

AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: 24th January 2017

Time: 2.00 – 4.20 p.m.

Place: Room 128, Shire Hall, Cambridge

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

Also present by invitation: Councillor R Hickford

Apologies: Councillors: M McGuire

Action

272. DECLARATIONS OF INTEREST - None

273. MINUTES OF THE MEETING HELD ON 29TH NOVEMBER 2016

The minutes of the meeting held on 29th November 2016 were confirmed as a correct record and were signed by the Chairman.

274. AUDIT AND ACCOUNTS MINUTES ACTION LOG

The Audit and Accounts Minutes Action Log update was noted.

CHANGES TO THE ORDER OF THE AGENDA

The reports below were taken at the meeting as reflected in the minutes below which was in a different order to how some of them were listed on the agenda.

275. INTERNAL AUDIT PROGRESS REPORT

This report provided an update on the main areas of audit coverage and the key control issues arising for the period 1st November 2016 to 31st December 2016.

Paragraph 1.1 listed the audit assignments which had reached completion since the previous Committee report. (set out as Appendix 2 to these Minutes) Section 4 set out more detail on the summaries of completed audits with moderate or less assurance, with an oral explanation provided of the key recommendations and the actions now being taken. With regard to the 'financial risks in schools audits', an oral update to the report text indicated that completed action plans to address the issues from the audit had been received from four out of the five outstanding schools. The one that remained was the subject of follow up action. **Action. At the time of the report publication the letter of significant concern was being drafted to go to the school that had received no assurance. The target date was the end of January. The Chairman requested confirmation of it being sent**

M Kelly

out.

Reviews had been undertaken of the financial processes and transactions at both Cambridgeshire County Council's residential units for Looked After Children. For the Victoria Road Unit moderate assurance had been provided, while only limited assurance had been given regarding the Hawthorns Residential Unit, which had since completely closed down. In response to the findings from this audit, it had been agreed that a draft financial procedure for residential units would be created and shared with Internal Audit for comments, with a final policy to be agreed by the end of January 2017. **Action: confirmation of this action being completed to be provided to the next meeting.**

M Kelly

Table 2 set out the audit assignments which had reached draft / interim report stage. Further information on work planned and in progress was set out in the Audit Plan attached as Appendix A.

Section 2 updated details of:

- the current Human Resources caseload of work being progressed by HR primarily relating to disciplinary matters was set out in table 4. There had been a reduction in attendance management in social care teams from 143 reported to the November meeting to 89 at the beginning of January,
- Current internal audit investigations relating to fraud and corruption.

Outstanding management actions were summarised in Table 5, including a comparison with the percentage implementation reported at the previous Committee. An oral update indicated that an additional five had been closed since the publication of the report. One correction was required; the percentage shown for "actions due over 3 months ago but not implemented", should have shown a figure of 3% as opposed to 4%. A summary of the outstanding recommendations, and the progress with implementing them was provided in Appendix B of the report.

Section 5 'Other Audit Activity' provided an update on:

- The Public Sector Internal Audit Standards External Review regarding compliance by Internal Audit in December 2016. This identified no areas of non-compliance that would affect the overall scope or operation of Internal Audit activity and was an extremely positive result. Some areas of improvement had been identified, including a revision of the current terms of reference template used by Internal Audit. The draft action plan would address the areas requiring improvement before a follow up assessment was conducted in 2016-17. **Action: The Chairman requested milestone dates be provided.**

M Kelly

- The Troubled Families Grant Process Review had now been completed, with Internal Audit working closely with the service to monitor progress on the claims made against the grant. **Action: the Chairman requested progress updates be provided in future reports.**
- Changes made to the Internal Audit Plan following its re-assessment to ensure resources were prioritised to the areas of highest risk facing the Council.

M Kelly

Section 6 provided an update on the implementation of actions from the Audit on missed, short and late calls in Domiciliary Care. **Action: regarding the recommendations around changing the format of the Soft Concerns Record which had not been implemented due to the lead officer having left the authority, the Chairman requested updates on progress be provided in future reports.**

M Kelly

Having considered the contents,

It was resolved:

To note the report.

276. CAMBRIDGE LIBRARY ENTERPRISE CENTRE (CLEC) UPDATE

Under his discretionary powers the Chairman agreed to take this as a late report as it had been requested for the meeting and had been published less than five working days before the meeting.

The Committee received and noted the further progress report implementing the key recommendations / agreed actions to improvements the authority's project management processes, procedures and guidance.

