

# AUDIT AND ACCOUNTS COMMITTEE



**Wednesday, 04 June 2025**

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

**14:00**

New Shire Hall  
Alconbury Weald  
Huntingdon  
PE28 4YE

**Red Kite Room**

**New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE**

## AGENDA

Open to Public and Press

1. **Notification of the Chair and Vice Chair 2025/26**  
*The Annual Meeting of Council on 20 May 2025 appointed Councillor Chris Boden as the Chair of the Audit and Accounts Committee for 2025/26, and Councillor Peter Fane as the Vice Chair for 2025/26.*
2. **Apologies for Absence and Declarations of Interest**  
*Guidance on declaring interests is available in [Chapter 6 of the Council's Constitution \(Members' Code of Conduct\)](#)*
3. **Minutes of the Meeting on 27 March 2025** **5 - 16**
4. **Public Questions and Petitions**
5. **Financial Reporting and Related Matters** **17 - 22**
6. **Draft External Audit Plan 2024-25** **23 - 60**

<b>7.</b>	<b>Executive Director's Assurance Report - Children, Education and Families</b>	<b>61 - 100</b>
<b>8.</b>	<b>Internal Audit Annual Report 2024-25</b>	<b>101 - 188</b>
<b>9.</b>	<b>Global Internal Audit Standards</b>	<b>189 - 242</b>
<b>10.</b>	<b>Debt Management Update</b>	<b>243 - 256</b>
<b>11.</b>	<b>Audit and Accounts Committee Agenda Plan</b>	<b>257 - 260</b>
<b>12.</b>	<b>Audit and Accounts Committee Training Plan 2025-26</b>	<b>261 - 264</b>

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The Audit and Accounts Committee comprises the following members:

Councillor Chris Boden (Chair) Councillor Peter Fane (Vice-Chair) Councillor Mike Black  
Mr Mohammed Hussain Councillor Ricky Ioannides Councillor Luis Navarro Councillor  
Chris Poulton and Councillor Graham Wilson

Clerk Name:	Richenda Greenhill
Clerk Telephone:	01223 699171
Clerk Email:	richenda.greenhill@cambridgeshire.gov.uk



## Audit and Accounts Committee: Minutes

Date: 27 March 2025

Time: 2.00pm – 3.40pm

Place: New Shire Hall, Alconbury Weald

Present: Councillors C Boden, N Gay (Vice-Chair), G Seeff, A Sharp (to 3.15pm),  
A Whelan and G Wilson (Chair)

Non-voting co-opted member:  
M Hussain (via Zoom)

E Larcombe, KPMG                      External Auditor

### 216. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Councillor D Ambrose Smith. There were no declarations of interest.

### 217. Minutes – 30 January 2025 and 26 February 2024 and Minutes Action Log

The minutes of the meetings on 30 January and 26 February 2025 were approved as an accurate record and signed by the Chair.

The minutes action log was reviewed. An update would be provided on PSAA and BDO fees when these were available. **Action required**

### 218. Petitions and Public Questions

There were no petitions or public questions.

### 219. Financial Reporting and Accounting Policies

The committee received an update on the status of the 2023/24 audit and the preparatory work taking place on the 2024/25 draft accounts. As part of this the Executive Director of Finance and Resources was responsible for advising and recommending the Council's accounting policies and ensuring that these were applied correctly and consistently. Most of the proposed changes were administrative or reflected changes in the code of practice. The only significant change related to leases. This followed the 2024/25 CIPFA Code's adoption of International Financial Reporting Standard (IFRS) 16 which effectively brought a number of assets onto the balance sheet.

Individual Members raised the following points in relation to the report:

- asked whether the proposed changes to accounting policies would have an impact on the resources available to the Council. The Head of Finance advised

that the underlying contractual arrangement might have a cash outflow, but the accounting policy did not necessarily have an impact on the resources available to the Council.

- challenged the £4k de minimis threshold for accruals and the £10k IFRS de minimis threshold and the justification for those particular figures being chosen. They were interested to know whether increasing those figures would significantly increase the number of transactions falling within them. The Head of Finance advised that the £4k de minimis figures for accruals was reviewed by the Finance team each year and submitted to the Executive Director of Finance and Resources for consideration. The benefits associated with increasing the level were deemed to be marginal in comparison to the amount of work involved. The £10k IFRS 16 de minimis threshold had been benchmarked against other local authorities who were already using this standard and was in line with those. The member asked whether Peterborough City Council had been included in the benchmarking exercise as they felt convergence where possible might be helpful. Officers undertook to check this outside of the meeting. **Action required** The Chief Executive stated that the shape which local government reorganisation would take in Cambridgeshire was not yet known, and that all of the local government bodies within the county remained sovereign organisations until the Government laid Statutory Orders. The county council would continue to share good practice with other local authorities, but it would only converge policies where it was in the council's interests to do so as a sovereign authority.
- commented that aligning the valuation of assets with the dates of the accounts made sense, provided that this would not adversely affect the preparation of the accounts. It was confirmed that the valuation was expected to be deliverable within the proposed timeframe.
- asked what policy dealt with the valuation of PFI leases and any replacement costs not covered by the lifecycle fund. The committee was advised that that this would be covered by the standard capital valuations policy unless it was felt that a more bespoke approach was needed. No PFI leases were due to end before 2030.

