual Governance Statement and Pension Fund accounts. The draft Accounts were provided as Appendix A to this report.

The currently unaudited draft accounts presented the financial position of the Council as at the 31 March 2020. The next stage was for the accounts to be audited, with a final version being presented back to the Audit and Accounts Committee for sign off after consideration of the external auditor's report. This was likely to be in October with a special meeting having been added to the Committee's meeting programme for that purpose. .

It was explained that the 2019/20 accounts followed on from the difficult process to complete the 2018/19 accounts, which were not finalised until 14 February 2020. This significantly shortened the period available to the closedown team to focus on preparing the 2019/20 accounts, including implementing any changes to processes and procedures following on from the first year of using the new resource system ERP Gold (Agresso) in 2018/19. However, the Finance Team had implemented the high priority changes required, including those with the most significant impact. Despite this progress, it had still been necessary to agree a short extension permitted for the production and review of the accounts, within the window permitted by the Regulations. The main reasons were set out in paragraph 2.5 of the report. As a result, EY had agreed to commence their audit two weeks later than originally planned on the 29<sup>th</sup> June; with the missing two weeks to be retrieved in October (which had been set aside for such contingencies) Both the Council and EY anticipated that the audit would still be completed and the accounts available to be signed and approved at the end of October as per the original timetable, and in compliance with the statutory regime.

Key issues highlighted included:

- Paragraphs 2.26 and 2.27 providing an update position on objections to previous sets of accounts and the lack of progress in dealing with them from the previous external Auditors BDO, despite many requests as detailed in the paragraphs. As a result, one objection to the accounts in 2016/17, one objection to the accounts in 2017/18, and the value for money opinion on the accounts in 2017/18 were still

currently not concluded. This had culminated in Public Sector Audit Appointments Ltd (PSAA), the body responsible for appointing auditors to local government, having become involved requesting that BDO to provide an update on progress and timescales. In relation to 2018-19, there was one objection and the value for money opinion that was yet to be concluded. EY had assessed that progress was required with the preceding year's work by BDO before this could be substantially moved forward. As an oral update it was understood from the PSAA that BDO would be writing shortly.

- Section 3 set out the concept of 'Going Concern' in relation to the impact of the Pandemic. This assumed that the Council, its functions and services would continue in operational existence for the foreseeable future and underpinned the accounts drawn up under the Local Authority Code of Accounting Practice. The Code presumed a 'Going Concern' basis as local authorities carry out functions essential to the local community. External Auditors were required to undertake sufficient and appropriate audit procedures to consider whether there was a material uncertainty on 'Going Concern'.
- The Council was continually assessing the impact of Covid-19 on its future finances and had prepared the draft accounts as a going concern. Paragraphs 3.4-3.9 of the report provided an outline of the considerations relevant to the assessment and Finance officers fully expected to be able to confirm this in detail and for not less than the twelve months ahead of the date on which audited financial statements were ready for signature. Similar information would form the basis of an additional disclosure note to be included within the final accounts to address going concern being supplementary to the detail already included in the narrative statement describing the impact on Services and some of the financial consequences known in mid-June.
- It was highlighted that despite significant further financial support having been received from Central Government, there was still the possibility of a potential deficit at year end if additional resources provided did not match the spend undertaken and this was being closely monitored by the relevant service committees and General Purposes Committee.
- Also under the 'Going Concern' paragraph were details of the underlying financial strengths that the Council had that were considered adequate to cope with current Covid uncertainty. Going forward however there were still uncertainties on Government spending plans which would require continued close monitoring.
- The Head of Finance took the opportunity to thank Ellie Tod, Michelle Parker and other officers working on the accounts for the good progress so far made.

The Chairman opened up the debate to Committee Members for their comments and in discussion issues raised included:

- The Vice Chairman asked if there was yet a time frame for BDO to respond. The Chairman understood that something was expected by September and he would keep the Committee informed.
- **Page 41 under Narrative Report heading first bullet which made reference “...that following a number of acquisitions in 2019-20 the Council was not intending to purchase further commercial properties in the near future....”** one Member challenged whether it was appropriate for a previous year’s set of accounts to make policy that could be seen to be restrictive and tie the hands of the Council going forward in commercial ventures. In reply it was explained that the narrative statement was commentary on the position looking back from March, but there would be some additional commentary on the position going forward. This was not new information and joined up with the position on the Capital Programme as voted by Members. This was that there were not the resources allocated going forward as had been the case in the previous year for property acquisition. However, officers would take on board the point made that the Council should continue to monitor the position on potential investments that could add value. **The Chairman agreed with the member who raised it and suggested it would be better to remove the wording in the sentence entirely.** The officers undertook to take out the identified wording as requested.  
**ACTION: Tom Kelly**
- The Vice Chairman indicated the Chairman and himself had already held a preliminary discussion meeting with officers to review the Accounts and give advance notice of any issues requiring clarification. He highlighted his concern regarding the scant mention of the move to Alconbury Weald in the paper and potential issues that had arisen and suggested that it needed to have more than a one line comment. He understood that there were problems with the foundations that could lead to further delays in its progress which could have a financial impact on the Council.
- **Pension Fund - regarding the value of Cambridge and Counties Bank (CCB)** having reduced from £81m to £58m raised as an issue by the Chairman in a briefing meeting and for which a response had been sought for the Committee, the Vice Chairman provided details of an officer response prefacing for context that Barclays had announced that day a £3.7 billion loss and Santander UK had written off £5.4 billion due to Covid-19 and uncertainties on what was happening in the markets. Pensions officers had highlighted aspects of the response received from the bank’s auditors. This stated that given the ongoing uncertainty brought about by the Covid-19 pandemic and the inability of public company analysts to accurately estimate the impact on forecast performance, they had solely considered in their analysis, historic GPC multiples, being either a company’s latest audited financial statements or released trailing, twelve month information. From an initial review Pensions officers concluded that they had assumed that the 2019 calendar year profit after tax (PAT) was the “maintainable profit” and

based the profit related element of the valuation on this level of profits, discounted by 15%. This was a contrast to previous years when the valuation was based upon the average of the profits of CCB forecast for the following 2 years discounted by 10% and was why there was such a marked reduction. Officers concluded that this was a pragmatic refinement of the approach given the uncertainties of COVID. However it was also highlighted that it was a very subjective valuation and it was possible, if not likely, that no other valuer would come up with a similar value for CCB. However the sizeable write-down from the prior year should demonstrate to the External Auditors that it had been looked at realistically.

- The External Auditor was asked if he had any reason to doubt the valuation figure of £58m. Mark Hodgson replied that this was a very specialist asset and it would be for EY's expert assessors to determine if the range of valuations was applicable for this financial year.

Having asked all other Members of the Committee for their comments on the Accounts, the Chairman set out how he intended to structure the rest of the meeting. In his introduction he drew attention to the fact that every year he had been Chairman he had prefaced the accounts discussion by saying it had been an unusual year. However, the current year had been completely extraordinary and quite unprecedented. His intention was to go through the Accounts and raise his issues on minor points of detail / clarification, but would save for discussion later in the meeting specific issues such as the High Needs Block and the effect on the Council's finances of likely future interest rates. On the issues that he was seeking clarification, these included the following:

- **Page 27 paragraph 2.17 reading 'The Council's earmarked reserves increased by £12.4m during the year...'** The Chairman asked for the reason. A full response would be provided in an email **Action Ellie Tod** In the meantime it was explained that it was to do with General Fund balances being topped up a lot of which was the timing of the receipt of additional Covid Grant of £15m which had been received before year end so had to be added. The grant had been earmarked by General Purposes Committee for responding to the pandemic. Due to the current uncertainty on the financial position going forward, GPC was holding the Grant centrally and would take a strategic view before allocating to individual service areas.
- **Page 29 Para 3.3 – reading 'The Council is continually assessing the impact of Covid-19 on our future finances and had prepared the draft accounts as a going concern ...we fully expect to be able to confirm this in detail and for not less than 12 months ahead of the date on which audited financial statements are ready for signature ...'** The Chairman asked for an explanation as he was concerned at a potential loss of control, as the Committee would not have available information for 12 months ahead and was concerned that between the date of the special meeting In October for the final review of the accounts, and final sign off, there could be further

changes. Officers responded that the intention was to sign off the accounts in October / November and would include the disclosure note on the assumptions for the year ahead. Mark Hodgson clarified that the intention was for the Council officers to set out the worst case financial scenario for the 12 months ahead so the projection was sufficiently covered for audit purposes to then be tested by the External Auditors. Any additional funding from Government received after this would be an upside relative to the 'Going Concern' assessment.

- **Referencing text in Paragraph 3.5 page 26 reading “....and that there were reasonable grounds that 2020-21 outturn position should not worsen significantly ....”** the Chairman expressed concerns that unless there was an increase in Council Tax or Central Government funding the reserves would be seriously depleted by three years of significant under funding and suggested the Council could find itself potentially in Section 114 notice situation of the Council having to declare itself bankrupt. The Head of Finance provided assurance that the Council was not at that position at the current time, currently had sufficient reserves and was not close to this as the three year planning process announced by the Government for dealing with local taxation reductions arising from the Pandemic allowed timing flexibility to smooth over the worst of the financial situation.
- **Referencing Page 34 - the contents page** - the Chairman had already suggested as part of the Accounts briefing with officers that there should be a one page summary of the larger current summary and, as it was difficult to move around the Accounts document, this would be aided by a more detailed index. Officers confirmed that they were in the process of producing these. **ACTION Michelle Parker**
- **Page 36 - Pie charts diagrammatical presentation** - there was a request to have these in a simpler format **ACTION: Michelle Parker.** It was reported that these were already being actioned.
- **Foot of Page 40 on the table on the Council's performance at year end** - The Chairman commented that +£0.2m as a final outturn represented a dramatically improved conclusion to the position compared to recent previous years and the officers deserved the highest praise for achieving it.
- **Page 42- Key Performance Indicators** - there was no reference to the intention to achieve zero carbon emissions by 2050 as one of the four corporate objectives. The Chairman also queried whether the reference to Cambridgeshire being carbon neutral by 2050 was a countywide or council target? The adoption of the target was referred to at other parts of the document but the target came in too late to be likely to have been included as a key performance indicator in the period. . Officers would check if it was a county or council target. **ACTION: Tom Kelly** The Chairman suggested that a note saying nothing had happened during the year would deal with his initial query.
- **Page 45 Reserves text in last paragraph** - How had there been an increase in Usable reserves of £16.8m. This was largely due to the Covid grant received. In terms of why unusable reserves had decreased by £36.6m this was as a result of a reduced Pensions

liability based on the Actuarial valuation and some valuation losses on Property Plant and Equipment.