The original report had been presented to the September 2015 Committee and by July 2016, 22 actions had been successfully implemented, with 11 actions outstanding. Of these, 10 were to be addressed through an update to the Council's project management policies and procedures within the remit of the Transformation Team, while the other action involved introducing a Confidentiality Agreement Policy. For the latter, a draft policy had been agreed with the Director of Law and Governance who had stated that the Policy did not require further approval by General Purposes Committee and could be implemented immediately. **Arrangements were being made to make it available on the intranet. The item could be marked as closed, once it was available on the intranet.**

**Q Baker
/ M Kelly**

The update indicated that all outstanding actions were now in a position to be closed with the details of the proposed implementation against each one provided in the body of the report and highlighted orally in the presentation including:

- the review of Project Management and the Gateway Review process - had developed a specification for a new project management system for the Council which should be available by Mid-March.
- Options appraisals - details were provided of the newly created Commercial Board with responsibility for the Council's Contracts Register, reviewing procurement opportunities and considering requests for exemptions from Contracts Procedure Rules.
- Business cases – These were now required for projects to gain approval as part of the Council's Business Planning process.
- Public Consultation - the new project management software would ensure that projects identified the key customers required to be consulted at each stage.
- In future all projects were required to identify a single accountable decision maker. The Chairman expressed surprise that this was not already the case.
- An induction programme was currently being developed for members of the Transformation Team to be followed by a general programme of project management training for the whole Council.

It was suggested that the Committee should invite the new Head of Transformation to the Committee meeting in May to provide a further progress update on the Transformation Programme and implementation of the new project management software and processes. There was some discussion regarding whether it would be fair for the first Committee of a new Council, which could have a potentially very different membership, to receive the proposed update report. However, as the following meeting would mainly be reviewing the draft accounts it was agreed to leave the proposed update for the May meeting.

having commented on the report,

It was resolved:

- a) to note the progress made against the Cambridge Library Enterprise Centre Review Action Plan;
- b) to agree to invite the Head of Transformation to the May meeting of the Audit and Accounts Committee, to provide a further update on the implementation of revised project management processes and the Council's Transformation Programme.

**M Kelly /
R
Sander-
son**

277. ELY ARCHIVES

The Chairman agreed to take this as a late report under his Chairman discretionary powers as it not been possible to finalise and sign it off at the time of the original despatch. The reason for urgency was the need to consider it in advance of the next report on the Ely Archives project

being presented to the Assets and Investment Committee on 27th January. Further to the latter Committee requesting an Internal Audit review, its Chairman Councillor Hickford was invited to attend the current meeting and contribute to the discussion on the findings of the Review.

It was explained as background that on 21st October 2016 the Assets and Investment Committee had received a report on the project to develop an archives centre on the site of the former Strikes Bowling Alley in Ely, identifying that the latest estimated cost of the project had increased by £860k. This led to the referral to this Committee with a request for a review to scrutinise officer processes and to identify whether any internal lessons could be learned.

The Internal Audit Review undertaken:

1. Documented the original scheme, brief and budget;
2. Documented the timeline including key decisions/revisions regarding scope, cost and budget;
3. Identified the causes of cost variation;
4. Evaluated the project's governance arrangements.

The conclusions were that:

- The previous Committees had not been provided with a level of detail to enable them to fully understand the risks associated with the estimated project costs. Consequently, the significant increases in the estimates during the design and procurement stage of the project were not anticipated by Members and this had placed unexpected pressure on the capital budget.
- The latest report to Committee with the cost estimate did not include sufficient narrative around the unresolved risks that could again result in a higher estimate and final cost for the project.
- Contract Procedure Rules were followed, other than with regard to the exemption regarding the appointment of the design contractor which should have been approved for a higher amount (This was expanded on in section 5.3 of the report).
- Project governance arrangements did not breach Council policy, although there were areas for improvement.

The report set out the key lessons that had been learnt with the recommendations as listed in Appendix 1 to these minutes. An action plan for implementation of the recommendations was set out at Section 7 of the report.

Having received the report the Committee raised issues / made comments including:

- Councillor Hickford highlighted that the request for a review was to focus on the need to seek measures to prevent over and

underestimating large capital projects, which in this case amounted to millions of pounds. He placed on record his thanks for the work undertaken by the Internal Audit officers for an excellent and very timely report and recommendations, especially as his Committee had stopped work on the project for two months to seek other options to ensure the Council was obtaining value for money.