The committee noted and commented on the accounting policies for the 2024-25 statement of accounts.

## 220. Executive Director's Assurance Report: Place and Sustainability

The Deputy Chief Executive and Executive Director of Place and Sustainability's assurance report set out the directorate's functions and key responsibilities and highlighted the key risks identified in his last assurance statement. These included the waste PFI contract, energy projects and challenges around highways. The council's annual governance statement had referenced historic concerns around procurement regulations in relation to the Guided Busway. All current contracts were compliant, and the historic breaches would be reported to the Assets and Procurement Committee in June. Section 4 of the report set out areas of good assurance within the overall control environment and highlighted areas for further improvement. The directorate's business included some inherently high risk areas, and the need for strong assurance around those was recognised. High numbers of complaints were received in relation to highways issues and especially parking, and

additional capacity had been added to improve the way complaints were handled and the timeliness of responses. There were currently twenty two audit actions open across the directorate and updates on each of these were contained in Appendix D. A number of improvements had been made as a result of audit activity. These included revised governance arrangements being introduced around s106 and CIL arrangements, including the establishment of a s106 Board. There were now no s106 agreements that had lapsed and no longer a risk of losing monies due to missing deadlines. Better governance had also been put in place around capital programme management, although some further improvements were still needed around time recording to inform re-charging and to increase the level of information available to policy and service committees. Learning had also been taken around energy projects. The Deputy Chief Executive and Executive Director of Place and Sustainability offered an assurance around the existence of an effective control environment.

Individual Members raised the following points in relation to the report:

- highlighted the lack of a RAG rating for the reporting of injuries, diseases and dangerous occurrences regulations (RIDDOR) or current information on near misses, as the report stated this was last collected in 2023. The narrative stated that lower numbers were better, but in the case of near misses it could be argued that a higher number was better as steps could be taken to avoid a more serious incident. The Deputy Chief Executive and Executive Director of Place and Sustainability advised that the directorate scorecard has been introduced when he joined the council to identify areas requiring focus from a directorate perspective. Information on near misses was collected and reported internally in more detail and a culture of reporting near misses was encouraged. The Chief Executive stated that the corporate health and safety team kept a full record of RIDDOR incidents. During the last 12 months there had been 14 RIDDOR incidents reported for council employees, 25 RIDDOR incidents in schools in Cambridgeshire and 106 near misses. Health and safety was a standing item on the corporate leadership team's weekly agenda and this included any RIDDOR incidents, but this had not yet been disaggregated to directorate level. He encouraged all incidents and near misses to be reported.
- asked about arrangements for bonding or putting in place appropriate financial security measures in relation to highways maintenance and any third party contracts. The Executive Director for Place and Sustainability advised that security was provided with an appropriate bond in relation to s106 agreements, reflecting lessons learned from a previous agreement. The Executive Director of Finance and Resources advised that a policy was in place which required some form of security, and it required his personal authorisation for this not to be enacted. No bonds were allowed outside of the UK.
- noted that the directorate scorecard included the percentage of audit recommendations updated each month, and suggested it might be more useful to track those that were overdue. It also contained quite a few contextual measures, and they asked whether these could be removed. The Deputy Chief Executive and Executive Director of Place and Sustainability advised that audit actions were monitored through the assurance framework and that all existing overdue actions should be resolved during the first quarter of 2025/26. The measures included were subject to an on-going process of review and he judges that there was value in including some of

the more strategic measures like the county's carbon footprint, even though this was not entirely within the council's control.

- noted a recent Government announcement that counties which could demonstrate good performance via RAG ratings might receive extra funding and asked if the Place and Sustainability scorecard would contribute to that. The Deputy Chief Executive and Executive Director of Place and Sustainability confirmed that it would contribute to the data submitted, but that it would be reported to the Highways and Transport Committee first.
- welcomed the steps being taken to improve capital project management and asked if this would lead to earlier and better forecasts around likely outturn slippage. The Deputy Chief Executive and Executive Director of Place and Sustainability advised that the directorate's performance on delivering capital projects prior to 2024/25 had been poor. That was changing. Every project had been reviewed and significant improvements in performance had been demonstrated. As a result, the capital variation budget for 2025/26 had been set at a lower level and all capital schemes within Place and Sustainability would be reviewed during Quarter 1 to establish if any adjustments were required.
- noted longstanding issues around the use of timesheets, and asked whether this issue fell within the remit of the Audit and Accounts Committee. The Chief Executive advised that this would be a policy decision and would need to be considered by a policy and service committee first. His view was that the use of timesheets could be helpful in relation to discrete projects or specific issues, but he would not advocate its wider use. Embedding directorate scorecards would ensure data collection focused on areas where it was of most value. Work was also in hand to map current officer working groups across the council to see what work they were doing, and he anticipated that this would result in around two thirds being disbanded.

The Chair congratulated the Executive Director of Place and Sustainability on his recent appointment as Deputy Chief Executive, and asked whether he was confident that he would have sufficient capacity to discharge both roles. The Deputy Chief Executive and Executive Director of Place and Sustainability stated that the structure, systems and officers in place within the Place and Sustainability Directorate meant that he could give an assurance that he had the capacity to discharge the additional responsibilities of the Deputy Chief Executive.

