







Findings and Management Responses


Area Risk Level	Key findings	Management Agreed actions	Timescale / Owner
<p>1.</p> 	<p>Mayrise Database – Accruals Inventory Checks:</p> <p>The Mayrise database contains an inventory of all Cambridgeshire County Council street lighting furniture, and is maintained by Balfour Beatty as per the PFI contract. Errors within the inventory which was initially passed to Balfour Beatty at the start of the contract came to light once the PFI was in operation, and the database has subsequently been significantly revised. This process resulted in a backlog of accruals, some of which still have yet to be added to the database.</p> <p>As street lighting is an unmetered supply of electricity, the monthly charges made to the Council by Southern Electric are calculated according to the estimated usage based on the current inventory. Consequently, inaccuracies in the database will lead to inaccurate charges by Southern Electric.</p> <p>Given the large number of street lights held by the Council, it is not possible to conduct regular checks on the accuracy of the entire database. Some checks are undertaken on a six-monthly basis by the Council's Independent Certifiers, and the Commission Monitoring Manager also undertakes some checking on an ad-hoc basis when visiting sites. However, at present no testing takes place which specifically looks at the process of accruals, where lights are identified by the Council to be added to the database outside of the scope of the replacement programme, for instance if they were missed out of the original inventory. This process may be seen to be more 'high-risk' in terms of maintaining an accurate inventory, as a large backlog of accruals has previously built up, and the accruals process itself involves contact between a number of different services.</p>	<p>The backlog of accruals is now cleared; all outstanding accruals have been processed and entered onto the Mayrise system. Closed. An additional 1,115 units have been identified for accrual into the contract since 1st April. Balfour Beatty are currently inputting these units into the Asset system in accordance with the Contract.</p> <p>A new process has been introduced, to ensure that all accruals are physically tested within 10 working days so that Cambridgeshire County Council are able to recharge these costs to the Development Team. Closed. This system is in place and is being adhered to with improved co-ordination and monitoring.</p> <p>The asset details are passed to Balfour Beatty to enter onto the Mayrise system. A time-frame is specified for the details to be entered onto Mayrise; the length of time allowed will vary dependent on the quantity within the batch. Closed. County Council officers are monitoring Balfour Beatty to ensure this is happening in accordance with the Contract. Financial deductions are applied when the required performance targets are not met.</p>	<p>Sally Savage 1st April 2014</p>



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	<p>The service has stated that it intends to implement a system of random sample testing to be conducted on this process as soon as the current backlog is cleared, but it is not clear what the scale of these checks will be, who will conduct them, or when this testing will be implemented. Equally implementing this testing while the backlog of accruals is still being cleared might provide impetus for the contractor to ensure that this is done as quickly as possible.</p>	<p>A random inventory check will be carried out on a quarterly basis to ensure that the accruals information has been entered correctly onto the Mayrise database. To enable these checks to take place, each batch of accruals passed to Balfour Beatty is listed and the information is kept on our (CCC) system.</p> <p><i>Closed. County Council officers have recently carried out a check to see if previous accruals were input correctly in accordance with the Contract and provided evidence to the Audit team.</i></p>	<p>Ben Jakes 31st July 2014</p>
<p>2.</p> 	<p>Inventory Submission to UK Power Networks:</p> <p>On a monthly basis, Balfour Beatty supply UK Power Networks (the Unmetered Supplies Operator) with a copy of the complete Mayrise inventory. UKPN then reformat this into a summary inventory, which they then forward to Power Data Associates (the meter administrators), who convert the inventory into estimated energy usage for the month and forward this on to Southern Electric.</p> <p>Because this 'snapshot' of the inventory forms the basis of the month's billing from Southern Electric, it is important that the snapshot is taken at the correct time of the month, after monthly monitoring reports are completed, and that this is sent to UKPN in a timely manner. At present, the Council is not copied in to the email from Balfour Beatty to UKPN and thus there is no oversight of this process by Cambridgeshire, either with regards to the timing of the submission or the accuracy of the inventory which is sent.</p> <p>Limited testing of this process for December 2013 and January 2014 was conducted as part of this audit, and this identified that in January, a file with the wrong name was submitted by Balfour Beatty, and consequently Power Data Associates had no record of any January submission but stated that they had used the previous month's submission as the basis for January's power usage estimate. It therefore appears that should any problems arise with this process, the Council would not be notified and, as they are not copied in to the inventory submission email to UKPN, would remain completely unaware of any issues.</p>	<p>A member of Council staff has now been trained in submitting the monthly inventory submission to UKPower Networks so that there is a member of staff at Cambridgeshire who understands this process. The service will henceforth be copied into every submission made by Balfour Beatty, and a copy of each submission will be saved in an electronic folder which is accessible to the whole team.</p> <p><i>Closed. The above process has been completed. A county council officer has been shown how to submit this report together with an additional member of BB if the usual member of staff is absent which BB are implementing. A copy of the submission is saved in a folder on the CCC network as evidence of this.</i></p>	<p>Ben Jakes 15th June 2014</p>