- Asking what had been the cost of works undertaken so far. In response it was clarified the only current cost had been the price paid for the land.
- Page 13 - with reference to the recommendation on improving officer compliance with existing policies and procedures, questioning whether the current procedures were sufficient and sustainable and could stand up to robust examination. Internal Audit responded that they were satisfied that the Corporate Transformation Team were committed to developing project management training and that the recommendations took account of best practice from other authorities. The recommendations were seen as being a significant step forward, but even with them, the Deputy Chief Executive could not promise there would never be future errors as officers were human and made mistakes, however robust the procedures put in place.
- Some concern was expressed regarding that while the action plan was being progressed, there could be similar issues occurring with other, current projects. In response it was explained that 90% of projects were either within Education or Highways where there was considerable project management expertise due to the number of projects undertaken. This resulted in tried and tested processes being in place. The current highlighted project fell within the other 10% relating to ad-hoc projects, that by their nature were one off and were areas where there was insufficient in house expertise with regard to the non-regular issues that could arise. In these cases interim project managers had to be used. Even going to the market did not always guarantee sufficient expertise was obtained or was available. This was being addressed by using a managed services provider but would be at a higher cost. Optimising project management skills to address the current shortfall was seen as a priority. The Chairman of the Economy and Environment Committee made the point that as there was considerable project management expertise in Education / Transport areas of the Council, more use should be made of seconding their expertise for other projects.
- What was highlighted from the current review was that the project reporting lacked realistic risk assessments. In discussion there was agreement to the need for officers to highlight to Members that projects required a margin for error to be built in and Members needed to accept this. In terms of constructive officer - member relations this was seen as an important issue to be

included as part of the training induction programme for both new Member and existing Members, post the May elections.

- With reference to page 15 of the recommendations and proposed actions appendix, there was a query on why in the actions column recommendation 6 had the comment “to be confirmed”. In response it was explained that the actions document was at an early draft stage due to the very tight time constraints of finalising the report to achieve presentation to the current meeting and in some cases, such as the example given, it had not yet been agreed internally who was the best placed action owner.
- One Member suggested that some of the prices quoted seemed very soft with the original price having a 10% contingency allowance. He suggested that the whole business case appeared to be based on estimates rather than clear figures. In response it was explained that early project milestones do not provide detailed costings, and that the accuracy of the costings was refined during later milestones.
- Linked to the above was the fact that in this case, opposing priorities were given by separate committees at different times, seeking different outcomes. The Service Committee had instructed officers to find an archives site in Ely and this had led to a prestigious design being pursued. When it was later reported back to General Purposes Committee with the higher costs than the original budget allocation, officers were asked to contain it within the original lower budget provision. At this point officers should have explained that this was not realistically possible.
- In respect of whether there was an overview being taken of capital projects, this was the role of the Capital Programme Board who reported to Assets and Investment Committee and had taken over from General Purposes Committee specific responsibility for monitoring capital projects.

The Chairman in summing up the debate sought the Committee members' views on whether the recommendations / processes outlined in the current review would be sufficient to avoid some of the problems highlighted, while accepting that there was always the possibility of human error.

There was a discussion of the need for Internal Audit, possibly as part of next year's programme of works, to review other capital projects to establish whether this had been a one off case.

It was proposed that as the March Committee was the last Committee before the elections, there should be an update report on progress against the recommendations and for Internal Audit to programme some random tests from the list of other Capital projects for a later date. The Head of Internal Audit clarified that a report back at March would not be a complete picture as many of the recommendations were for implementation by April.

This was accepted and it was resolved;

To receive back to the March meeting a stepping stone progress report.

278. VALUATION OF HIGHWAYS ASSETS

In accordance with the Chartered Institute of Public Finance and Accountancy (*CIPFA*)'s Code of Practice on the Highways Network Asset (the Highways Code) the County Council is currently required to report the value of the highway assets for which it is responsible. Originally a new 'Code of Practice on Local Authority Accounting in the United Kingdom 2016/17' was to require the Council to report Depreciated Replacement Cost (DRC) figures for highway assets for its 2016/17 accounts. However, recently CIPFA announced the postponement of the implementation of the DRC requirement, with a view to implementation in 2017/18.

The current County Council reported historical value of the infrastructure asset (which includes Highways Network Assets) is just over £700 million (reported as part of the Council's 2015/16 Statement of Accounts). Under the new reporting requirements, the Depreciated Replacement Cost for Highway Network Assets will be reported which in 2015/16 had been valued at over £10.5 billion. As good advance notice had been received of these accounting changes, the Highways Asset Management Team and Finance Team had been working closely together and had developed a project plan which it was considered would enable the Council to be in a good position to comply with the Highways Code requirements.

In terms of the risks associated with the new financial reporting requirements these were highlighted as being:

- small proportional errors on the significantly higher valuation figure might result in high absolute variations in the valuation. This could then lead to potential qualification of the Council's accounts. However, the procedures being put in place, including the revised project plan, were expected to mitigate the likelihood of errors occurring, with a common methodology being used, which was also the subject of regular discussion forums with other authorities.
- For 2017/18, the date for closure of the accounts for all authorities was being brought forward to 31st May 2018 which was also the likely first implementation of the DRC reporting requirements. The new updated project plan, would reflect this new faster closedown timescale.
- CIPFA provides toolkits and documents to enable Highways officers to produce DRC figures in accordance with the Highways Code. Previously these toolkits had not always been provided in a timely manner. The production of the 2017/18 figures in

accordance with the revised deadline for the accounts would be dependent upon the timely provision of these tools.