- **Page 60 Covid-19 impact** - This highlighted that while there had been minimal financial consequences in 2019-20 existing plans going forward would require significant reshaping.
- **Page 61 referencing text in the first paragraph i indicating ‘...that there had been significant support to schools and other educational provision during this period...’** what had been done to support academies? Children and Young People (CYP) Committee had recently heard from the Director of Education who had met regularly with academies providing support and this had worked well. (*Note: The level of support provided by the Chief Education Officer was recognised in the highly complimentary comments made by academy representatives at the July Schools Forum meeting*).
- **Page 71 – Referencing in the table the line ‘Surplus or deficit on revaluation of Property, Plant and Equipment (PPE)’** which had reduced in value by £166m compared with the previous year – reassurance was provided that this was as a result of revaluation methodology and had been taken out of unusable reserves.
- **Page 73 - Balance Sheet PPE which cross referenced the point above with a fall in value by £118m** – the question was raised on the details of the change in the valuation method in specialist property. It was explained that school assets had previously been valued on what was on site, but the Council had moved to a Modern Equivalent Asset valuation based on an estimate of what would be the cost to replace the whole school to current DfE standards. There had been no loss of assets, apart from those schools who had converted to academies, it was again to do with the above and ensuring property valuations were in line with the latest CIPFA guidance.
- **Page 88 Better Care Fund (BCF) Table** – With regard to the different figures in the table why was the Net surplus or deficit on the pooled budget and the Council share of the net surplus or deficit both showing as 0? This was in accordance with the agreement with the local NHS on how the Better Care Fund operated. The Fund represented a subset of spend on community services / social care spend and was not the whole picture as it was agreed that any overspends would go beyond the pool. The BCF mechanism was to ensure there was a pool and that all the risk was held beyond it by each partner for its own spend. . The cash transfer of £16.1m was the amount that came to the Council,
- **Page 91 Officer Remuneration Senior Employees** – the Chief Executive and other officers had part of their salaries paid by Peterborough but the footnote referring to the relevant asterisk was not shown until the third page which perhaps made the amount shown misleading when reading that page. The Chairman asked that this should be shown or explained in the introductory text on the first page.  
**ACTION: Officers to add comment Michelle Parker**
- **Page 93 - On a query raised on variations on individuals pay between the years** this was a result of not all posts in the list having existed for two years, some having been created mid-year. Attention was drawn to inconsistency in Footnote 1 showing that the Chief

Finance Officer of the Cambridge and Counties Bank had resigned on 26<sup>th</sup> October 2018 which was correct, but later in the related parties disclosure section of the Accounts it was stated incorrectly that he was still a director, which was not the case, and would be corrected on the final version.

- **Page 95 exit packages** – it was confirmed that much of what had been shown was due to the disbandment of the Schools Catering Service.
- **Page 104 unusable reserves - in the line Revaluation Reserve down from £539.129m to £471.848m** a loss of £67m reserves, an explanation was requested. This was mainly as a result of the revaluation of school property assets.
- **Page 105 - In the table the line reading '*Downward revaluation of assets and impairment losses not charged to the surplus or deficit in the provision of services showing a minus £157m figure*'** this was for the same reason as the above, from revaluation losses.
- **Revaluation gains / losses queries - including revaluation gains having increased from £1m plus to over £84m.** Accounting requirements and the use of rolling programme for some asset variations meant that there were fluctuations as it depended on the history of gain and losses of that asset and this determined where they were subsequently shown in the accounts.
- **Page 108 – Movement in Reserves Statement - Supporting Notes** – The Chairman noted that for both years there was a minus amount of £1000 and in reply to him asking what it was for and if it could be taken out, it was explained it was in relation to the lease at Castle Court. It was a deferred capital receipt and was required to be released very slowly as it was early in the lease. However the note required to be included as the overall balance was material. Later on much larger amounts would be released.
- **Page 112 – Balance Sheet Supporting Notes** - Officers confirmed that the Revaluations paragraph would be re-written **Action: M Parker**
- **Queries on rolling programme revaluation of assets** – in respect of DRC (Depreciated Replacement Costs) assets, how long had the figure been £4m for those having to be revalued every year and should it have gone up with inflation. As these type of assets had to be revalued and because previously not all assets had been revalued every year and were then materially different from if they had been revalued, the policy decision was made to revalue all DRC assets in the year. On the figure of £4m it had previously been £5m which had still been a material misstatement issue so the valuation figure had been lowered so that the valuations should be materially accurate at the balance sheet date. The External Auditor confirmed he had no issues with the approach being taken.
- **Page 113 Valuation of Long term assets** – request for an explanation for their increase. This was in relation to the assets being assessed in the particular year e.g. for Land and Buildings £56m in 2015-16 to £912m in 2019-20 the latter was as set out on page 77 and reflected their cost value and not their net book value and explained how the value was split across the years and therefore showed what assets were valued in each year.



- **Page 122 Balance Sheet Notes** - a query was raised on whether student accommodation changes were a material change, This was part of the issue regarding uncertainty of property values but at this stage it did not appear to be a material change as student accommodation was based on rental income prospects and the impact of those were relatively short term, and therefore the asset value of the property was not likely to be affected in the longer term.
- **Page 124 short term Debtors** – the Chairman was pleased to note that these had reduced from a total of £119m at 31<sup>st</sup> March 2019 to £92m at 31<sup>st</sup> March 2020 with trade debtors down by £20m and were moving in the right direction. As the Chairman was concerned regarding the Council's ability to recoup the money at the present time due to the Covid19 crisis he requested that Robin Bates Revenues and Benefits should provide an update on high value debtors and the two large debts still outstanding either by email if it could be provided sooner but otherwise at the September or October meeting. **Action: It was agreed that there should be an update report on Debt and Debt Collection, including large debts at the time of the September meeting. Action: Robin Bates/ Tom Kelly**
- **Page 127 Grant Income** - why had the other grants column total shown such a difference from £61,608 in 2018-19 to £8,406 in 2019-20. It had been necessary to separate grants in the current year's accounts depending on whether they were used for service revenue income or to fund capital expenditure and this split across capital and revenue varied from year to year. .
- **Page 129 – Capital Grants and Contributions received in advance** On the line Section 106 contributions and Community Infrastructure why was there a figure of £2,945k for 2018-19 but 0 for 2019-20? Also linked to this on the Long Term Section 106 Contributions line there was request for an explanation on the reduction of £20m in Section 106 contributions from 2018-19 to 2019-20. Both were classification issues, in part to recognise that there were now no conditions attached to some Section 106 agreements, meaning that they were no longer classified as received in advance, but were now included in capital grants and contributions unapplied, and also, partly a timing issue, on when they were actually received and used.
- **Page 147 - Local Government Pension Scheme Assets** – there was a query on why a number of lines showed zero compared to the previous year. . This was due to the disinvestment from segregated equities to pooled equities during the year.
- **Page 154 – Debt -Re-financing Need for 20–21 £242m** – asking how would this be financed and what was the strategy going forward? The approach being taken was consistent with the Treasury Management Strategy where short term debt borrowing remained an option due to a fairly liquid market and had been rolled over with local authorities. On longer term borrowing the Council always looked for opportunities and took out a £100m Public Works Loans Board (PWLb) when rates were lower in 2019. At the current time there was an additional premium above gilts which made borrowing from them less attractive. On longer term borrowing Her Majesty's Treasury would be consulting on future

borrowing rates from the PWLB. A further question was raised on whether there were opportunities in the commercial sector. It was explained that there was nothing comparable / competitive at the current time compared to PWLB's pre-premium rates. Another option might be from UK MBA for capital borrowing, as they were looking to issue bonds for the sector and borrowing from them would take out the need for additional administrative requirements necessary when borrowing from the commercial sector.

- **Page 158 - Group Accounts and Supporting Notes** - Group balance Sheet – Query on the large difference on the Investment property line between the two years. This was due to the number of acquisitions agreed during the year by the Commercial and Investment Committee.

## **Pension Fund and Supporting Notes**

- **Page 175 (143 of accounts report) in relation to investment income being down by £11 million and a £400 million swing on asset valuations** - there was a request for an explanation. The Vice Chairman replied this was due to Covid -19 and the valuation as at March.
- **Page 194 – (162 of accounts) 1. Payments to and On Account of Leavers – query on the line showing 4,732 Group Transfers for 31<sup>st</sup> March 2019** - this was in respect of a group transfer out to Norfolk County Council.
- **Page 195 – (163 of accounts) Note 13 Investment Income Table querying the reduction of ‘Pooled investments – unit trusts and other managed funds’** A query was raised on why were pooled investments income down £10m dividend between the two years. In the earlier year the Fund had received a £10m equity dividend from one of Fund Investment managers and was a one off.
- **Page 196 - (164 of accounts) Note 14, Investments-** querying the line headed ***‘Derivative Contracts: Purchased written options showing £137m*** - this related to a new equity protection strategy with the Fund also taking out £101m protection on passive investments to cover for losses if the market dropped between 10% and 30%. Currently it had stabilised to around a 15% drop in the Fund value, but as things could get worse, would be held for the time being and not cashed in. In answer to a further question on whether this was an additional cost, the answer was yes but was far less than the cost of losses that would have been incurred if it had not been taken out.
- **Page 197 (167 of a/c) Note 14a) Reconciliation of Movements in Investments and Derivatives - query on line headed Spot FX contracts** – which had a change in the market value of £160 shown during the year but did not have any market value. This table did not include purchases and sales for the investment balances and was added as a comment below the table.
- **Page 201 (169 of a/c) - 14c) table headed Security reading ‘the following investments represent more than 5% of net assets of the scheme’**, the Chairman highlighted that there was no date and one of the figures was less than 5%. It was indicated that the comment had

been taken and the accounts updated. The original calculation was on investments of the Fund when it was over the threshold figure, while the figure shown was calculated on the whole value of the Fund.