It was resolved unanimously to consider the assurance provided over the adequacy of the Council's control environment and compliance with corporate governance controls.

## 221. Internal Audit Progress Report

The Committee considered an Internal Audit progress report to the end of February 2025. This included the number of audit reports issued since the previous meeting, the number currently in draft, updates on the 2024/25 audit plan and whistleblowing figures and a summary of whistleblowing cases. The report also provided an overview of agreed audit actions, noting that the number was down from 81 at the time of the last meeting to 69 currently.

Individual Members raised the following points in relation to the report:

- commented that the number of outstanding audit actions was a crude measure, but it did illustrate a significant improvement in the direction of travel, especially in relation to those actions which had been outstanding the longest.
- asked whether the weekly review of data quality issues relating to the dedicated schools grant (DSG) was still taking place. The committee learned that data quality work remained on-going. A slightly different format was now in use in the Education and Early Years system and data transfer to the test system would be carried out shortly.
- learned that the schools audit covered work in both the Children, Education and Families Directorate and the Schools Finance team, and that the draft report had been shared with both. Once it was agreed the Service Director: Education would write to schools to share the findings, including examples of good practice and areas for focus.
- asked about the focus and terms of reference of the audit of the council's highways contract that had been deferred from the previous year. The Head of Internal Audit and Risk Management advised that much of the preliminary work to understand the contract had been done previously and that would allow the team to move direct to the second phase of the audit which would look at contract management controls and how effectively the service was ensuring that these were driving delivery. She would be happy to share the terms of reference with the committee when they were issued. **Action required**
- asked about the actions arising from the rental income audit, whether the income was what Internal Audit would expect to see and why basic controls were not in place given the audit actions identified previously. The Head of Internal Audit and Risk Management advised that the previous audit report was issued in 2019. However, due to the impact of the covid pandemic, the previous Audit and Accounts Committee had decided to focus solely on audit actions with a high level of risk. This meant that there were less records available for that period than would normally be the case, and she suspected that the usual follow-up had not taken place. The service had implemented a new process, but it had not yet been linked with the management of rental income and the current audit emphasised the need to link the new property system to the financial system in order to reconcile this income. She understood that this was the last business area where an audit with a double limited opinion issued prior to the pandemic had not been followed up with a full audit.

learned that the new CIPFA Internal Audit trainees would take part in the established scheme run jointly with the Finance team which enable trainees to rotate through different placements within both teams. This built a good level of skills across a broad area of business and created a strong pool of prospective accountants and auditors.

It was resolved unanimously to consider and comment on the content of the report.

## 222. Draft Internal Audit Plan 2025/26

The draft Internal Audit plan for 2025/ 26 had been reviewed by the Corporate Leadership Team prior to its submission to the committee. It was based on a risk

assessment by Internal Audit and the views of key officers on where attention should focus. Table 1 set out how the draft audit plan covered the different strategic risk areas, and the balance of risk coverage compared to previous years' audit plans. The draft plan consisted of a core audit plan that was carried out every year and a flexible element based on the current risk assessment which could be amended during the year. More time had been set aside for whistleblowing and counter fraud as part of the core element this time as more time had been required on those areas recently, while it was expected that fewer grant audits would be needed. A small contingency budget had been set aside for the first time to give the flexibility to add extra reviews or to allocate more time to an audit without necessarily needing to remove another audit from the plan. The Chair welcomed the report, but noted that need to recognise that the new committee might have different priorities after the election.

Individual Members raised the following points in relation to the report:

- learned that Internal Audit used timesheets to record the time spent on audits.
- asked about the extent to which core audit work was subject to risk assessment and the steps taken to avoid the same tests being undertaken each year. The Head of Internal Audit and Risk Management advised that some of the elements of the audit plan remained unchanged each year, like support to the preparation of the annual governance framework or grant sign-off requirements. However, there was scope within other core elements to examine different aspects of the business covered. If a system had a double limited assurance the same testing scheme would likely be used in the follow-up audit to look for an improvement, but if it received a good audit opinion they would probably test a different area. With regards to audits of key financial systems run under the Lead Authority model, the lead audit team was rotated where cross-organisational audits were carried out
- asked about the extent to which the statistical validity of IA's tests was evaluated. The Head of Internal Audit and Risk Management advised that this area was not currently the subject of significant work due to the practical constraints around delivering a certain amount of sample testing. The member was comfortable with that response for now, but asked that thought should be given to conducting some statistical analysis in the future.

The Chair asked about the timeliness of the provision of information from partner organisations where common systems existed, noting some historic difficulties obtaining information from West Northamptonshire Council's lead authority functions. The Chief Executive shared this concern, commenting that this should be looked at as part of local government reorganisation. The Head of Internal Audit and Risk Management advised that she was reasonably optimistic.

The Chair asked the external auditor whether the draft audit plan looked reasonable to them. They confirmed that nothing looked inappropriate.

It was resolved unanimously to review and comment on the proposed draft Internal Audit Plan for 2025/6.

## 223. Corporate Risk Register

The Chair confirmed that the committee had no questions on the confidential appendix to the report.