The third risk above was the one of particular concern to Members, especially if it endangered the timely production of the Accounts, in what was already a very compressed timetable. It was explained that the requirement for timeliness had already been raised with CIPFA and Highways officers would emphasise it further via the Eastern Highways Alliance and other representative groups. In terms of officer resources, the majority of the work was undertaken within the Highways Service, for which there was currently sufficient resources to carry out the work required

It was resolved:

To note the progress of the project to ensure that auditable figures for the valuation of highways assets are provided, in accordance with CIPFA requirements.

279. REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES

This report was in response to a previous request from the Committee to receive an update on the 18 month project to electronically register all 6,000 parcels of land (total area about 1,800 hectares) purchased for highways schemes with the Land Registry. The land represented assets of considerable value as resources for future transport schemes. It was explained that they were being registered to secure the value of the assets financially and legally in terms of the rights they represent and to prevent adverse possession. A Member asked if this had occurred in the past. In reply it was indicated that some land had been previously been 'land grabbed' in the Wisbech area which had led to the current review.

In response to a question it was indicated that there was no estimate of the total value of the land, due to the large number and wide geographical spread of what were often small plots. However, as an example of the potential, it was highlighted that a small plot of urban land in Newnham, Cambridge realised a price of £40,000 in 2013. The expectation was that the total value of the land to be registered would be more than £1m.

The report explained that the project has been delayed resulting in a revised completion date of Autumn 2018, with the detailed reasons set out in the report. As a result, the £25,000 (based on the Land Registry's quotation received on 30th September 2015) operational savings funding set aside for the project, would need to be rolled forward to be spent in the financial years' 2017-18 and 2018-19.

Questions were raised as to the minimum level of land that was required for highways activity, whether the authority could shed small parcels to reduce administration costs and the potential to sell off any surplus pieces for housing / social care activity. Further to this point, it was

requested that this should be investigated and included in a stepping stone report on progress to come back to Committee in six months' time.

It was resolved:

- a) To note the revised timescale for the project and the proposal to roll forward the requisite funding into 2018-19.
- b) To receive a progress report to the July Committee meeting including details of investigations made into the potential for any land to be classed as surplus with potential sale value.

**C
Rhodes**

280. REPORT ON THE LEARNING POINTS FROM THE PRODUCTION OF THE 2015-16 STATEMENT OF ACCOUNTS

The Council's draft Statement of Accounts for 2015-16 were published on 30th June. However the final audited opinion was only able to be issued on 17th October 2016, therefore missing the statutory deadline of the end of September. Since the conclusion of the 2015-16 accounts, County Council officers had met with the External Auditors BDO to review the accounts production and audit process. As previously requested, the Committee received a report summarising the learning points from the production of the 2015-16 Statement of Accounts, outlining proposed changes to systems and processes for the preparation of the 2016-17 Statement of Accounts and also those for the 2017-18 accounts. The key would be to undertake a lot more work as part of the Interim Audit to reduce what needed to be undertaken during the summer. The main recommendations were listed under the following headings and included:

Timetable and scheduling

- a) To address the needs to meet the CCC democratic timetable, the 2016-17 Statement of Accounts aimed to be ready for sign off at the end of August 2017.
- b) BDO had agreed to produce a Gantt chart for 2016-17. This would list the tasks involved in the process, outline the level of resources required, include contingency, and would reflect the risk profile of the work. CCC would ensure that its internal closedown timetable was in line with this Gantt chart. The intention was that this would be passed over to Finance officers by the ends of the week. **Action the Chairman requested to see the Gantt chart.**
- c) Regular monthly liaison meetings have been arranged between CCC officers and BDO to monitor progress.
- d) An escalation protocol was to be agreed between CCC and BDO to ensure that should any issues arise during 2016-17, they would

I Jenkins

be raised at an appropriate level and on an appropriate timescale to allow mitigating actions to be undertaken.

Records Required Listing

The supporting documents provided to BDO by CCC for 2015-16 were sometimes not what the auditors had intended, and on several occasions further information had to be provided after the initial request.

- a) For 2016-17 BDO will add as much detail as possible to their records required list to allow the appropriate documents to be supplied at the start of the audit.
- b) A draft records required listing was supplied by BDO on 3rd January 2017 to be reviewed by CCC officers with the final version to be agreed at the February liaison meeting.
- c) BDO to also supply guidance to CCC on the types of acceptable audit evidence, to be incorporated into the records required listing.
- d) Any documents required from schools to be advised by BDO in sufficient time to enable them to be provided prior to the school holidays.