- **Page 202 (170 of a/c) Text on Forward Foreign Currency Exchange Rates** - the Chairman expressed concerns at the wording which suggested that investment managers could gamble on the exchange rates as it read that investment managers could take advantage of forward foreign currency contracts to take advantage of current exchange rates. Like protection taken out on Equity fluctuations, the Vice Chairman clarified that the Council had also secured protection on the exchange rates to protect against rises and falls in the dollar. The Chairman suggested the wording needed to be checked and potentially changed so that it did not suggest investment managers were given unlimited freedoms on their activities. **Action: The Vice Chairman / Pensions officers to discuss revised wording.**
- **Page 210 - (178 of a/c) Other Price Risk - Sensitivity analysis** – looking at the figures there were areas where the Chairman suggested there was a risk of large losses. In reply it was explained that the Fund would receive figures from the Actuary at the end of next year which would inform officers of the fluctuations in the markets. On credit risks, officers would be speaking to the banks next year to establish what these would be.
- **Page 217 (185 of a/c) c) Liquidity Risk second paragraph** – query on the reason for the large increase in illiquid assets up from 18.8% of total Fund assets to 24.6% of total fund assets. This was due to increased allocations into alternative assets, including IFM infrastructure and additional commitments to private equity and infrastructure.
- **Page 219 (187 of a/c) Mortality Assumptions** – why the decrease in life expectancy between the 2016 and 2019 valuations. The Chairman requested an explanation. **Action Fiona Coates.** The Chairman of the Pensions Committee additionally commented that already as a result of the Covid-19 crisis that another year could be taken off Male life expectancy going forward.
- **Page 222 - (190 of a/c) Note 22. Current Liabilities** – in reply to a query on why no amount was shown for Equitable Life in 2020, it was explained that the benefits had been transferred to Utmost who were now the Fund provider.

## **10 MINUTE BREAK TAKEN - THE MEETING RESUMED AT 16.17**

On the resumption, the Chairman as indicated earlier, brought h the Committee's attention to some particular areas where he believed more discussion was required.

## **COMPREHENSIVE INCOME AND EXPENDITURE NOTES**

**Page 87 – Note 11 Taxation and Non-Specific Grant incomes** – the Chairman queried on the first line the large increase in Council Tax income shown between 2018-19 and 2019-20 (£281m to £299m) which was a 6.5%

increase and asked for a breakdown. 4.99% of this represented the agreed increase in Council tax with 1.56% the increase in the Tax Base. It was explained that this latter percentage represented the typical rate of growth in the Council Tax Base as a result of new developments in Cambridgeshire over the last few years.

### **Going Concern**

On a query of where this was shown in the accounts, the detail was included in Section 3 of the covering report starting on page 28 and so was outside of the main accounts. There would be a specific disclosure included in the final version of the Accounts. Areas in respect of 'Going Concern' were being reviewed by the relevant service committees as part of their Covid-19 update reports / financial monitoring reports as was General Purposes Committee (GPC). The full GPC report was provided as a link on pages 28-29.

The Vice Chairman made reference to the Committee not receiving some of the annual reports and the Finance monitoring report to help provide background to the current discussion *(Note this was in line with the decision still in force from Group Leaders that Committees should not receive information / monitoring reports. However some days prior to the meeting these reports had been circulated via email for information to the members of the Committee who had the opportunity to raise any issues they had with report authors directly.)*

Referencing page 60 of the narrative report and the total savings required to be made between 2020-21 and 2024-25 of £65.7m, the Chairman queried how this would be possible, as this was even before BREXIT and the current Covid19 crisis. The Head of Finance indicated that there was still the expectation of a Government Comprehensive Funding Review, although the date was still uncertain and that in the meantime, the Council were still lobbying for a better financial settlement for the County while also highlighting that the County Council had managed to save £100m as part of a previous five year plan. In addition £29m had so far been received by the Council from Government in unring-fenced additional grant for the pandemic with more expected including in respect of infection control and Test and Trace. The Chairman suggested that nothing indicated so far that compensatory grant was likely to match the additional expenditure / loss of income the Council had spent during the crisis. The Head of Finance explained that two scenarios were presently being looked at, one being the longer term position to the end of the year which suggested that there would be a year-end deficit, while the other was looking at the current spend on services which showed that while spend on Adults Services had increased during the crisis, spend across social care (Children's and Adults) was stable. *(Note: This was partly the result of increased NHS hospital funding for hospital discharges).* A great deal of business planning was already underway on where trends were going and resources were available if required from the General Reserve Fund and the Transformation Fund and was in addition to the current buoyant Council tax base. The latter gave the Council a far better financial position than was the case for some other Councils who did not have the same level of growth.

The Chairman asked where the Council ranked in terms of other Council's financial position. In response the Head of Finance indicated that a survey carried out had shown that the Council ranked as being in the median regarding expected income loss and additional costs. Two of biggest uncertainties going forward would be the effect of the crisis on Home to School Transport and local taxation collection.

The Chairman in response explained that his question related more to whether the Council might face a position that it needed to invoke a Section 114 notice for potential bankruptcy as a result of a lack of monies in the event of having to use up all its reserves. As already indicated, even though there was an expectation of some loss of funding, the reserves were expected to be able to cover them with the Council having a good previous record on re-balancing reserves. Therefore the Council was unlikely to be in a Section 114 notice position in the near future.

Highlighted as the big issues going forward for the next year was Council Tax and Business Rate collection. One Member commented on the risks facing local government from his perspective as a portfolio holder at a billing authority.

## **HIGH NEEDS BLOCK**

The Chairman highlighted that the Council was £16m over-budget and asked how it would be rectified. The explanation was provided on page 97 of the Accounts with the Head of Finance explaining that the Council received less funding than was required to meet the current identified children with special needs in the County. Insufficient funding was a national, not just a local issue with many other Councils all over the country in the same position. The recurrent deficit was £11-12m on the High Needs Block and in accounting terms the Council was quite restricted on what it could do, no longer being able to fund it from the General Fund. The issue was being looked at by both CYP Committee and Schools Forum and an action plan had been produced with the Council due to bring forward demand management measures in the autumn. It was highlighted however that the savings plan proposed would not be sufficient to eliminate the current accumulated deficit. The only way for this to be achieved would be for additional Government resources to be provided to cover the identified need in this area. While the High Needs Block allocation had increased each year it had not kept up with the continued growing local demand. Efficiencies had already been identified in 'Behaviour Support' and in parts of other packages. The work for other savings areas had, had to be paused as a result of the Covid-19 crisis and the need for more consultation with schools in the Autumn.

A question was raised on, as interest rates were at a record low, what would be the impact to Council finances of negative interest rates. This was an issue that would be dealt with by the Council's Treasury Management Strategy and the approach to short term borrowing, rather than taking out long term loans. The lower the interest rates, the better in terms of Council borrowing.

Assurance was given that in order to spread the burden of debt, the Council was always looking to borrow at the most advantageous rates available.

Having commented and made suggested changes,

It was resolved:

to note the Draft Statement of Accounts 2019/20.

**258. FORWARD AGENDA PLAN**

It was resolved:

To agree the Forward Agenda Plan with the following addition:

- Debt Management Update for the September meeting.

**259. DATE OF NEXT MEETING 2.00 P.M. 22<sup>ND</sup> SEPTEMBER 2020**

**CHAIRMAN**  
**22<sup>nd</sup> September 2020**

**AUDIT AND ACCOUNTS  
COMMITTEE****Minutes-Action Log**Cambridgeshire  
County Council**Introduction:**

This log captures the actions arising from the July Audit and Accounts Committee and updates members on the progress on compliance in delivering the necessary actions (outstanding actions from previous meetings are also included). This is the updated action log as at 4<sup>th</sup> September 2020.

**MINUTES 30<sup>th</sup> July 2020**

ITEM NO.	MINUTE NUMBER / REPORT TITLE / AGENDA PAGE NUMBER	ACTION TO BE TAKEN BY	ACTION (INCLUDING WHERE RELEVANT PAGE NUMBER)	COMMENTS	COMPLETED
1.	DRAFT CAMBRIDGESHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2019-20				
	A) Page 41 under Narrative Report heading first bullet	Tom Kelly	Request that the following text be removed "...that following a number of acquisitions in 2019-20 the Council was not intending to purchase further commercial properties in the near future..."	This action will be addressed in the final version of the Statement of Accounts to be submitted to the October meeting of this Committee.	

	<b>B) Page 27 paragraph 2.17 reading 'The Council's earmarked reserves increased by £12.4m during the year...'</b>	<b>Action Ellie Tod</b>	The Chairman asked for the reason.	<p>At the meeting it was explained that it was to do with General Fund balances being topped up a lot of which was the timing of the receipt of additional Covid Grant of £15m which had been received before year end so had to be added.</p> <p>The grant had been earmarked by General Purposes Committee for responding to the pandemic. Due to the current uncertainty on the financial position going forward, GPC was holding the Grant centrally and would take a strategic view before allocating to individual service areas.</p>	
	<b>C) Page 34 contents Page</b>	<b>Michelle Parker</b>	the Chairman had already suggested as part of the Accounts briefing with officers that there should be a one page summary of the larger current summary and, as it was difficult to move around the Accounts document, this would be aided by a more detailed index.	Officers at the meeting confirmed that they were in the process of producing these.	
	<b>D) Page 36 - Pie charts diagrammatical Presentation</b>	<b>Michelle Parker.</b>	There was a request to have these in a simpler format	It was reported that these were already being actioned and would be included in the revised accounts to be submitted to the sign off meeting in October.	