The Corporate Risk Register was brought regularly for review, and the information it contained this time was the same as that which had been presented to the Strategy, Resources and Performance Committee earlier in the month. Attention was drawn to the reduction in Risk 6, the risk that the council's workforce is not able to meet business need, from 15 to 10, reflecting improved recruitment outcomes across the organisation. A new item had been added as Risk 13, arrangements to support people with learning disabilities result in poor outcomes due to uncertainty of decoupling of funding arrangements via section 75 agreement. This had been escalated from the Adults, Health and Commissioning Directorate's risk register as it was scored at 16 which was above the council's risk appetite. An update was also included on management's approach to local government reorganisation.

The Chair suggested that it would be helpful to include a column in Table 1, which provided an overview of the corporate risk register, showing the target figure as well as the direction of travel. **Action required**

Individual Members raised the following points in relation to the report:

- noted the possibility of a change in member appetite for risk following the May elections and asked how this would be reflected. The Head of Internal Audit and Risk Management advised that reports would be taken to the Strategy and Resources Committee and Audit and Accounts Committee in June/ July in relation to risk management policy and risk strategy and reporting on outcomes from a risk review being carried out by the new Corporate Risk Manager. How risk appetite was set and the tolerances around the level of risk would be key aspects of those reports. They would also set out the respective roles to the two committees in relation to risk management.
- asked whether adequate back-ups were in place to mitigate against the loss of utilities, including electricity (Risk 4). The Chief Executive advised that the council had a tried and tested suite of business continuity and disaster recovery plans which included a clear understanding of which buildings required back-up power. Extensive learning had also been taken from the need to move to a primarily remote business operation model during the pandemic. The council also had the benefit of its Emergency Planning team which would be de-coupling from a shared service with Peterborough City Council the following week as part of measures to ensure in-house capacity.

The report was noted.

## 224. Agenda Plan

It was noted that the appointment of an independent co-opted member would ensure some continuity of experience following the May elections. A committee induction and training session had been arranged for 22 May 2025 in preparation for the new committee's first public meeting on 4 June 2025.

The Committee agenda plan was noted.

[Chair]



## Audit and Accounts Committee Minutes - Action Log

The minutes action log captures the actions arising at Audit and Accounts Committee meetings and updates the committee on progress.

### Minutes – 30<sup>th</sup> July 2024

Minute	Report title	Response requested from	Action	Update	Status Including expected completion date
185.	KPMG Audit Plan for Cambridgeshire Pension Fund 2023/24	Tom Kelly	Following some challenge to the audit fee and ISA315 at Pension Fund Committee representatives of KPMG had met with Public Sector Audit Appointments (PSAA) around fee variations to ensure consistency in the way this was applied and to ensure that the additional work undertaken could be justified. That would be brought back to both the PFC and to Audit and Accounts.	<p>The fees are based on scale rates agreed with the PSAA and the fees for work required regarding ISA 315 have been applied consistently across our audits. Fee variations require PSAA approval, and we will report back to Committee when we have been through this process.</p> <p>18.02.25: Fee variations have been shared with the PSAA but not yet approved/ paid.</p> <p>10.03.25: Fee variations remain with the PSAA for approval. KPMG will communicate the final fee position once known.</p> <p>27.03.25: The minutes action log was reviewed at the committee meeting on 27 March 2025. An update will be provided on PSAA and BDO fees when these are available.</p>	Completed

Minute	Report title	Response requested from	Action	Update	Status Including expected completion date
				<p>Proposed fee variations from KPMG are visible at <a href="#">page 57 of the February committee papers</a>. The Council has acknowledged the fee variations, and we expect PSAA to confirm the final agreed amounts shortly as part of normal processes.</p> <p>02.05.25: PSAA determined the amounts which BDO can recover from the Council, pursuant to section 27 of the Local Audit and Accountability Act 2014, for their work on value for money and objections to the accounts in the years 2016-2018 as well as BDO's associated legal costs. This totals £80.3k and a copy of the notification from PSAA explaining the process they have followed to determine the level of recovery from the Council has been provided to the Chair and Vice-Chair of this Committee.</p>	

## Minutes – 31<sup>st</sup> October 2024

Minute	Report title	Response requested from	Action	Update	Status Including expected completion date
197.	Internal Audit Progress Report	Michael Hudson	A member expressed the hope that the relevant officers would look outside of the meeting at whether the situation in relation to OPUS People Solutions Ltd was equitable.	A report to the Shareholder Sub-Committee is planned.	Autumn 2025
198.	Corporate Risk Register	Michael Hudson/ Chris Finch	Asked if there was a timescale for the property risk database referenced at <a href="#">section 3.1.3 of the report</a> . An update was offered outside of the meeting.	The review of the database is ongoing, and it is expected all risks will be managed by the Autumn.	Autumn 2025

## Minutes – 27<sup>th</sup> March 2025

Minute	Report title	Response requested from	Action	Update	Status Including expected completion date
219.	Financial Reporting and Accounting Policies	Stephen Howarth	The £10k International Financial Reporting Standard (IFRS) 16 de minimis threshold had been benchmarked against other local authorities who were already using this standard and was in line with those. Officers undertook to check whether Peterborough City Council had been	13.05.25: It is confirmed that Peterborough City Council was involved in the benchmarking exercise.	Completed

Minute	Report title	Response requested from	Action	Update	Status Including expected completion date
			included in the benchmarking exercise outside of the meeting.		
221.	Internal Audit Progress Report	Mairead Claydon	The Head of Internal Audit and Risk Management undertook to share the terms of reference for the audit of the Council's highways contract when these were issued.	23.05.25: The terms of reference have not yet been issued. They will be circulated to the committee when available, which is likely to be in June.	June 2025
223.	Corporate Risk Register	Mairead Claydon	The Chair suggested that it would be helpful to include a column in Table 1, which provided an overview of the corporate risk register, showing the target figure as well as the direction of travel.	23.05.25: This additional column will be included in the next risk report to the committee and will be included in the annual risk report which will be submitted in July 2025.	Completed

## Financial Reporting and Related Matters

To: Audit and Accounts Committee

Meeting Date: 4 June 2025

From: Executive Director of Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

Executive summary: This report presents an update for the committee on financial reporting, particularly the statement of accounts and external audit, for recent financial years.