Journal listing

One of the items requested by BDO during 2015-16 was a complete listing of all transactions from the general ledger for the financial year. Due to specifications and the amount of data involved, this could not be produced directly by CCC officers. Officers have been liaising with Fujitsu to agree the parameters for this report to allow it to be produced earlier than in 2015-16.

Interim Audit

- a) For 2016-17 BDO will be onsite for 5 weeks commencing in February. The aim is that, where possible, data up to the end of period 9 will be audited; reducing the amount of testing required to be undertaken during the main audit.
- b) Other audit testing will be completed during the interim audit. Barry Pryke indicated that the BDO work programme aimed to ensure filed work was completed by the end August which would give time for follow up and ensure sign off of the accounts would be completed this year by the end of September.

Activity Log and IT Access for BDO

It has been agreed with BDO that the activity log needed to be a live

document showing the current position at any one time. As it had proven difficult to arrange remote access for BDO to the CCC network, a share-point site has been set up by BDO on their site able to be accessed by both CCC and BDO officers. In response to a question regarding whether the system would work, it was a tried and tested system.

It was resolved:

- a) To note the report.
- b) To receive a specific report at the March meeting on the implications of the changes to the statutory deadlines for the production of the 2017-18 accounts.

**I Jenkins
/ J Lee**

281. CORPORATE RISK REGISTER (CRR) UPDATE

The Committee received the latest version of the Corporate Risk Register.

Following the review of the CRR by SMT on 15th September, it was reported that SMT was confident that the CRR was a comprehensive expression of the main risks faced by the Council and that mitigation was either in place, or in the process of being developed, to ensure that each risk was appropriately managed. Appendix 1 showed the profile of Corporate Risk against the Council's risk scoring matrix.

Attention was drawn to the following two risks which had changed since the last report to the Committee:

Risk 9: Failure to Secure Funding for infrastructure

SMT considered that the residual risk score could be reduced from a red to an amber risk which ETE Directors had approved. Although the requirements for infrastructure remained very high and funding was not likely to meet all needs, officers considered that the Devolution Deal and the funding opportunities it provided, along with the Local Enterprise Partnership growth deal, combined with the mitigating actions, justified this risk change. There was discussion of this later in the debate with the Chairman of the Economy and Environment Committee highlighting the additional £170m to be provided for housing and £20m additional money to be provided year on year as part of the Devolution Deal.

Risk 22: The Cambridgeshire Future Transport programme fails to meet its objectives within the available budget

This risk has been refreshed and renamed as 'The Total Transport project fails to identify and implement affordable solutions that allow service levels to be maintained' and had been approved by ETE Directors.

Section 2.4 of the report provided a response to the general points raised from the Audit and Accounts Committee on 20th September 2016

where the Chairman had highlighted the following three issues of concern with the response set out in italics:

1. The risk that the lack of Council funds would lead to gaps in service provision and the inability to achieve the Council's aims. *Response from SMT: The Business Plan sets out the Council's aims and objectives for the next 5 year period. Risk 1b, 'failure to deliver the current Business Plan 2016-2021', contains a number of controls and actions to ensure that the risk of not achieving the Council's aims is mitigated or avoided.*
2. The risk that the failure to recruit to low paid jobs could lead to serious issues, such as a lack of supply of care providers. *Response from SMT; The Children, Families and Adults Directorate has a number of controls and actions focused on working with the care provider market to mitigate this risk, including working with the sector on recruitment, training and career development.*
3. The need to look at not only the services the Council was providing, but also identifying those services that it ought to, but was not, or was no longer able to provide. *Response from SMT: The business planning process looks at all services the Council provides, and, as noted in the controls for Risk 1a, includes full consultation with the public and the use of data, research and business intelligence to inform the planning process. All changes to services resulting from the planning process are supported by community impact assessments which are published alongside the Business Plan. The Council is now taking a transformational approach to its business planning, and in some cases is developing new services to meet need (for example the development of a district-based delivery model in children's services, or the new Adult Early Help service in adult social care). The Innovation Fund has also been launched, to help people to stay safe, independent and well in their community, through this fund local organisations can bring forward proposals to respond to local need.*

The Chairman in reply suggested that the response to point 2 above was potentially self-delusional, as with a result of BREXIT, there was going to be a large decrease in the labour supply for adult social care workers from the EU. This would require social services to attract workers from other jobs, which he did not see happening.

The Vice Chairman Councillor Topping suggested Appendix 1 should have been in colour and made reference to examples of different formats that he had obtained from other authorities that he had previously made available to Dan Thorp and made the comment that the presentation without the numbers of the risk (*which had previously been provided*) did not make it easy to understand. **Action: Tom Barden undertook to seek out the examples previously sent and discuss**

**T.
Barden**

further with the relevant officers to look at ways of improving the presentation.