	<b>E) page 42 Key Performance Indicators</b>	<b>Tom Kelly</b>	<p>The Chairman high that there was no reference to the intention to achieve zero carbon emissions by 2050 as one of the four corporate objectives. The Chairman also queried whether the reference to Cambridgeshire being carbon neutral by 2050 was a countywide or council target? Officers would check if it was a county or council target.. The Chairman suggested that a note saying nothing had happened during the year would deal with his initial query.</p>	<p>The adoption of the target was referred to at other parts of the document but the target came in too late to be have been included as a key performance indicator in the period under consideration. As clarification the corporate objective adopted in February 2020 at Full Council is that Cambridgeshire as a whole should have net-zero carbon emissions (not neutral) by 2050 and reflects government's target for net zero carbon emissions by 2050. In May 2020, Full Council approved the Council's Climate Change and Environment Strategy, targets and Action Plan. Actions taken have included:</p> <ul style="list-style-type: none"> <li>• Adopting the Corporate Objective for net zero carbon emissions by 2050 and updated the Strategic Framework and Capital management Strategy</li> <li>• Identifying two carbon footprints - one for Cambridgeshire and one for the Council.</li> <li>• Developing and consulting</li> </ul>	
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				<p>on a Climate Change and Environment Strategy and action plan</p> <ul style="list-style-type: none"> <li>• Investing into retrofitting schools, corporate buildings to reduce energy and carbon</li> <li>• Investing into the development of clean energy projects that will deliver carbon reductions when they are constructed</li> </ul>	
	<b>F) Page 91 Officer Remuneration Senior Employees</b>	<b>Michelle Parker</b>	The Chief Executive and other officers had part of their salaries paid by Peterborough but the footnote referring to the relevant asterisk was not shown until the third page which made the amount shown misleading when reading that page. The Chairman asked that this should be shown or explained in a note in the introductory text on the first page	This action will be addressed in the final version of the Statement of Accounts to be submitted to the October meeting of this Committee.	
	<b>G) Page 112 – Balance Sheet Supporting Notes</b>	<b>M Parker</b>	Officers confirmed that the Revaluations paragraph would be re-written	This action will be addressed in the final version of the Statement of Accounts to be submitted to the October meeting of this Committee	

	<b>H) Page 124 short term Debtors</b>	<b>Tom Kelly / Robin Bates</b>	As the Chairman was concerned regarding the Council's ability to recoup the money at the present time due to the Covid19 crisis he requested that Robin Bates Revenues and Benefits should provide an update on high value debtors and the two large debts still outstanding either by email if it could be provided sooner, but otherwise at the September or October meeting.	A report is expected for September.	
	<b>I) Page 202 (170 of a/c) Text on Forward Foreign Currency Exchange Rates,</b>	<b>Action: The Vice Chairman / Fiona Coates</b>	The Chairman expressed concerns at the wording which suggested that investment managers could gamble on the exchange rates as it read that investment managers could take advantage of forward foreign currency contracts to take advantage of current exchange rates. The Vice Chairman clarified that the Council had secured protection on the exchange rates to protect against rises and falls in the dollar. The Chairman suggested the wording needed to be checked and potentially changed so that it did not suggest investment managers were given unlimited freedoms on their activities. The Vice Chairman and Pensions officers would look at providing revised wording.	The wording has been changed in consultation With the Chairman of the Pensions Committee and is included as Appendix 2 to this action log.	<b>ACTION COMPLETED</b>
	<b>j) Page 219 (187 of a/c) Mortality Assumptions</b>	<b>Fiona Coates</b>	The Chairman requested an explanation on why there had been a decrease in life expectancy between the 2016 and 2019 valuations.	A response was sent on 10 <sup>th</sup> August to the Chairman included as appendix 1 which was also later circulated to the rest of the Committee and substitutes.	<b>ACTION COMPLETED</b>

MINUTES 24 <sup>TH</sup> SEPTEMBER 2019					
ITEM NO.	MINUTE NUMBER / REPORT TITLE / AGENDA PAGE NUMBER	ACTION TO BE TAKEN BY	ACTION (INCLUDING WHERE RELEVANT PAGE NUMBER)	COMMENTS	COMPLETED
2.	MINUTE 217. COMMUNITY TRANSPORT ACTION PLAN UPDATE				
	Reclamation of Public Funding	Chief Internal Auditor / Chief Finance Officer	Request for a provisional target date.	The negotiations which are business sensitive are still ongoing and therefore as there is still no final resolution position, no date can currently be given for an update.	Ongoing

## Appendix 1

### Life expectancy query

Following your query at Audit Committee asking why the life expectancy has decreased for members, I have received the below response from the actuary. I hope this helps.

There are two components when setting an assumption for longevity:

1. How long people live for based on current observed life expectancies ('baseline longevity'); and
2. An allowance for possible future improvements to longevity ('future improvements').

Life expectancy in the LGPS has been steadily increasing over the last 20 years. This has been reflected in the longevity assumptions set by actuaries at successive valuations, which have often led to an increase in the value of the past service liabilities and higher contribution rates payable by employers, as improvements outstrip expectations.

However, death experience in recent years has bucked the trend. Evidence from Club Vita, our specialist longevity consulting company, tells us that there have been more deaths of LGPS pensioners than expected since 2016. We would therefore anticipate there to be fewer pensions in payment in 2019 than expected. This will, for a typical scheme, lead to a reduction in liabilities at the 2019 valuation.

### **Baseline longevity**

The effect of recent experience will be reflected and allowed for (in part) in the 2019 valuation baseline longevity assumptions. These assumptions are based on data the Fund provides us for the purposes of the valuation. This method is more accurate than trying to fit standard mortality tables to reflect the Fund's membership.

This is the same approach that was adopted at the 2016 valuation.

### **Future improvements**

As mentioned above, recent evidence suggests that death rates were higher than expected based on the trend over the previous decade. This may strengthen the view that we are seeing the beginnings of a new trend. However it is not totally conclusive.

The headlines about the slow down in life expectancy improvements have been based on national population data. Therefore we need to understand the extent to which this apparent change in trend in general population data is relevant to LGPS funds' membership. Recent analysis from Club Vita has shown that in fact not all pensioners have seen a similar downturn in life expectancy improvements over recent years. In particular, the more affluent members (those with high pensions or living in affluent areas) appear to have seen less of a downturn in the rate of increase of life expectancy. Given such members will typically represent a reasonable proportion of the Fund's liabilities, we would be cautious about assuming future improvements will follow the same trajectory as the general population.

Kind regards

**Fiona Coates**

Pension Services Financial Manager

LGSS Pensions

One Angel Square, Angel Street, Northampton NN1 1ED

M: 07787 260894

## **Appendix 2**

- **Forward foreign currency**

The Fund's Investment Managers may enter into forward foreign currency contracts to secure current exchange rates in order to reduce the volatility associated with fluctuating currency rates.

There were no open forward currency contracts at 31 March 2020 or 31 March 2019. There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether or not any currency hedging should be used to mitigate any potential risk.

**DEBT MANAGEMENT UPDATE**

**To:** Audit and Accounts Committee

**Date:** 22nd September 2020

**From:** LGSS Head of Revenues and Benefits

**Electoral Division(s):** All

**Purpose:** Debt Collection Update

**Key Issues:** *The Committee has specifically asked for details of progress on the management of debts owed to the Council with quarterly updates on agreed reporting requirements. In addition, at the July Committee meeting a specific update was also requested on two large debts (including that owed by Cambridge and Peterborough NHS Clinical Commissioning Group CCG) to be included on the current meeting formal agenda.*

**Recommendation:** **The Committee is asked:**

- a) To note the actions and approach being taken to manage income collection and debt recovery**
- b) Agree that a further update will be provided on the position at the end of Quarter 4 2020/21**

<b><i>Officer contact:</i></b>	
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## BACKGROUND

1.1 This report is an update following the previous report presented to the Audit and Accounts Committee meeting in January 2020 and sets out the current position with regard to collection of 2019/2020 debt as well as progress made within Quarter 1(Q1) of 2020/21.

1.2

As agreed at the previous Audit and Accounts Committee this report will consist of the quarterly update using the three key performance indicators identified:

- (a) Collection Rates
- (b) Overall Debt Movement
- (c) Classification of Overdue Debt to monitor 'Total Debt Issue'

## 2. KEY PERFORMANCE INDICATORS

### 2.1 Collection Rates

2.1.1. The service tracks the overall % of invoices raised and cleared over the life of the debt. The table below shows the current % collection rates for invoices raised in 2019/20 financial year as at 1<sup>st</sup> September 2020:

#### **Collection of 2019/20 invoices by month raised**

Value	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Invoiced (£m)	22.55	7.27	18.38	9.17	6.18	8.32	20.49	20.12	6.67	19.81	14.94	30.50
Collected (£m)	22.31	7.21	18.15	8.71	5.97	7.79	20.02	19.49	6.29	18.86	14.28	28.30
In Year Collection	99%	99%	99%	95%	97%	94%	98%	97%	94%	95%	96%	93%
Volume												
No. of invoices issued	4,391	5,017	5,314	5,206	4,079	4,717	4,351	6,465	4,130	8,720	5,856	4,732
No. of Invoices cleared	4,217	4,876	5,086	4,912	3,852	4,455	4,080	5,969	3,861	7,874	5,304	4,117
Collection Rate by volume	96%	97%	96%	94%	94%	94%	94%	92%	93%	90%	91%	87%



2.1.2 The table below shows the current % collection rates for invoices raised in 2020/21 financial year as at 1<sup>st</sup> September 2020:

**Collection of 2020/21 invoices by month raised**

Value	Apr-20	May-20	Jun-20	Jul-20
Invoiced (£m)	41.39	4.36	34.81	11.81
Collected (£m)	39.89	4.04	32.18	9.59
In Year Collection	96%	93%	92%	81%
<b>Volume</b>				
No. of invoices issued	5,175	576	4,173	6,694
No. of Invoices cleared	4,480	491	3,463	5,436
In Year Collection Rate by volume	87%	85%	83%	81%

This indicator demonstrates that the majority of invoices raised during the year are being collected promptly with the % collected increasing the further an invoice moves through the initial recovery cycle.