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<p>3.</p> 	<p>Reconciliation of Southern Electric billing to Power Data Associates Reports:</p> <p>Given the complexity of the process by which electricity usage is estimated for the Council's unmetered street lighting furniture, it is not possible for the service to conduct a complete 'sense check' that the amount of electricity we are billed for each month does indeed trace back to the initial inventory sent to UKPN.</p> <p>The service does not currently conduct any reconciliation between the monthly usage summary report sent to CCC by Power Data Associates, and the billing from Southern Electric, to verify that the number of units of energy which PDA calculates that the Council has used per Meter Point Administration Number (MPAN) matches the number of units for which Southern Electric bills the Council each month for that MPAN.</p> <p>This reconciliation was conducted as part of the audit process, for the months of November and December 2013, and two small disparities were discovered between the billing for the CMS MPAN and the PDA report. Although these differences, of a couple of kWh each, were too small to be material, larger disparities or disparities which are repeated over time could create additional costs to the Council, and it appears that these would not be identified by the service.</p>	<p>Power Data Associates have been contacted and will henceforth be copying a member of CCC Business Support into their monthly summary reports. These reports will be saved electronically in a file which is accessible to other members of the team.</p> <p>Closed. A copy is saved into the energy folder each month and then a copy is sent to the CCC Business and Performance team.</p> <p>On a monthly basis, the PDA summary will be compared with the energy invoices received, to verify that the number of units that PDA calculates the Council has used per Meter Point Administration Number (MPAN) matches the number of units for which Southern Electric has billed the Council for each MPAN. Any discrepancies identified will be addressed with Southern Electric and/or PDA, as appropriate.</p> <p>Closed. A County Council officer is carrying out this task each month and identifies any anomalies with SSE. A graph is being produced showing the savings identified through this process.</p> <p>A formal, written process detailing this procedure, where reports will be filed, and the checks that need to take place will also be developed, to ensure a consistent process and so that any member of staff should be able to undertake these checks by referring to the procedure document.</p> <p>Closed. A full procedure has been implemented to ensure that all invoices received from Southern Electric are checked against the original energy submission and that new energy rates are confirmed every year when the October invoice is submitted.</p>	<p>Pamela Bailey 31st July 2014</p> <p>Michael Richards 31st August</p>
<p>4.</p> 	<p>Billing Parish Councils – Calculation of Billing:</p> <p>When billing for the period April – September was issued to Parish Councils in March 2014, the amounts owed by each Council were calculated in-house using a copy of the current inventory of Parish</p>	<p>Power Data Associates have been contacted and have agreed to provide an inventory showing the annual energy usage including a breakdown of the costs by individual Parish and District Councils. This will be used as the basis of the annual billing to Parish and District Councils, to ensure that Cambridgeshire are not over- or under-charging these councils.</p>	<p>Ben Jakes 31st October 2014</p>