The Chairman indicated that he had previously asked for feedback from the exercise carried out by officers to look at other Corporate risk registers on whether SMT considered any changes were necessary to take account of potential risk gaps. He had at a previous meeting made suggestions for further additions (e.g. *Terrorism attacks*) and had not, as yet, received a response. **Action: The Chairman still wished to receive official confirmation regarding the exercise and whether from the analysis, officers believed any additional risks should be added.**

Tom
Barden /
Sue
Norman

In further discussion on the issue of the number of Corporate Risks, there was a difference of opinion between the Chairman, who believed there should be more added, and the Vice Chairman, who indicated that most organisations in his experience only held about 10 corporate, high level risks. In his view the County Council Corporate Risk Register contained too many risks and challenged whether the level of detail was accessible to senior management and asked that his views should be passed on.

Later on during discussion the Head of Internal Audit provided details of a benchmarking exercise that they had carried out with 11 authorities which showed that Cambridgeshire, with 15 Corporate risks, was the third highest, with the mid-point tending to confirm the figure of 10 or 11. **Action: the Head of Internal Audit undertook to furnish Tom Barden with the details.**

Duncan
Wilkin-
son

Other issues raised on the Corporate Risk Register itself included:

- 1) Risk 1b Failure to deliver the current 5 year Business Plan 2016-2021 - Trigger 3 reading 'Organisations not sufficiently aligned to face challenges' – the Chairman asked whether those in the Council were. In response it was indicated that this was being reviewed. The Chairman expressed concern that for such an important risk there seemed to be few actions and requested that this be looked at further. Councillor Chapman suggested there should be some reference to the right skills / resources being available.
- 2) Risk 3 'The Council does not have appropriate staff with the right skills and experience to deliver the Council's priorities at a time of significant demand pressures' The Chairman linked this to the earlier point regarding what the position would be when the UK left the European Union where he had seen figures saying there would be a loss of 2.4 million migrant workers and a gain 1.2 million older people with huge potential implications for adult social care, which he considered was a real and significant risk.
- 3) Risk 4 'The Council does not achieve best value from its procurement and contracts' - This linked to the item earlier on 'Ely Archives' and might require updating to take account of the

recommendations made by Internal Audit. Action: The Chairman suggested that there was a dearth of actions in respect of trigger 5 that should be looked at further.	<hr/> T Barden
4) Risk 9 'Failure to secure sufficient funding for infrastructure' – a) The Chairman asked that he be provided with a definition of what was considered to be "sufficient funding" b) Councillor Chapman commented that there was no reference to actions for addressing areas of the County with the highest level of growth and expressed concerns regarding CIL funding needed for County Council projects being reflected. The Chairman made reference to silo mentalities and the use of inter- authority assets and assets which had been decommissioned e.g. Hawthorns Home closure - being used for other purposes and being a potential control / mitigation.	T Barden / T Oviatt- Ham
5) Risk 15 'Failure of the Council's arrangements for safeguarding vulnerable children and adults'	
a) The Chairman made reference to his concerns that DBS checks on taxi drivers being used by Councils was still not robust enough especially when a replacement driver was provided at short notice.	
b) Councillor Crawford suggested that the probability score should be higher to reflect the current issues regarding delayed transfers of care from hospital, not enough care home places were available and that the delays in assessments were adding to the problem. Action: Officers to revisit the scoring to see if a change was required and circulate to the whole Committee.	T Barden
6) Risk 20 'Non Compliance with legislative and regulatory requirements' – The Chairman suggested that loss of staff and the use of agency staff should be a consideration. With respect to the key controls section and the Anti-Fraud and Corruption Strategy, Internal Audit had informed him that a timetable to implement recommendations of an Anti-Bribery Policy by March 2016 had not been implemented. He also highlighted that there were no actions against this risk.	T Barden / M Kelly
7) Risk 22 The Total Transport project fails to identify and implement affordable solutions that allow service levels to be maintained – The Chairman in noting that three actions had been completed required a progress update regarding the fourth action with reference to a new flexible minibus service being scheduled to introduced in January 2017. There was a suggestion from the Chairman that the probability rating of 2 should be increased to 5. In response the Chairman of the Economy and Environment Committee Councillor Bates stated that this might apply to some parts of the County but not all, highlighting that Cambridge and market towns had better transport provision than rural areas, suggesting that the score might possibly require to be more than 2 but not as much as five. The officer was asked to look at the probability rating again.	T Barden / T Oviatt- Ham