Recommendation: The committee is recommended to note the report

Officer contact:

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## 1. Background

- 1.1 The annual statement of accounts is the financial representation of all activities that the council has been directly or indirectly involved with over the course of the relevant financial year. The publication of the statement of accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how the council has used the public funds for which it is responsible. Accounts are prepared under the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting for the relevant year, which is based on International Financial Reporting Standards (IFRS) adapted for public sector use.
- 1.2 The council's current external auditor is KPMG LLP, from financial year 2023-24. Previous to that, our auditors were Ernst & Young LLP (EY) from 2018-19. Both of these auditors were appointed for the council by Public Sector Audit Appointments Ltd (PSAA), which is the statutory appointing person for councils that have opted into a national procurement and fee setting arrangement for external auditors (most councils have opted in). KPMG will continue as our auditors through to 2027-28.
- 1.3 The council is up to date with publication of all sets of accounts up to and including those for 2023-24. An audit of 2022-23's accounts did not take place due to national issues with local authority audits, and consequently the audit of 2023-24's accounts resulted in a disclaimed opinion similar to the experience of many councils nationally. The council's statements of accounts and related documents can be seen on our website: <https://www.cambridgeshire.gov.uk/council/finance-and-budget/statement-of-accounts>
- 1.4 The current external audit regime for councils involves a full audit of the council's financial statements, gaining evidence to establish whether they give a true and fair view of the council's financial position. The external auditor also conducts a linked 'value for money' audit which reviews whether the council has arrangements in place to achieve economy, effectiveness and efficiency in its use of resources, and can make recommendations linked to that. Finally, the auditor also considers any objections to our accounts made by local electors and whether further action, in the form of a public interest report or a declaration that an item in the accounts is unlawful, needs to be taken. Once all of those aspects are complete, a full audit certificate can be issued to close off the external audit process for that year.
- 1.5 The full audit certificate for 2023-24 has not been issued by KPMG as matters relating to audit of the whole of government accounts and the determination of the remaining items from an objection to the accounts by a local elector remain outstanding.
- 1.6 Following year-end for 2024-25, work is now underway to prepare the draft statement of accounts for 2024-25 ahead of the statutory publication deadline of the end of June 2025.

## 2. Main Issues

- 2.1 Years up to 2023-24
  - 2.1.1 This section gives a brief overview of the status of previous accounts and audits where there are issues outstanding, or where there were issues until recently. It is important to bear in mind that audits relating to 2022-23 and 2023-24 in particular were affected by the government's plan for addressing the local audit backlog. This backlog had built up over several years due to capacity constraints in the audit sector, compounded by issues in some local authority finance teams, and increasing complexity of the sector's accounts, such that by 2022-23 barely any audits of local authority accounts were completed by the statutory deadlines.

- 2.1.2 To address this, the government put in place several stop-gap measures, principal of which were 'backstop' dates by which audits needed to be completed otherwise auditors would be required to give a disclaimed opinion (an opinion which states effectively that insufficient information is available to the auditor by the deadline to give an informed opinion on the accounts). For example, for 2023-24's accounts, the full audit sign off was required by 28 February 2025 otherwise a disclaimed opinion would be issued. Any years subsequent to a disclaimed opinion are further affected as auditors will not necessarily have assurance over opening balances such that they can give a full opinion on the later year. Auditors are required to ensure they completed their value for money audit by the backstop date.
- 2.1.3 2023-24: The council received a disclaimed opinion and published this in line with the statutory backstop date of 28 February 2025. The disclaimed opinion was due to no audit having taken place for the previous year resulting in no assurance over opening balances, and the abridged timescales for the audit which resulted in parts of the accounts receiving no or limited review in the audit. The council received a value for money opinion that made several recommendations that are being implemented. An objection to the accounts remains with KPMG to determine. This disclaimed opinion will likely have a knock-on effect on the audit of 2024-25's accounts as again there will not be full assurance over opening balances, and consequently we expect it to take several years for this and other councils to receive full and unmodified audit opinions.
- 2.1.4 2022-23: No audit took place due to capacity constraints in the council's former external auditor EY. The council still received a good value for money opinion from EY, and EY determined several objections without further action.
- 2.1.5 2018-22: Accounts were published and audited before the statutory backstop arrangements were in place, and objections were determined without further action.
- 2.1.5 2017-18: While the main accounts and audit were completed several years ago, an objection to the accounts took many years for the council's then auditor BDO to determine. The objection was determined in 2024, and the fees for that work have recently been confirmed by the PSAA after the council made representations.
- 2.2 Preparation for production of the 2024-25 accounts
- 2.2.1 We are required by current regulations to publish our draft accounts for 2024-25 by 30 June 2025. This is a month later than last year. The council published its accounts for 2023-24 on time last year, and we expect to publish on or before the deadline for 2024-25. The additional month will enable more quality assurance in advance of the publication of the draft statement of accounts and advance preparation of audit working papers. It will also enable year-end processes to be less intensely time constrained.
- 2.2.2 The final outturn position for the year was finalised in early May and formed the basis of the management accounts to be presented to the meeting of Strategy, Resources and Performance Committee in June 2025. Work then turned fully to the production of the statement of accounts. Our maintained schools closed accounts in line with the timetable and are consolidated into the council's accounts.
- 2.2.3 The council has worked with its contracted property valuer to finalise and quality assure the necessary property valuations for the 2024-25 financial year. While this took longer than expected, it was completed in sufficient time to enable the consequent balances and disclosure notes to be worked out and confirmed. Properties are valued on a rolling basis with indexation applied in years where properties are not valued. Investment properties are valued each year (or every other year for low value assets), and we have worked