2.1.3 The collection rate for invoices billed in 2019/20 as at 1<sup>st</sup> September 2020 is as follows:

**Summary of collection for 2019/20 invoices**

Value	Total 2019/20
Invoiced (£m)	184.40
Collected (£m)	177.37
In Year Collection	96%
<b>Volume</b>	
No. of invoices issued	62,978
No. of Invoices cleared	58,603
Collection Rate by volume	93%

2.1.4 The current collection rate for invoices billed in 2020/21 so far is:

**Summary of collection for 2020/21 invoices**

Value	Total 2020/21
Invoiced (£m)	92.38
Collected (£m)	85.70
In Year Collection	93%
<b>Volume</b>	
No. of invoices issued	16,618
No. of Invoices cleared	13,870
Collection Rate by volume	83%

This will continue to increase as the debt continues through the recovery cycle.

## 2.2 **Movement in Overall Debt**

The debt recovery function moved into the LGSS Revenues & Benefits service at the end of February 2019. A high level comparison of the overall Cambridgeshire County Council (CCC) debt movement through 2019/20 and into Q2 2020/21 indicates an £6.77m improvement in the overall debt position whilst managed by LGSS Revenues & Benefits.

### **Movement in overall debt position since 1 March 2019**

Overdue Debt £m							
	1-30 days	31-90 days	91-183 days	184-365 days	366-730 days	Over 730 days	Total
01/03/2019	12.01	2.72	3.05	4.97	3.63	1.77	28.15
01/10/2019	2.20	1.64	2.21	2.89	6.26	1.73	16.93
01/01/2020	12.22	2.42	2.19	2.60	5.53	1.88	26.84
01/04/2020	2.75	2.40	2.36	2.31	5.40	1.68	16.90
01/09/2020	2.43	3.19	4.50	3.20	3.47	4.59	21.38
<b>Movement</b>	<b>(9.58)</b>	<b>0.47</b>	<b>1.45</b>	<b>(1.77)</b>	<b>(0.16)</b>	<b>2.82</b>	<b>(6.77)</b>

The above table demonstrates that whilst aged debt is continually being cleared, evidenced by the reduction in overall debt at the end of Q4, and a further reduction into 20/21 Q2. There are always new invoices being raised so there will always be debt reported as outstanding. A continuing focus is reviewing our oldest and largest debts.

- 2.3 In order to examine further the movement in aged debt that has taken place an analysis has been undertaken of the debt that was outstanding at 1 March 2019 and the position of those debts at the end of Q2, Q3, Q4 2019/20 and into Q2 2020/21.

### **Analysis of current position of invoices that were unpaid as at 1 March 2019**

	Not Yet Due £m	Overdue Debt £m						
Balance at	0 days	1-30 days	31-90 days	91-183 days	184-365 days	366-730 days	Over-730 days	Total
01/03/2019	7.38	12.01	2.72	3.05	4.97	3.63	1.77	35.53
01/10/2019	0.90	0.40	0.39	1.71	3.83	2.43	1.18	10.84
01/01/2020	0.51	0.26	0.33	1.54	3.60	2.30	1.04	9.58
01/09/2020	0.29	0.23	0.23	1.39	3.19	0.89	0.73	6.95
<b>Movement</b>	<b>(7.09)</b>	<b>(11.78)</b>	<b>(2.49)</b>	<b>(1.66)</b>	<b>(1.78)</b>	<b>(2.74)</b>	<b>(1.04)</b>	<b>(28.58)</b>

Of the £35.53m total debt that was outstanding at 1 March 2019, (this included invoices that which were not yet due for payment at that time), only £10.84m remained unpaid at 1 October 2019. By 31 December 19 £9.58m remained unpaid and at 1 September 2020 the balance had further reduced to £6.95m, a reduction in debt of £28.58m.

The most significant movement in the debt is realised in the earlier stages of recovery demonstrating the effect of our focus on ensuring that new debt does not become aged debt. At the end of 2019/20 Q3 we also said we were reviewing our oldest debts and this shows in the reduction of debt that was between 366 and 730 days has reduced by £2.74m (75%).

## 2.4 **Classification of Overdue Debt to identify Debt Issue**

The classification and analysis of debt is imperative in order to recognise from the total outstanding debt what should be considered as a “debt issue”. Through improved reporting we are now able to produce a simple table to show this transparently and this allows the debt team to focus resource on the recovery of ‘problem’ aged debt.

The table at 2.2 above provides an overall debt figure of £21.38m as at 1 September 2020. However within this figure £6.5m is owed by Cambridge and Peterborough NHS CCG and £0.05m from LGSS Law. The collection from both of these is currently monitored and managed by CCC Finance team rather than the debt team. The overall debt under the management of the debt team is £14.8m. This can be further broken down to identify ‘problem debt’ or the actual debt where collection is or may be an issue and is currently under recovery by the debt team.

A summary update regarding the large outstanding balances due from Cambridgeshire and Peterborough NHS has been provided by Finance under a separate cover. See attachment CCG Debt Update at Appendix A.

### **01/09/2020 Debt breakdown**

	<b>Total Overdue £m</b>	<b>Pre 18/19 Overdue Debt £m</b>	<b>Post 18/19 Overdue Debt £m</b>
<b>Total Overdue Debt with Debt Team</b>	<b>14.82</b>	<b>1.60</b>	<b>13.22</b>
Already earmarked for write off	-0.14	-0.06	-0.08
Unallocated Credit Notes	-1.76	-0.42	-1.34
Secured via instalments	-1.46	-0.38	-1.08
Secured against a property	-0.17	-0.15	-0.02
Service area disputed - payment delay (a)	-1.65	-0.18	-1.47
<b>Total Debt Issue</b>	<b>9.64</b>	<b>0.41</b>	<b>9.23</b>

(a) These are invoices that have been disputed by the customer after being raised and are currently under investigation by the service area and debt recovery action is suspended until the review is completed. They will return to recovery if the dispute is dismissed.

### **3. Summary**

- 3.1 It was predicted in the June 2019 report that with stable resourcing of the team together with the improvement plan put in place by LGSS Revenues & Benefits the service would deliver an expected reduction in overall outstanding debt (£) at CCC and this has been achieved.
- 3.2 The % of invoices cleared after 90 days for 2019/20 was 93% of the value raised compared to a CIPFA benchmarking average of 87% (2.1).
- 3.3 The high level comparison of the overall CCC debt position at 1 March 2019 and 1 September 2020 shows an £6.77m improvement in the overall debt position (2.2)
- 3.4 With debt profiling now in place and reported on, it is possible to report excluding debt that is not managed by the Debt Team (Cambridge & Peterborough NHS CCG & LGSS Law). Taking this into account the total overdue debt position at 1 September 2020 was £14.82m of which £9.64m is currently under recovery by the Debt Team. (2.4)
- 3.5 Further work continues to improve, review and cleanse aged debt and to review debt currently marked as in dispute with the service area. LGSS Revenues & Benefits is working closely with CCC service areas to ensure that processes and procedures are in place to minimise the accrual of bad debt. Work is being undertaken to create a collectability matrix for overdue debt to assist in budgeting and forecasting of future bad debt provision requirements.

Background Papers: CCG Debt Update.

## **Appendix A Debt Management Report**

### **Cambridge and Peterborough NHS CCG Debt Update**

The current outstanding debt position with the CCG is approximately £5.8m. Reports in any given month may show more than this, as certain large items (such as the Better Care Fund) can be paid late despite invariably being paid or settled.

The make-up of this £5.8m is:

- Within Adult Social Care - £5.3m:
  - Funded Nursing Care - £1.8m
  - Joint-funded care packages - £1.6m
  - Reimbursements for service-users who have had continuing healthcare agreed - £1.6m
  - Backdated arrangement for s117 aftercare for people with mental health needs - £0.5m
  - Joint-commissioning arrangements – £0.3m
- Other council services, predominantly Children's - £0.3m

In terms of the age profile of this debt, it is owed for these years, 10% relates to the current financial year, 23% in 2019/20, 39% in 2018/19, 12% in 2017/18 and 16% in years before that.

Most of the debt from before 2017/18 is Funded Nursing Care, which is being actively worked on between the council and CCG finance teams and is being gradually resolved. Covid-19 has impacted upon the resolution of the debt position with the CCG over the Spring and Summer of this year as Finance capacity in both organisations was directed towards the Covid response.



## Agenda Item No. 6

**TITLE**            **Internal Audit Progress Report**  
**To:**              **Audit & Accounts Committee**  
**Date:**           **22<sup>nd</sup> September 2020**  
**From:**          **Duncan Wilkinson, LGSS Chief Internal Auditor**

### **1.     PURPOSE**

- 1.1    To report on the main areas of audit coverage for the period to 19th August 2020.

### **2.     BACKGROUND**

- 2.1    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.
- 2.2    Cambridgeshire County Council (CCC) Joint Management Team (JMT) considered this report on 3<sup>rd</sup> September 2020 prior to its submission to the Audit & Accounts Committee on 22<sup>nd</sup> September 2020.

### **3. RECOMMENDATION**

#### **3.1    The Committee is**

- a) asked to note and comment on the report
- b) Agree that the Audit Plan for the remainder of 20/21 reflects the current environment and that outcomes are reported to JMT and the Audit and Accounts Committee using the normal reporting arrangements.