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| 8) CR26 'Increasing manifestation of Busway Defects' in respect of the independent experts report which had been presented to General Purposes Committee the Chairman suggested that they needed to be updated on what was actually happening not just the production of a report. | |
| 9) Risk 27 'The Pension Fund has the potential to be materially underfunded' – Reference should be made to the triennial review which the Chairman suggested had resulted in the probability risk reducing from 3 to 2. Action 1 had a target date of December 2016 and needed updating. | T Barden |
| 10) Risk 29 'Failure to address inequalities in the County Continues' – the action regarding the implementation of health inequalities aspects of Joint Health and Wellbeing Strategy had a target date of December 2016 and needed updating. | T Barden |
| 11) Corporate Risk 30 – 'Failure to deliver Waste savings / opportunities and achieve a balanced budget' action 6 had a target date of January 20`117 while actions 7 and 8 still had revised target dates of December 2016 and therefore the latter two at least required updating. | T Barden
/ T
Oviatt-
Ham |
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It was resolved:

To note the latest Risk Management Report and to receive updates on those issues raised.

282. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF NOVEMBER 2016

This report which had been agreed by General Purposes (GPC) Committee on 10th January was presented so the Committee could assess progress in delivering the Council's Business Plan.

Comments / issues raised by Members included:

- With reference to para 3.2.2 Learning Disability Services - the Chairman highlighted that since the last report to the Committee in November, the forecast overspend had increased from £1.31m to £1.4m.
- The Chairman expressed his concern regarding the forecast overspend for Looked after Children (LAC) , now forecast to be £3.5m, which was an increase of £0.5m on the previous month. Sarah Heywood indicated that she had sent the Chairman the latest LAC update document and would be happy to circulate it wider. As this budget had, for many years a history of overspending, rather than being provided with the details of the care for the children, what the Chairman wished to know was what measures were being taken to improve future forecasting. **Action: The Interim Director to be asked to provide an**

S
Heywood
to take
up with

explanation of the reasons for the overoptimistic forecasts for the LAC numbers and what measures were being looked at to set a more realistic budget at the beginning of the new financial year.

**Wendi
Ogle-
Wel-
bourn**

Page 7 (101 of the sequential agenda) Performance Targets

- Performance Indicator: **‘Additional Jobs created’ the target appeared to have been surpassed and yet the direction of travel was down. This required explanation.**

**S Hey-
wood**

Page 8 (102) Performance Targets – Performance Indicator ‘Reduced proportion of Delayed Transfers of care from hospital per 100.000 population’ – it was highlighted that this had a monthly total of 577 considerably more than the target of 429 per month.

Page 9 (103) Performance Indicator - The number of LAC per 10,000 children – as referred to earlier, this was showing an increase over target with the figure being 47 against a target of 40.

Page 9 Performance Indicator – ‘the percentage of all transformed action types to be completed on-line’. **There was a request for an explanation of why the actual percentage of 55.83% was so much lower than the 75% target and whether it was affected by bus pass take up.**

**S Hey-
wood /
S Grace**

Page 16 (110) Level of debt outstanding table - for both categories 4-6 months and over 6 months, the current actual figure was considerably above the year-end target. **The Chairman asked for more detail on whether the expectation was that the target would be achieved at year end.**

**S Hey-
wood**

It was resolved:

To note the report and the recommendation agreed at the General Purposes Committee on 10th January.

283. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN

Noted with the following additions agreed at the meeting:

- To receive a specific report at the March meeting on the implications of the changes to the statutory deadlines for the production of the 2017-18 accounts.
- Report back to March meeting on progress against the Ely Archives recommendations
- Head of Transformation to provide a further update on the implementation of revised project management processes and the Council’s ‘Transformation Programme’ to the May meeting Committee.

284. DATE OF NEXT MEETING – 21st MARCH 2017

Chairman
21ST March 2017

RECOMMENDATIONS FROM INTERNAL AUDIT FOLLOWING REVIEW OF ELY ARCHIVES PROJECT

PROCUREMENT OF THE STRIKES BOWLING ALLEY:

Control environment:

- Before the Council embarks on an options appraisal for a project to acquire property, Spokes should be consulted on the brief.
- For projects which constitute a Key Decision under the Council's Constitution, a Business Case should be completed and approved by management, which should then be provided to Members in full at the point when the budget or purchase is approved. If, due to time constraints, sufficient detail is not available for this to be completed in full at the point of budget/purchase approval, detailed information regarding the risks of the purchase should be provided, and the completed Business Case should be brought back to Members at a later date to approve the scope.
- A clear change control process for changes in project scope should be in place for all major projects, including Member approval. Approval of a purchase (or subsequent Business Case) by Members should represent a design and cost freeze on the project.