particularly closely with the valuers on those properties following differences between the council's valuation of those properties and the external auditor's in 2023-24.

## 2.3 Further government reforms

2.3.1 In early 2025 the government consulted on "Local audit reform: a strategy for overhauling the local audit system in England". The aim of this was to address the issues that caused the local audit backlog on a more permanent basis, as well as to fulfil a manifesto commitment to overhaul the local audit system to ensure good value for money for local taxpayers and to underpin the transparency and stability of local finances. The council responded alongside many other local authorities, and a full response from government is awaited.

2.3.2 Key aspects of this consultation focussed on:

- Setting a new vision and set of principles for local audit, driven by user needs
- Establishing and setting a remit for a new Local Audit Office to provide oversight and drive simplification and change
- Reforming the content of the statement of accounts, considering the needs of the users
- Working to ensure bodies have skilled and resourced account preparers, and considering whether to supplement private audit capacity with public provision
- Reviewing local audit regimes, including makeup and role of audit committees, and the relationships between local bodies and national oversight
- Further work to address the local audit backlog

## 3. Significant implications

### 3.1 Finance implications

This report details progress with financial reporting matters.

### 3.2 Legal implications

The principal governing legislation are The Accounts and Audit Regulations 2015, The Accounts and Audit (Amendment) Regulations 2024 and the Local Audit and Accountability Act 2014. The Council has published appropriate notices on its website to explain how it is complying with statutory provisions notwithstanding that, in common with many local authorities, stipulated deadlines for final accounts have not been achieved

### 3.3 Risk implications

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

### 3.4 Equality and Diversity Implications

None identified

## 4. Source documents

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

[Accounts and Audit \(Amendment\) Regulations 2024](#)

[Financial Reporting Council – Accessible Explainer on Rebuilding Assurance](#)



## Draft External Audit Plan 2024-25

To: Audit and Accounts Committee

Meeting Date: 4 June 2025

From: External auditor

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

Executive summary: This item provides the external audit plan from KPMG, the council's appointed external auditor, for the 2024-25 financial year

Recommendation: The Committee is recommended to receive the draft external audit plan for 2024/25 from KPMG.

### Contact:

Name: Sarah Brown  
Post: Partner – KPMG LLP

### Officer contact:

Name: Stephen Howarth  
Post: Head of Finance  
Email: [Stephen.Howarth@cambridgeshire.gov.uk](mailto:Stephen.Howarth@cambridgeshire.gov.uk)

## 1. Background

- 1.1 The council is required to undergo an external audit annually of its draft statement of accounts. This is undertaken by KPMG LLP, who are the independent external auditor appointed by Public Sector Audit Appointments to audit the council. 2024-25 is the second year of KPMG's current five-year term. The plan for that audit is presented ahead of the audit commencing.
- 1.2 The plan includes the auditor's assessment of the materiality level for the council and the areas of significant risk identified for the audit, as well as the approach to the value for money audit and other matters.

## 2. Main Issues

- 2.1 The full draft audit plan and further background information to it are presented as Appendix 1 to this report.

## 3. Significant implications

### 3.1 Finance implications

This report details the plan for delivering the external audit for 2024-25.

### 3.2 Legal implications

KPMG are the appointed auditor in accordance with the Local Audit and Accountability Act 2014.

### 3.3 Risk implications

The plan sets out the risks that the external audit will consider.

### 3.4 Equality and Diversity Implications

None identified

## 4. Source documents

None.

# Cambridgeshire County Council

## DRAFT - Report to the Audit & Accounts Committee

External Audit Plan & Strategy for the year ended  
31 March 2025

April 2025

# Introduction

## Report to the Audit & Accounts Committee of Cambridgeshire County Council

We are pleased to have the opportunity to meet with you in April to discuss our audit of the consolidated financial statements of Cambridgeshire County Council for the year ended 31 March 2025.

This report provides the Audit & Accounts Committee with an opportunity to review our planned audit approach and scope for the 2024/25 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO's 2024/25 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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Audit Risks and our audit approach including Going concern	7
Other significant matters related to our audit approach	17
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## The engagement team

Sarah Brown is the engagement partner on the audit and responsible for the audit opinion. She has 25+ years of experience and previously worked in the Local Government audit sector.