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	<p>lighting, taken from the Mayrise database, and estimated annual usage for each light, which was then divided in half to estimate a figure for six month's worth of billing.</p> <p>When billing for the same period was originally issued by Southern Electric to Cambridgeshire County Council for the Parishes, the electricity usage was calculated on the basis of a series of complex calculations conducted by Power Data Associates, the Council's meter administrator, which accurately estimates energy usage for each class of lighting on a monthly basis. Consequently, bills from Cambridgeshire County Council to Parish Councils were calculated on a different basis to that which Southern Electric used for the original billing. No checks were performed to ascertain whether the amount that CCC had calculated as due from the Parish Councils was the same as the amount which CCC had paid for Parish lighting in that period, and audit testing indicated that there was a significant disparity between the estimated annual usage figures calculated by CCC and the actual amount charged for the same period by Southern Electric. With the 5% administration fee excluded, a disparity of £7,664 (or 6% of the actual billing from Southern Electric) was identified when the annual charge estimated by officers was compared to the actual charges for 2013/14. Split between the 159 Parish Councils which were due to be charged, this equated to a £48 overcharge for the year to each Council, which is significant when many Parishes incur annual charges of less than £100 for their street lighting.</p> <p>It is important that both the County Council and the Parish Councils have assurance that the amount recharged to Parishes is the same as the amount that CCC has paid in advance for their electricity, to ensure that Parishes are not being over- or under-charged.. Contact with Power Data Associates indicates that it would be possible for them to provide CCC with a usage report, itemised by Parish Council, which could be used as a basis for this billing in future.</p>	<p>Closed. The information has been provided enabling the actual energy costs for each lantern in every parish to be determined and the costs recovered rather than the previous average assumed costs.</p> <p>The process will work as follows: on the 30th September, Balfour Beatty will prepare an inventory report and send it to Power Data Associates for summarising. This will then be sent on to Cambridgeshire in mid October, to give the detail of the actual cost per council. This report will reflect the inventory changes over the previous months, to ensure that bills from the Council are calculate on the same basis as bills from Southern Electric. This report will be used as the basis of the billing calculated by Cambridgeshire, and a process of reconciliation will also take place, as per the agreed management action against Finding 4.</p> <p>Closed. A full procedure covering agreement, billing and reconciliation with the parishes has been written up and implemented.</p>	
5.	Billing Parish Councils – Timings and Inventory:	Before billing is issued each to Parishes and Districts each year, a process of reconciliation will be undertaken by the service. This will confirm that the	Michael Richards

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	<p>The Council pays in advance the costs of electricity for some Parish Councils. These costs are then recharged to the Parishes in question on a six-monthly (shortly to become annual) basis. The most recent round of billing to Parishes took place in March 2014, with Parishes being billed for the period spanning April – September 2013. This is a significant delay between the Council incurring the cost and recouping the cost.</p> <p>It also appears that the most recent round of billing to Parishes was calculated by the service based on the inventory as it stood at March 2014, despite the fact that billing to the Council by Southern Electric was based on the inventory between April – September 2013. This has resulted in disparities between the actual amount billed to CCC by Southern Electric for Parish Councils electricity, and the amount recharged by CCC to the Councils in question. Additionally it seems that no attempt was made to track any changes to the Parish Council's inventory which occurred throughout the period.</p> <p>It is important that both the County Council and the Parish Councils have assurance that the amount recharged to Parishes is the same as the amount that CCC has paid in advance for their electricity, to ensure that Parishes are not being over or under charged.</p>	<p>total amounts that the Council has identified that it will be charging to Parishes and Districts, on the basis of information from Power Data Associates, are the same as the amounts that the Council has paid up-front for Parish and District electricity over the year. Any discrepancies will be addressed with Power Data Associates to try to identify the cause and ensure that Parishes and Districts are only being charged the amount that the Council has paid for their electricity.</p> <p>Closed. Parishes are being invoiced actual energy costs appropriate to their actual number of streetlights with energy costs determined from their actual lantern types that are charged to the County Council. This has resulted in some Parishes experiencing reduced costs and some Parishes experiencing increased costs. Whilst this has caused some concerns with Parishes experiencing increased costs, County Council officers are able to resolve these with the parishes themselves directly to ensure that each Parish is only charged their actual costs rather than an average.</p>	<p>31st October</p>
<p>6.</p> 	<p>Billing Parish Councils –Councils Billed in Error:</p> <p>When the most recent round of billing to parish councils was issued in March 2014, it transpired that a large number of Parish Councils which Cambridgeshire expected to bill, having already paid for their electricity in advance, were already paying for their street lighting electricity directly, or via Fenland District Council. This means that 32% of the calculated income (over £22,000) due from Parish Councils for the period April – September 2013, will not be received. The Council has also paid up-front costs for these Parishes from October 2013 onwards, and these costs will likewise not be recouped.</p> <p>This problem appears to have arisen due to errors in the street lighting database. The arrangement by which Cambridgeshire pays in advance</p>	<p>Correspondence has been sent to District and Parish Councils requesting confirmation of whether they pay for their street lighting energy via Cambridgeshire County Council or Southern Electric. The information is slow to materialise; however, when confirmation is received the Mayrise system is updated immediately. If Councils are paying directly, this is noted on the system and when the monthly UKPN submission is made these are automatically excluded from the submission.</p> <p>Closed. A substantial amount of work has been done to rectify the anomalies between the County Council's, Parishes and SSE's records. If any future anomalies arise between any of the parties, BB will undertake a site visit and update the asset register accordingly.</p> <p>Balfour Beatty are in the process of ensuring that Ben Jakes has a Mayrise login key, to enable him to access the database.</p>	<p>Ben Jakes 31st August 2014</p> <p>Ben Jakes 31st August</p>