<b><i>Officer contact:</i></b>	
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# **LGSS Internal Audit & Risk Management**

## **Cambridgeshire County Council**

### *Update report*

*As at 19<sup>th</sup> August 2020*



## Section 1

### 1. INTRODUCTION

- 1.1 Following the outbreak of the Pandemic it was decided to pause the agreed 2020/21 Audit Plan and to fully align resources to risks being managed by Cambridgeshire County Council, consistent with the service's BCP. This has been achieved by increased consultation and direction by the Council's Deputy Chief Executive and Chief Financial Officer.
- 1.2 During the first quarter, the team completed the reporting of the 2019/20 internal audit plan and the annual Chief Internal Auditor opinion was confirmed in the Internal Audit Annual Report and the Council's draft Annual Governance Statement.
- 1.3 Work in the first few months of this financial year was therefore more reactive to risks and issues and also more of a probative nature e.g. spend analysis as transactions are processed through ERP. Although this is a rapidly moving environment, the internal audit team is anticipating reverting to a more structured work-plan for the second half of the year although it is obvious that Covid-19 will continue to directly affect the focus of this work.
- 1.4 In the two quarters of the year there has been a significant amount of work directed towards daily spend transactions, payroll and contract management as the pandemic directly impacts those areas of control and that work will augment assurances that these key financial control systems continue to work effectively during this period.
- 1.5 The team has been proactive in engaging with the Joint Management Team in recommending areas where existing controls required enhancing, identifying new areas of risk that required control and also undertaking targeted audit work to increase assurances in those key areas of risk.
- 1.6 At the start of this Pandemic there was a request that colleagues across the Council be deployed to those areas of greatest need. Accordingly, internal audit colleagues were seconded to support corporate/community priorities as follows:

- Principal Officer    Seconded to Income for a total of 21 days
- Associate Auditor    Seconded to Addenbrook's Hospital for a total of 13 days

In addition, the team seconded an associate auditor to the income team and that has recently become a permanent move, resulting in another vacancy for the team to fill after this period has ended.

- 1.7 Section 2 of this report summarises where the remaining resources have been deployed to date. When the Audit Plan was paused, the business continuity arrangements dictated that the normal granularity of detail supporting resource

allocation was suspended however, Section 3 of this report gives a more detailed overview of the work undertaken and Annex A gives a more detailed summary.

- 1.8 Much of the introduction and early work has already been reported to the Audit & Accounts Committee at its July meeting (for information) but has not yet been seen by JMT. This updated report will go to the September Audit & Accounts Committee meeting.

## **2 INTERNAL AUDIT RESOURCES**

- 2.1 As already outlined, the original 20/21 Internal Audit Plan (1,750 days) was paused in accordance with business continuity procedures and the team was deployed to the areas of greatest need. In the period, a total of 700 days have been targeted towards internal audit work as follows;

<b>Summary of Audit Themes</b>	<b>Days</b>	<b>%</b>
A 19-20 Audit Plan Close Down	32.1	4.59
B Recurring & Ongoing Covid-19 Assurances		
• AP-GPC spend analysis	164.5	23.51
• Covid 19 CCC Risk Management	33.1	4.73
• Contract Audit including PPN02/20	94.5	13.51
C Ad-Hoc Projects		
• Targeted 20-21 Audit Work	287.1	41.04
D Investigations	76.6	10.95
E Audit Committee/JMT	11.7	1.67
<b>Total Days</b>	<b>699.6</b>	<b>100</b>

- 2.2 Section 3 gives more detail of the type of work being undertaken, however progress to date is in line with the commissioned 1750 days.
- 2.3 If the national improvement in Covid projections continues (and for example a 2<sup>nd</sup> wave is not experienced) the above pattern of audit work is expected to continue until at least 30<sup>th</sup> Sept, as services will not return to (new) business as usual immediately. The Audit service must review key financial systems during 20/21 and therefore a preliminary 6 months audit plan is developed (as set out in section 4).

## **3 SUMMARY OF WORK COMPLETED TO 31<sup>ST</sup> AUGUST 2020**

- 3.1 The Pandemic impacted immediately upon the Council, with business as usual making way for a new and unknown set of challenges, requiring an urgent review of risk management and the necessity for decisions to be taken quickly, often as a direct result of Government directives.
- 3.2 Internal audit responded quickly to these challenges by increasing assurances on key areas, such as spend, risk management and supplier relief as well as supporting directorates in developing processes and proportionate governance in new areas.

### **3.3 Recurring & Ongoing Covid-19 Assurances**

#### **3.3.1 Daily Spend**

Although annual internal audit reviews of the AP system consistently give positive assurance, during the pandemic urgent spend decisions and a change to business as usual increased the risk of inappropriate expenditure. To give additional assurance, internal audit reviewed all Accounts Payable transactions on a daily basis to identify potential fraudulent or inappropriate entries to provide additional assurances to S151 Officer and other stakeholders that expenditure is legitimate and proportionate.

It must be highlighted that this work cannot guarantee the prevention of fraudulent or inappropriate spend but emphasis was placed on the potential impact that Covid-19 has had. Unusual transactions were subject of further audit testing and those deemed as warranting further scrutiny were referred to the Head of Finance. Weekly reports were produced that summarised the week's transactions reviewed, tested, and referred to finance.

This work ceased at the end of August 2020, however Internal Audit is currently planning additional work in this area to specifically focus on payments to suppliers in excess of £20k.

#### **3.3.2 PPN 02/20 – Supplier Relief**

In response to this new notice (and similar) from the Cabinet Office, internal audit developed a full suite of procedures for the end-to-end supplier relief process. This was approved by Joint Management Team (JMT) and the Council Leader. The Audit team is currently responsible for initial recording and monitoring through the process and, depending on complexity, internal audit colleagues will assess the applications to support the contract managers. This has notably included the highways contract and the waste management contract. The Head of Audit at Cambridgeshire County Council (CCC) sits on the Panel to recommend acceptance/rejection of application. This work is now tailing off but contract audit in the latter part of the year will include a focus on additional spend claimed by suppliers as a result of COVID-19.

#### **3.3.3 COVID -19 Risk Register**

Following a request from JMT Gold, using the Corporate Risk Register as a base, Internal Audit and Transformation colleagues developed full Covid-19 Risk register, as well as a supplementary key control focused risk register, to allow JMT to assign risk owners and manage the trigger of the pandemic pro-actively. The team initially provided a weekly, then fortnightly update report to the Director of Business Improvement and Development for consideration and submission to JMT. It has been

agreed that this will now cease and the Covid-19 triggers and controls will be incorporated into Corporate and Directorate level risk registers.

#### 3.3.4 Grants/Loans

Internal audit was requested by the S151 Officer to help produce an effective and proportionate governance process to underpin grant/loan arrangements whereby the Council supports early year's centres during the Covid-19 pandemic. This has been completed and the Head of Audit sits on the decision Panel.

The team is also working to assure test, track and trace funding, support to homecare providers and BC considerations and reviewing the grant/loan support to residential homes in distress to ensure good governance.

#### 3.3.5 Procurement Waivers

Internal audit was asked by the Head of Procurement (supported by the Section (S)151 Officer) to review a recent increase in waivers. The main concern was the legitimacy of these and the extent to which they can be supported as necessary due to Covid-19 pressures. This compliance work has now been completed and the draft report has provided good assurance that the correct process for waivers has been followed in line with Contract Procedure rules, with a particular focus on assessing the legitimacy of any Covid19 causal factors stated in waiver documentation. The final report is expected to be issued by the 4<sup>th</sup> of September.

### 3.4 Ad-Hoc Projects

#### 3.4.1 Less than Best Process and Rent Reviews

Internal audit was asked to provide a high level review to the system in place for the Councils 'less than best' process for early years' settings and the current rent review process. The audit reviewed the process for establishing 'less than best' decisions from the 15 stage procedural note used by the Property team.

#### 3.4.2 King's Dyke Tender

Internal audit was commissioned to do an urgent piece of work around the effectiveness of the tender assessment process, and the understanding of an additional £1.13m of costs submitted by the successful bidder, following an error in the original tender submission. The Report issued on 22 May, 2020 to the Executive . Director, Place and Economy, the Service Director, Highways and Transport and the Assistant Director, Infrastructure and Growth gave a number of recommendations. Following the assurances given as part of this work, the project progressed to the next stage with acceptance of both costs and assurances of the external advisors regarding the robustness of their tender assessment process.

#### 3.4.3 Private Finance Initiative (PFI) rebate

Internal audit worked on the assessment of insurance contributions and rebates on PFI contracts and resulted in around £50k requested back by the Council. There was the suggestion that this should be rolled out to look at all PFI's but due to Covid was not progressed further.

#### 3.4.4 Highways Contract OBR

The team undertook work assessing the 'actual cost' information provided to the Council by the contractor in March, resulting in a significant repayment to the Council. This exercise resulted in numerous meetings, conversations and emails that confirmed the contractor was required to resubmit their final position as at 31<sup>st</sup> March 2019 and 2020 to allow the OBR to continue. Despite numerous reminders to the contractor, this has not been forthcoming. In early September 2020 the Executive Director, Place & Economy, sent a letter to SKANSKA and in clear terms set out the Council's expectations.

#### 3.4.5 Capital Programme Major Infrastructure

The Executive Director, Place & Economy commissioned an urgent piece of work for an end-to-end review of 4 projects within the capital programme, all with different emerging issues and a full review of the wider service to recommend governance improvements. These reports are currently at draft stage.

#### 3.4.6 Feeder systems

To support the daily spend work and give greater assurance on payments made by the Council work has commenced to establish, evaluate and test controls in systems that interface payments and sales invoices into ERP gold. This work will provide assurance that feeder system control environments are sufficient to ensure only legitimate invoices and payments are issued.

#### 3.4.7 Grants

Work has been completed to confirm 19/20 grants that require audit review in 20/21 and a programme of work in line with sign off deadlines, including CA grants agreed. Two grant audits have been completed to date, with a third to be completed w/e 4<sup>th</sup> of September.

#### 3.4.8 Infection control grant

Work to review the governance arrangements in place to administer the Infection Control grant is ongoing. An interim recommendation regarding the information required in provider returns has already been made to reflect the time criticality of this grant. Fieldwork is nearly complete with a draft report expected w/e 4<sup>th</sup> of September.