Emma Larcombe is the engagement director on the audit. She has 15+ years of experience and shall lead the engagement team.

Other key members of the engagement team include Carl Van Den Berg, senior manager and Harry Foscoe, manager.

Yours sincerely,



Sarah Brown,

**Partner - KPMG LLP**

April 2025

## How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

We aim to complete all audit work no later than 2 days before audit signing

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Sarah Brown [Sarah.Brown1@kpmg.co.uk](mailto:Sarah.Brown1@kpmg.co.uk), the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler ([tim.culter@kpmg.co.uk](mailto:tim.culter@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can raise your complaint as per the following process [Complaints](#).

# Impact of backstop on our audit

## Ongoing measures to resolve the backlog

As previously reported the Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Last year amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which allowed auditors to give disclaimed opinions over any open, incomplete audits up to the period ending 31 March 2023. These were required to be delivered by 13th December 2024. For the Authority this had the impact of a disclaimed audit opinion for two financial years to and including 2022/23 (as issued by the previous auditors). We issued a disclaimed audit opinion for 2023/24 on 28/02/2025 to comply with the backstop date relevant to our audit.

## Impact on our audit of the financial statements

As explained in previous reporting to the audit committee the level of rebuilding assurance related to the years prior to our appointment was limited in 2023/24. This was because we concluded there was insufficient time before the February 2025 backstop to complete our audit to obtain sufficient appropriate audit evidence, and, in our view, this was pervasive to the prior year financial statements as a whole.

The impact of the above means that for the financial year 2024/25 elements of the opening balances and 2023/24 comparatives are still impacted by previous disclaimers and as such our audit opinion is likely to be modified in relation to this matter.

Work is ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work on is required to build back assurance.

## Value for Money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Authority's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources and as such our work will proceed as normal.

# Overview of planned scope including materiality

## Our materiality levels

We determined materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as ownership structure, debt arrangements, business environment, and users of accounts, when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £15.5m /65% of materiality driven by our expectations of increased level of undetected or uncorrected misstatements in the period.

## We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £1.195m.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

## Group Materiality

	Group
Materiality for the consolidated financial statements as a whole	<b>£23.9m</b> (2023/24: £25m 2% of Expenditure)
Performance Materiality	<b>£15.5m</b> (£16.2m) (2023/24 65% of Materiality)
Misstatements reported to the audit committee	<b>£1.195m</b> (2023/24: £1.25m)

## Entity Materiality

**£23.2m**

2% of Entity Forecasted Expenditure £1,163m

(2023/24: £22.6m)

# Overview of planned scope including materiality (cont.)

## Timing of our audit and communications

We will maintain communication led by the engagement partner and manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Debrief meeting with management to discuss learnings and potential improvements from the previous year audit in April.
- Kick-off meeting with management in April where we present our draft audit plan outlining our audit approach and discuss management's progress in key areas;
- Audit & Accounts Committee meeting in May where we present our final audit plan;
- Regular status meetings with management where we will communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Quarterly meetings with the CEO and CFO to discuss the progress of the audit and updates at the Council.
- Regular meetings with the monitoring officer and executive directors as needed to inform our work over Value for money and laws and regulations.
- Closing meeting with management where we discuss the auditor's report and any outstanding deliverables;
- Audit & Accounts Committee meeting where we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings with the Committee Chair.

## Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
<b>Internal Audit</b>	We will review the work of internal audit as part of our risk assessment procedures but will not place reliance on their work.
<b>IT Audit team members</b>	Our IT audit colleagues will perform our documentation of understanding the IT environment and any associated testing of general IT controls and/ or automated controls where identified. At the time of planning we have not identified any IT or automated controls which we will place reliance on.
<b>KPMG Pensions Centre of Excellence/Actuaries</b>	We will involve our pensions colleagues to review the pension liability valuation on the balance sheet during our audit. Our actuaries will review and challenge the actuarial assumptions underpinning the valuation of LGPS liabilities.
<b>REVCOE</b>	Our revaluation sector of excellence will review and challenge the assumptions underpinning the revaluation of your investment and PPE assets.

# Significant risks, Higher assessed risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Cambridgeshire County Council operates.

We also use our regular meetings with senior management to update our understanding and take input from sector and internal audit reports.

## Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Management override of controls
4. Valuation of post retirement benefit obligations
5. Recoverability of Long-Term Debtor with This Land Group

## Other audit risks

6. Adoption of IFRS 16
7. Accuracy and valuation of PFI liabilities
8. Expenditure classification as capital or non-capital.



# Audit risks and our audit approach (cont.)

## 1 Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



### Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings (total value £923m as of 31 March 2024) revalued over a five year cycle.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.

Further risk assessment procedures will be undertaken to determine the severity of this risk and the extent to which it applies to different classes of land and buildings.



### Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- We will utilise our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised.
- KPMG will also consider the adequacy of the disclosures in disclosing this significant risk including the key judgements and degree of estimation involved in arriving at the valuation.

# Audit risks and our audit approach (cont.)

## 2 Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



### Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.

In the prior year KPMG identified a number of errors in the valuation performed by management's specialist that were material in the aggregate. This has resulted in us assessing there to be an increased likelihood of material misstatement in the current year.