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	<p>for Parish Council lighting is historical, and there appear to be no written agreements with Parishes which formalise this arrangement. Additionally, although Cambridgeshire has paid for electricity for which Councils were already paying directly, the Council is unlikely to be able to recoup this money, as the costs charged by Southern Electric were based upon the erroneous inventory which CCC supplied.</p> <p>Work is taking place within the service to ascertain the correct inventory of street lights for all the Parishes, however the service has stated that the database will not be updated until the inventories for all Parishes are finalised. There is no clear process in place for completing this work, and the service could not provide a timescale for when the Parishes inventory should be finalised and updated. It is not clear why the inventory could not be updated on a more regular basis as soon as the inventory for each individual Parish is finalised.</p> <p>Without any agreements in place with Parishes, there is additionally a risk that in future other Parishes will decide to pay for their energy directly or via a District Council, without informing Cambridgeshire of this decision, and again the Council will find itself in the position of having paid up-front electricity costs for which it will not be reimbursed.</p>	<p>Closed. This has been completed. In addition a further number of County Council officers have also been provided with access and training ensuring that access continuity is provided.</p> <p>When Ben has access, he will begin a process of carrying out regular random inventory checks to ensure that the database is being updated on a regular basis and that the information input is correct with that on site. When conducting these checks, Ben will include changes to the Parish street lighting database in his samples, so that it can be verified that where Councils are identified as paying for their energy directly, the database is updated as soon as possible. Closed, as stated above.</p> <p>It was agreed during a management meeting that took place on Monday 9th June that when the annual invoices are sent out to Parish and District Councils in October, an agreement letter will be included along with the billing, with the request that each Council who pays for their electricity via Cambridgeshire should sign and return this letter, to formalise the agreement between these Councils and Cambridgeshire. Closed. An additional agreement letter was sent to all parishes in October 2014, asking them to confirm that they are happy with the current arrangement (including administration fee) of procuring energy via the County Council, to confirm the number of lights in their parish and confirm that they are the correct point of contact.</p>	<p>2014</p> <p>Sally Savage 30th November 2014</p>
<p>7.</p> 	<p>Electricity Rates:</p> <p>The service has confirmed that when electricity bills for street lighting are received, the rates charged are not checked to the agreed annual rate from Southern Electric to confirm that the correct rate is being applied. This runs the risk that, should the Council be charged the wrong rate in error, this would not be identified and the Council would pay for its energy costs at the wrong rate.</p> <p>The most recent round of billing to Parish Councils, for the period April – September 2013, was issued using the incorrect rate of electricity. The</p>	<p>The service have agreed to put together a written procedure to confirm that a regular process of checks that will be undertaken on a monthly and annual basis, to confirm that the electricity rates which the Council is charged on bills are correct and the rates that the Council charges out to Parishes and Districts are also correct. Closed. As part of the Southern Electric procedure above, all rates are checked to confirm they are correct, along with any annual cost increases from Southern Electric in October of each year when the rates change.</p>	<p>Michael Richards 15th November 2013</p>

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	<p>rate used was £0.09827 per kWh, i.e. the electricity rate charged at the time by Southern Electric for County Roads and Fenland District Council. Electricity for Parish Councils was charged by Southern Electric at a rate of £0.09838. Although the difference is small, given the very high number of units involved, this difference will still have an impact.</p>		
<p>8.</p> 	<p>Billing Parish Councils – VAT:</p> <p>The question of whether or not VAT should be charged out to Parish Councils on their billing from CCC for street lighting electricity has been in dispute over much of the past year. At one point, HMRC ruled that VAT should be charged to Parishes, but this decision was then reversed in March. The feedback from the LGSS VAT Adviser is that this is potentially still a fluid situation, and the service need to be aware of this going forward to ensure that VAT is treated correctly.</p> <p>This has created a potentially sensitive situation, as around half of the billing to Parishes for April – September 2013 was issued in March, before the new ruling was known, and consequently VAT was charged on the invoices. When the remainder of the invoices go out to the other Parishes for the same period, a decision will have to be taken as to whether VAT should be charged on these, and a situation could result whereby half of the Parishes have been charged VAT but the other half have not; there is a risk that this could create bad feeling as these small organisations are unlikely to be VAT registered. It is suggested that the service liaise with the LGSS VAT Adviser with regards to this issue.</p>	<p>After consultation with the Council's VAT adviser, the decision has now been taken to treat all Parishes the same and so the remaining bills to Parishes for the period April – September 2013 will be issued with VAT charged. However, when the next round of billing is issued in October 2014, no VAT will be charged and it was agreed to send a cover letter to Parishes and Districts along with their bills, to explain the VAT situation and why the VAT was formerly charged but now will not be.</p> <p>Closed. All invoices from 1st October 2013 – 30th September 2014 have been raised with no VAT added.</p>	<p>Michael Richards 30th November 2014</p>
<p>9.</p> 	<p>Access to Information:</p> <p>Throughout the audit process, it became clear that the Street Lighting staff are heavily reliant on partner organisations to access information which ideally should be accessible in-house. It is recognised that this may in part be due to the fact that a significant proportion of staff in the Street Lighting service are new in post and consequently may not always be aware of where historic information is saved in the Council's filing</p>	<p>A new contract has just been awarded to PDA for three years, commencing on 1st June 2014. A copy of the procurement and contract documents have been saved in the electronic file marked Meter Administrator, where they should be accessible to staff in the service in future.</p> <p>Closed. An electronic copy of contract has been saved in a folder on the system a hard copy is has been stored in the filing cabinet at the Swavesey office.</p>	<p>Sally Savage 30th June 2014</p>