## **4 PROPOSED AUDIT PLAN**

- 4.1 For a number of years internal audit has had arrangements whereby the Plan is changed throughout the year to address in year risks, in consultation with the Deputy Chief Executive & Chief Finance Officer and the Audit Committee. This has resulted in a very flexible and responsive service. The current working environment has shown the benefit of this approach and that, by working closely with key stakeholders in the Council, the audit resource can be deployed to the areas of greatest need.
- 4.2 As such, it is proposed that the Audit Plan for the remainder of 20/21 reflects the current environment, i.e. is truly flexible, and that outcomes are reported to JMT and the Audit and Accounts Committee using the normal reporting arrangements. The Plan is being considered by JMT during September and will be reported to the Audit & Accounts Committee at its October meeting.

## **5 INVESTIGATIONS**

- 5.1 The team has experienced higher than normal workloads in investigations with work carried over from 2019/20 having a significant impact on resources.
- 5.2 Annex B of this report summarises the work of the Counter Fraud service to date in 2020/21.

## **6 FOLLOW UPS**

- 6.1 The team has not lost track of following up previous audit recommendations. These were being actively monitored up until the end of March 2020 but, in line with the business continuity arrangements and mindful of Council service pressures arising from Covid-19, internal audit paused this process.
- 6.2 The team has recently asked for update on overdue recommendations but due to the impact of Covid19 on services (and officers being on leave) full updates and verification of reported implementations has not been possible in all cases. This recent exercise was done with the recognition that services are still not at full business as usual and with the knowledge that none of the overdue recommendations are classified as essential/critical. As such updates have not been robustly pursued to date, in line with the approach agreed in March.
- 6.3 A more formal follow up process will be undertaken from September, subject to Covid-19 pressures allowing, the audit team will revisit outstanding recommendations to confirm they remain relevant and proportionate and will commence discussions, where appropriate, with services to ascertain the current position. This process will review evidence to ensure that all relevant recommendations are either confirmed as being implemented or that revised dates for implementation are agreed.
- 6.4 The outstanding management actions as at the end of August 2020 are summarised in the table below.



	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
<b>Implemented</b>	0	0%	39	70%	39	70%
<b>Actions due within last 3 months, but not implemented</b>	0	0%	3	5%	3	5%
<b>Actions due over 3 months ago, but not implemented</b>	0	0%	14	25%	14	25%
<b>Totals</b>	0		56		56	

- 6.5 There are currently 17 management actions outstanding which will be prioritised within the September review.
- 6.6 The key financial system audits from 19/20 were issued toward the end of the year coinciding with the start of the pandemic. It was decided to pause further activity relating to these completed audits to fully align resources to risks being managed by Cambridgeshire County Council, consistent with the service's BCP, and to help ensure relevant services could do the same and respond to the challenges pose by the pandemic without distraction. As such, target dates for the key financial systems recommendations were not agreed. This will be done as part of Internal audit's renewed formal follow up process from September onwards and those recommendations will also be considered during the 20/21 audits to commence in quarter 3.
- 7 Source Documents Annexe A and B





## ANNEX A

### CCC INTERNAL AUDIT PLAN 2020/21

#### Summary of Progress:

Total Completed Audit Assignments	11
Total Audits at Draft Report Stage	4
Total “Ongoing” Work <i>(i.e. which does not have a specific end date, but will close at the end of the financial year)</i>	2
Total Open Audits	25
Total Not Yet Opened Audits	0

#### Full Audit Plan:

Audit	Status	Quarter Opened	Quarter Closed
WORK TO 19 <sup>th</sup> August 2020			
19-20 Audit Close Down	CLOSED	N/A	N/A
Covid 19 20-21 Audit Work	CLOSED	Q1	Q2
AP-GPC spend analysis	CLOSED	Q1	Q2
EYC Grant Support Framework	CLOSED	Q1	Q2
PPN 02/20 - Framework	CLOSED	Q1	Q2
Dark Web emails referral	OPEN	Q1	N/A
County Farm referral	OPEN	Q1	N/A
Procurement Waivers	OPEN	Q1	N/A
Troubled Families Grant	ONGOING	Q1	N/A
Wisbech Access Strategy	OPEN	Q1	N/A
Lancaster Way	OPEN	Q1	N/A
Fendon Road Roundabout	CLOSED	Q1	Q2
Chisholm Trail	OPEN	Q1	N/A
Capital Programme Governance	OPEN	Q1	N/A
PPN 02-20 – applications for support	ONGOING	Q1	N/A
Less than Best Process and Rent Reviews	CLOSED	Q1	Q1
King’s Dyke Tender	CLOSED	Q1	Q1
Cambridgeshire Music Referral	CLOSED	Q1	Q1
PFI rebate	CLOSED	Q1	Q1
This Land Governance	OPEN	Q1	N/A

SGO Overpayment referral	OPEN	Q1	N/A
Foster Overpayments referral	OPEN	Q1	N/A
Daily Spend - Follow Up & Assurances	OPEN	Q2	N/A
Schools audit referral	OPEN	Q2	N/A
Bus Service Operators Grant	OPEN	Q1	N/A
County Farms – review of proposed processes and procedures	OPEN	Q1	N/A
Infection Control Grant	OPEN	Q2	N/A
Blue Badges	CLOSED	Q1	Q1
AP and AR Feeder Systems	OPEN	Q1	N/A
Covid 19 - CCC Risk Management	OPEN	Q1	N/A
Local Transport Capital Block Funding Grant	OPEN	Q2	N/A
Pothole Action and Flood Resilience Fund	OPEN	Q2	N/A
Disabled Facilities Grant	OPEN	Q2	N/A
Community Capital Fund	OPEN	Q2	N/A
Investigations General	OPEN	Q1	N/A
NFI	OPEN	Q1	N/A
Cheque fraud referral	OPEN	Q1	N/A
Test and Trace Arrangements	OPEN	Q2	N/A

## Annex B

### CCC Counter Fraud Performance April 2020 to August 2020

#### Background

The Counter Fraud Service is part of Internal Audit and is responsible for dealing with referrals received both from the general public and Council officers, including those raised under the whistle blowing policy.

This service operates within set standards and procedures to ensure confidentiality and enable all evidence and actions to be recorded to the levels accepted for criminal procedures.

#### Referrals and risk assessments

Due to the volume of referrals and the wide range of issues raised, risk assessments are conducted in order to prioritise resource or transfer these to other appropriate bodies such as the Department for Work and Pensions (DWP). Some referrals are rejected if there is insufficient basis or evidence held to enable further action but are recorded on the Council's case management system. As such, should further information subsequently be received from another source, for example, this intelligence will be available. When a referral is received and assessed as requiring investigation, actions will be undertaken to establish any error or fraud including establish the facts and evidence available and seeking a suitable resolution.

Between 1<sup>st</sup> April 2020 and 28 August 2020, 8 matters have been investigated and closed by Internal Audit's Counter Fraud Service.

The 8 referrals subject to enquiry and investigation are detailed within Table 1.

Table 1: CCC closed investigations between 1<sup>st</sup> April 2020 and 28<sup>th</sup> August 2020

Case type	Total number of cases closed	Outcomes	Value
Internal (corporate) issues	2	Advice was given on all referrals and recommendations made to improve the control environment as appropriate. <ul style="list-style-type: none"><li>1 email query or phishing issue – genuine, No issue.</li><li>Payroll and contractor NFI match investigated to confirm no overlap of duty or overpayment incurred. Closed no issue.</li></ul>	No financial outcome recorded
Schools	2	One matter investigated for cheque alteration £1107 to £4107 and payable to an unknown and unconnected individual to both the council and the supplier. The matter was reported to local police and Action Fraud. The bank acknowledged the fraud and refunded the payment. The second matter was an allegation of school admission fraud. This was investigated and no	Recovered loss £4107.

Case type	Total number of cases closed	Outcomes	Value
		fraud was established and the advice given was to apply the policy as standard.	
Direct Payments	2	Both matters concerned the issues around timesheet submissions and associated payments to carers. <ul style="list-style-type: none"> <li>The first matter was resolved by the service without any action taken by Counter Fraud.</li> <li>The second matter the service user withdrew the allegation causing no further investigation action to be taken that there had been no loss.</li> </ul>	No financial outcomes recorded.
Blue Badge (separate commissioned arrangement)	2	One case was closed following a formal caution being accepted. One matter was set to go back to court as an appeal against the sentence however the appeal was withdrawn by the defendant and the original conviction and sentence stand.	No financial outcomes recorded.

### Progress on open cases

There are 4 cases currently under review by Counter Fraud shown in table 2.

Table 2: Open cases under investigation

Case type	Total number of open investigations / detail
Direct Payments (1 live case)	Work is ongoing to assist the service in reconciling direct payment receipts over 3 years where it is believed the money has not been spent appropriately for the needs of the service user by the parent.
Schools staff (1 live case)	One Whistle Blowing matter was received and passed on to HR colleagues as the appropriate response to address suspected behavioural issues. No financial loss suspected.
Blue Badge misuse (2 live cases)	There are 2 cases awaiting court dates, delayed due to c19 court closure.

### Monetary values and outcomes to date

Internal Audit's Counter Fraud Service record investigation outcomes and, where possible, record monetary values identified through fraud or error by way of recoverable overpayments or savings.

Internal Audit and the Counter Fraud have assisted with highlighting the increased exposure to fraud associated with the C19 situation which has been actively targeting councils grant application schemes and other cyber fraud.

The 2020/21 National Fraud Initiative is due to start in September for extraction of data sets across a variety of service areas matched nationally with other agencies such as Her Majesty's Revenue and Customs (HMRC) to prevent and detect fraud and error.



**AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN**

<b>MEETING DATE REPORT DEADLINES AND REPORT TITLES</b>	<b>Frequency of report</b>	<b>Corporate/Service Director /external officer responsible</b>	<b>Report author</b>
<b>10 A.M. SPECIAL COMMITTEE DATE FOR ACCOUNTS SIGN OFF FRIDAY 30<sup>TH</sup> OCTOBER</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Monday 19<sup>th</sup> October 2020</b>			
<b>ISA 260 main Accounts Report</b>	Annual Report with the Accounts	Ernst Young External Auditor	Mark Hodgson
<b>ISA 1260 Pensions accounts Report</b>	Annual Report with the Accounts	Ernst Young External Auditor	Mark Hodgson
<b>Final Accounts</b> (Moved from the July meeting)	Annual Report	Head of Finance and Deputy Section 151 Officer / Strategic Finance Manager for Corporate Finance	Tom Kelly / Ellie Tod
<b>Audit Plan for the six months Oct – March</b>	Update	Head of Internal Audit / Audit and Risk Manager	Neil Hunter
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 24<sup>th</sup> November 2020</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Wednesday 11<sup>th</sup> November 2020</b>			
<b>Statement of Accounts Process – Action / Improvement Plan</b>	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Tom Kelly, Ellie Tod

		/ Strategic Finance Manager - Corporate Finance	
<b>Transformation Fund Monitoring Report Quarter 2</b>	Quarterly Update	Head of Transformation	Kelly Allen
<b>Performance Report Quarter 1</b>	Quarterly	Head of Business Intelligence	Tom Barden
<b>Resources Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Chief Finance Officer	Tom Kelly / Rebecca Barnes
<b>Safer Recruitment in Schools Update</b>	Tri-annual Termly	Senior Education Adviser	Diane Stygal
<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>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</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (Normally March) is received or the special meeting to consider the draft accounts (June or July)	Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services /	Duncan Wilkinson / Rob Sanderson / Cllr



		Chairman and Vice Chairman in a Chairman briefing	Shellens / Cllr Rogers
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 26<sup>th</sup> January 2021</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Wednesday 13<sup>th</sup> January 2021</b>			
<b>Debt Management Six Monthly Progress Update</b>	Every six months January and June unless there is a request for additional updates	Head of Revenue and Benefits	Robin Bates
<b>Statement of Update Accounts Process – Action / Improvement Plan</b>	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer / Strategic Finance Manager - Corporate Finance	Tom Kelly, Ellie Tod
<b>Performance Report Quarter 2</b>	Quarterly	Head of Business Intelligence	Tom Barden
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Chief Finance Officer	Tom Kelly / Rebecca Barnes
<b>Six Monthly Report in respect of Consultancy expenditure and compliance with the Policy</b>		Head of People HR/ Procurement	Martin Cox / Sarah Haig
<b>Safer Recruitment in Schools Update</b>	Tri-annual Termly	Senior Education Adviser	Diane Stygal

<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>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</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (usually March) is received or the special meeting to consider the draft accounts (June or July)	Head of Internal Audit	Neil Hunter / Mairead Claydon
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 23<sup>rd</sup> March 2021</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Wednesday 10<sup>th</sup> March 2021</b>			
<b>Statement of Accounts Process – Action / Improvement Plan</b>	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer / Strategic Finance Manager - Corporate Finance	Tom Kelly, Ellie Tod
<b>Whistle Blowing Annual Review</b>	Annual	LGSS Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been	Chief Finance Officer	Tom Kelly / Rebecca Barnes

	through General Purposes Committee or was going the same day		
<b>Safer Recruitment in Schools Update</b>	Tri-annual Termly	Senior Education Adviser	Diane Stygal
<b>Transformation Fund Monitoring Report Quarter 3</b>	Quarterly Update	Head of Transformation	Kelly Allen
<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>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</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (usually March) is received or the special meeting to consider the draft accounts (June or July )	LGSS Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 1<sup>st</sup> JUNE 2021</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Wednesday 19<sup>th</sup> May 2021</b>			
<b>Statement of Accounts Process – Action Plan Update</b>	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Tom Kelly / Ellie Tod

<b>Section 106 Update Report</b>	Annual	Deputy Section 151 Officer	Tom Kelly
<b>Performance Report Quarter 3</b>	Quarterly	Head of Business Intelligence	Tom Barden
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Chief Finance Officer	Tom Kelly / Rebecca Barnes
<b>Safer Recruitment in Schools Update</b>	Tri-annual Termly	Senior Education Adviser	Diane Stygal
<b>Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>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</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (March) is received or the special meeting to consider the draft accounts (June or July)	LGSS Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman	Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers

		briefing	
<b>MEETING DATE REPORT DEADLINES AND REPORT TITLES</b>	<b>Frequency of report</b>	<b>Corporate/Service Director /external officer responsible</b>	<b>Report author</b>
<b>COMMITTEE DATE 2.00 P.M. TUESDAY 30<sup>th</sup> JULY 2021</b>			
<b>Deadline for reports to be with Democratic Services:</b>			
<b>Final Accounts</b>	Annual	Head of Finance and Deputy Section 151 Officer	Tom Kelly Ellie Tod
<b>Performance Report Quarter 4</b>	Quarterly	Head of Business Intelligence	Tom Barden
<b>Transformation Fund Monitoring Report Quarter 4</b>	Quarterly Update	Interim Head of Transformation	Julia Turner
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Chief Finance Officer	Tom Kelly
<b>Internal Audit Progress Report</b> Including Progress of Implementation of Management Actions and Internal Audit Plan Update)  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting other than the meeting when the IA Annual Audit Plan Report (normally March) is received or the	Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon

	special meeting to consider the draft accounts (June or July)		
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	
<b>Update Report in respect of Consultancy expenditure and compliance with the Policy</b>		HR/ Procurement	Martin Cox / Sarah Haig
<b>COMMITTEE DATE 2.00 P.M. TUESDAY SEPTEMBER 2021</b>			
<b>Deadline for reports to be with Democratic Services:</b>			
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Head of Finance	Tom Kelly / Rebecca Barnes
<b>Transformation Fund Monitoring Report Quarter 1</b>	Quarterly	Interim Head of Transformation	Julia Turner
<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (normally March)	Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon

beyond the next agreed target date	is received or the special meeting to consider the draft accounts (June or July)		
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	
<b>COMMITTEE DATE 2.00 P.M. TUESDAY NOVEMBER 2021</b>			
<b>Deadline for reports to be with Democratic Services:</b>			
<b>Safer Recruitment in Schools Update</b>	Tri-annual Termly	Senior Education Adviser	Diane Stygal
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Head of Finance	Tom Kelly / Rebecca Barnes
<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>	Each meeting other than the meeting when the	Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon

<b>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</b>	IA Annual Audit Plan Report (previously in March) is received or the special meeting to consider the draft accounts (June or July)		
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	
<b>COMMITTEE DATE 2.00 P.M. TUESDAY JANUARY 2022</b>			
<b>Deadline for reports to be with Democratic Services:</b>			
<b>Statement of Accounts Process – Action Plan Update</b>	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Tom Kelly
<b>Update Report in respect of Consultancy expenditure and compliance with the Policy</b>		HR/ Procurement	Martin Cox / Sarah Haig
<b>Safer Recruitment in Schools Update</b>	Tri-annual Termly	Senior Education Adviser	Diane Stygal
<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>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</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (Previously March) is received or the special meeting to consider the draft accounts (June or	Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon



	July)		
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	
<b>COMMITTEE DATE 2.00 P.M. TUESDAY March 2022</b>			
<b>Deadline for reports to be with Democratic Services:</b>			
<b>Statement of Accounts Process – Action Plan Update</b>	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Tom Kelly
<b>External Audit Annual Plan</b>	Annual	Ernst Young	Mark Hodgson
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Head of Finance	Tom Kelly / Rebecca Barnes
<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>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</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (previously in March) is received or the special meeting to consider the draft accounts (June or July)	Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon

<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	
<b>COMMITTEE DATE 2.00 P.M. TUESDAY JUNE 2022</b>			
<b>Deadline for reports to be with Democratic Services:</b>			
<b>Statement of Accounts Process – Action Plan Update</b>	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Ellie Tod / Michelle Parker
<b>Section 106 Update Report</b>	Annual	Deputy Section 151 Officer	
<b>Performance Report Quarter 3</b>	Quarterly	Head of Business Intelligence	Tom Barden
<b>Integrated Finance Monitoring Report</b>	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Head of Finance	Tom Kelly / Rebecca Barnes
<b>Safer Recruitment in Schools Update</b>	Tri-annual Termly	Senior Education Adviser	Diane Stygal
<b>Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)</b>  <b>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</b>	Each meeting other than the meeting when the IA Annual Audit Plan Report (previously March) is received or the special meeting to	Head of Internal Audit / Audit and Risk Manager	Neil Hunter / Mairead Claydon

	consider the draft accounts (June or July)		
<b>Agenda Plan</b>	Each meeting	Chief Internal Auditor / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	

<b>Annual Whistle Blowing Report</b>	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter
<b>Annual Governance Statement</b>	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter
<b>Internal Audit Annual Report</b>	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter

**REPORTS TO BE PROGRAMMED AS CURRENTLY STILL THE SUBJECT OF ONGOING INVESTIGATIONS / ADDITIONAL WORK REQUIRED**

<b>BDO External Audit Final report on investigations into Objections to the 2016/17 and 17-18 Accounts</b>		Council's previous External Auditors - BDO	Lisa Clampin
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<b>FACT, HACT and ESACT Recovery of Monies</b>  This may require a separate confidential appendix as it may contains business sensitive information for the Council and other parties. This is being led by FACT and so until negotiations are concluded is still business sensitive in terms of providing updates for the Committee.	One-off Report	Chief Finance Officer / Service Director Highways and Finance	Chris Malyon / Graham Hughes
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<b>County Farms Tenancy Audit</b>	One off Report likely to be at the same meeting as the report below	Head of Internal Audit / Audit and Risk Manager	Neil Hunter /
<b>Manor Farm Tenancy Investigation (May have a confidential appendix to be confirmed) This will require a separate meeting</b>	One off investigation	Head of Internal Audit / Audit and Risk Manager	Neil Hunter

**Update 3<sup>rd</sup> September 2020**