Compliance:

Officers have a duty to provide sufficient, accurate information to Members to enable informed and effective decision-making:

- When figures from a significant project are reported to Members to inform their decision-making process, the level of risk around the figures should be clearly communicated, and in some circumstances it may be more appropriate to give an estimated cost range rather than a specific amount.
- Officers need to be candid about the level of assurance they can provide over figures and the reason(s) for any caveat to projected costs. Definite assurances over final project costs cannot be provided at Milestone One phase.

PROCUREMENT OF DESIGN CONTRACTOR:

Control Environment:

- A report should be taken to the project's single decision maker to sign off decisions over the proposed procurement approach to be taken by major Council projects.

- Contract Procedure Rules should be updated to specifically state that as part of the exemption request process, where competition exists, price comparison exercises should be undertaken against prices from suppliers other than the supplier who has proposed the price under review. In addition, although clearly implied, consideration should be given to specifically stating that prospective contractors should not be involved in writing applications for exemptions from Contract Procedure Rules.

Compliance:

- Procurement exemptions should be requested for the full value of the work to be awarded to the supplier if the exemption is granted, even if part of this is paid indirectly by the Council.

PROCUREMENT OF BUILDING CONTRACTOR:

Control Environment:

A report should be taken to the project's single decision maker to sign off decisions over the proposed procurement approach to be taken by major Council projects.

Compliance:

Projects of this size should be subjected to as much genuine competition as possible, to increase the likelihood of the best price being tendered.

COMMITTEE REPORTING AND COST

Control environment:

- Risk allowances (a contingency) for construction projects should accurately reflect the known risks and exclusions at the time, including where possible a costed risk register, and should be clearly communicated to Members. The contingency balance should be routinely updated and challenged throughout the development phases of the project.
- Figures for construction projects should include allowances for tender price inflation, or Members should be specifically made aware of the fact that this has been excluded from reported figures.

PROJECT MANAGEMENT

Control environment:

- Roles and responsibilities of officers and teams involved in major projects should be clearly defined, to a level of detail beyond the allocation of titles such as Project Manager. A template set of standard project roles and responsibilities should be produced and made available to officers on the Council's intranet, and project management guidance should be updated to reflect the importance of clearly allocated roles.
- Projects should have a detailed Project Plan in place which sets out the actions, timescales and action owners for internal activities.

- When actions are identified to mitigate risks in a project risk register, these actions should have clearly defined due dates and action owners, and should feed in to the Project Plan. The Council's Risks and Issues Register template should be amended to include a separate column to specify the timescale for actions. The Council's Guide to Approving and Managing Projects should be updated to include a reminder to incorporate monitoring as part of the Project Plan.

Compliance:

- Recommendations identified as a result of a 'lessons learned' exercise, should be included within an action plan which is implemented and monitored by the service.

CURRENT POSITION

Officers should identify a revised estimated total cost which takes account of the exclusions identified above and whether any of these are planned to be met from revenue budgets. This revised estimate should be presented to the Assets and Investment Committee along with details of the current risk provision and the remaining areas of uncertainty over the cost of the current proposals.

FINALISED ASSIGNMENTS

Since the previous Progress Report to Audit & Accounts Committee in November 2016, the following audit assignments have reached completion as set out below:

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Cross-cutting (CCC-wide)	Financial Regulations	N/A	Good	Minor
2.	Cross-cutting (CCC-wide)	Code of Conduct and Behaviour Policies	N/A	Good	Minor
3.	Children, Families & Adults	Victoria Road Residential Unit	Moderate	Moderate	Minor
4.	Children, Families & Adults	Hawthorns Residential Unit	Limited	Limited	Minor
5.	Cross-cutting (CCC-wide)	Enforcement Policy	N/A	Good	Minor
6.	Children, Families & Adults	Troubled Families Grant Process Review	Consultancy review completed and actions agreed with management.		
7.	Economy, Transport & Environment	Ely Archives Project Review	Review completed for Audit and Accounts Committee.		
8.	Economy, Transport & Environment	Cycle City Grant	Grant certification provided.		
9.	Cross-Cutting	Procurement, Contracts and Purchasing	Embedded work to support the review of procurement, contracts and purchasing.		
10.	Cross-Cutting	Partnerships Framework	Advice and support to the development of a new Partnerships Framework.		
11.	Somersham School	Schools Financial Risks	Moderate assurance (up from Limited assurance at the previous review)		
12.	St Helen's School	Schools Financial Risks	Good assurance		
13.	Stukeley Meadows School	Schools Financial Risks	Limited assurance (no change from the previous review)		
14.	St Johns School	Schools Financial Risks	No assurance		
15.	St Phillips School	Schools Financial Risks	Limited assurance		

16.	Haslingfield School	Schools Financial Risks	Limited assurance
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