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	<p>system.</p> <p>The Council should have accessible copies of its contracts and agreements with organisations such as Power Data Associates, but when a copy of the PDA contract was sought, the service had to obtain this from PDA themselves. Similarly, when copies of the monthly reports from PDA were sought, it transpired that the service only had copies of these reports from January onwards, as prior to this the reports were sent to a member of staff who had since left the Council, and seemingly had not been saved in a shared IT area. Again, PDA had to be contacted to provide these reports. Additionally, members of staff in the service only have read-only access to the Mayrise database. It is therefore not possible for them to download the information into a spreadsheet and thus are dependent on Balfour Beatty to provide any downloads required, which the service state has caused delays in the past. As part of the Audit, the service requested some information on inventory changes from Balfour Beatty, who did not respond within the 10-day time limit required by the PFI.</p> <p>A lack of information stored in-house not only creates the risk of inefficiency if officers have to seek this information from other organisations, but could also create significant problems if, for example, there were disputes over the terms of contracts or agreements with external organisations. Information should be accessible centrally and remain accessible if staff move on from the Council or require a leave of absence at short notice. Where information is not provided by partner organisations under the terms of their contract with the Council, this should be monitored with sanctions applied appropriately if necessary.</p>	<p>The procedure for electronic filing for Power Data Associates reports (see agreed action against finding 2) will ensure that the service has more key information available.</p> <p>Closed. Monthly reports are saved electronically</p> <p>Aleks Mecan, the Contracts Monitoring Manager, has set up a log in which she is recording any delays in communications requested from Balfour Beatty, in order to apply the related penalties under the PFI contract. The team will be informed of the need to report any delays in response times from Balfour Beatty to Aleks so that they can be recorded and the proper penalties applied.</p> <p>Closed. The log is maintained on an ongoing basis and financial deductions are applied where information has not been provided in accordance with the performance requirements of the contract.</p>	<p>Aleksandra Mecan 31st August 2014</p>

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<p>10.</p> 	<p>Fenland District Council billing:</p> <p>When the most recent round of billing to Parishes was issued in March 2014, it was discovered that a number of Parishes that the Council was expecting to charge individually for their street lighting electricity, actually have an agreement with Fenland District Council that it will pay for their street lighting costs. This has created some confusion, as Fenland District Council lighting is initially paid in advance by Cambridgeshire and is then recharged to the District.</p> <p>It seems possible that the costs of these lights have simply been mislabelled on the inventory as belonging to Parishes rather than the District Council and consequently they would have been missed off the monthly charges to Fenland District Council and will need to be recharged; equally, they may have been double-counted, in which case the Council would have been charged twice for the electricity. However, although the service has stated that they do not believe that these lights are being double-counted by Cambridgeshire, they have not been able to clarify the situation or identify what plans are in place to investigate and resolve the issue.</p>	<p>It has now been clarified that in fact the lights in question had been double-counted, as they were charged to the Fenland District MPAN and then double-counted in the billing to Parishes, but were not actually charged to the Parishes MPAN by Southern Electric. Consequently no recharge to Fenland District Council is required.</p> <p>A representative from Balfour Beatty has now visited Fenland District Council to go over the inventory with them and ensure that the street lighting furniture assigned to Fenland on the inventory is correct and agreed with the Council. The inventory has now been agreed with Fenland following this process, and future bills to Fenland will be made on this basis.</p> <p>Closed. BB have been working with FDC to resolve any inventory issues on their asset register.</p>	<p>Ben Jakes 30th June 2014</p>