The Fair value of the Councils investment property portfolio was £146m in the prior year.



### Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the valuers used in developing the valuation of the Council's investment property at 31 March 2025;
- We will inspect the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- We will utilise our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised.
- KPMG will also consider the adequacy of the disclosures in disclosing this significant risk including the key judgements and degree of estimation involved in arriving at the valuation.

# Audit risks and our audit approach (cont.)

## 3 Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

*Note: (a) Significant risk that professional standards require us to assess in all cases.*



### Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the course of business, or are otherwise unusual.
- We will analyse all journals through the year using data and analytics and focus our testing on those which meet our high risk criteria.

# Audit risks and our audit approach (cont.)

## 4 Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). As in th prior year, the requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



### Planned response

We will perform the following procedures:

- Understand the processes the Councils have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions; and.
- Where applicable, assess the level of surplus that should be recognised by the entity.

# Audit risks and our audit approach (cont.)

## 5 Recoverability of Long-Term Debtor with This Land Group



### Significant audit risk

- This Land Limited was incorporated in June 2016. This Land Limited and This Land Group are a wholly owned subsidiary of the Council. The Group oversees the acquisition and development of land and property for subsequent resale.
- As at 31st March 2024 the Council holds a Long-term Debtor balance of £113.9m in relation to the loans issued to This Land Group. The loans are repayable between 2026 and 2029.
- Due to the declining performance of the This Land group there is an increased risk that the entity will be unable to recover the full value of the loan (c£120m as of Jan 2025).
- Management have explored a number of options in response to this declining performance, including restructuring the debt with a significant portion of it only being repayable in the event that the subsidiary performs above plan. Management have not yet received finalised advice in respect to the resulting accounting treatment and as such we have not yet been able to conclude our risk assessment on this area. However, given that the restructuring of the debt can have significant and complex accounting and legal implications we expect there to be a significant risk.



### Planned response

We will perform the following procedures:

- We will review the Council's consideration of the valuation and recoverability of the loan, and any associated expected credit loss provision, to ensure this is reasonable and performed in line with the Code of Practice and the relevant accounting standard (IFRS 9 –Financial Instruments).
- We will review the Councils treatment of changes in the loans to, and investments in, This Land in the current year, including any MRP impacts, to ensure that these are in line with the Code of Practice and relevant accounting standards.
- KPMG will also consider the adequacy of the disclosures, including the key judgements and degree of estimation involved in arriving at the expected credit loss provision.

# Audit risks and our audit approach

## 6 Adoption of IFRS 16

An inappropriate amount is estimated and recorded for lease liabilities and right of use assets



### Other audit risk

- The Council has adopted IFRS 16 as per CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (2024/25) with an implementation date of 1 April 2024.

We anticipate the following challenges in the first year of implementation.

- Completeness of lease listing used in transition computations.
- Inadequate lease disclosures as per IFRS 16.
- Inaccurate computation of lease liabilities and right of use assets.
- Training needs for new/existing staff
- Treatment of the PFI balances under IFRS 16



### Planned response

We will perform the following procedures in order to respond to the other audit risk identified:

- Obtain the full listings of leases and reconcile to the general ledger.
- Review a sample of the lease agreements to determine the terms of the leases and confirm correct classification.
- Review the appropriateness of the discount rate used in the lease computations.
- Review the transition adjustments passed by the Council.
- Review the disclosures made on the financial statements against requirements of IFRS16.

# Audit risks and our audit approach

## 7 Accuracy and valuation of PFI liabilities

Risk of error related to the incorrect recording of liabilities arising from assets funded through the private finance initiative



### Other audit risk

- As at 31 March 2024 the Council has 3 PFI assets totalling £79m with liabilities totalling £102m.
- PFI schemes are based on complex financial models which, aside from needing to mirror the contractual terms, contain assumptions about future events – namely inflation.
- There is a risk, due to the complexity of the financial models, that the value of the PFI liabilities recognised in the financial statements are incorrect



### Planned response

We will perform the following procedures in order to respond to the other audit risk identified:

- For a risk based sample of PFI schemes, agree inputs of the model to the underlying contract, reading the contract to ensure all pertinent contractual terms are included within the model;
- Re-calculate the model, testing the validity of the formulas inherent to the model and ensuring that the model correctly calculates the different types of charges and the closing liability each period; and
- Re-calculate the financial statement disclosures in reference to the tested models.

# Audit risks and our audit approach

8

## Non-capital expenditure is inaccurately recognised as capital expenditure

Revenue expenditure is inaccurately recognised as capital expenditure



### Other audit risk

- Significant risk in relation to fraudulent expenditure recognition, capital accounting requirements are complex and may contain an element of judgement in determining which costs in a project can be capitalised and which need to be expensed.
- Given the size of the Council's capital programme (c£200m in 23/24), we have identified an Other Audit Risk regarding revenue expenditure being inaccurately recognised as capital expenditure



### Planned response

We will perform the following procedures in order to respond to the risk identified:

- We will evaluate the design and implementation of controls for classifying expenditure as capital;
- We will scan the list of capital programme for schemes which indicate an increased risk that the spend may be revenue in nature; and
- We will test a sample of capital expenditure incurred by the Council to ensure it is correctly capitalised

# Audit risks and our audit approach

## Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered. Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, the financial position of the Council/entity, (whilst under pressure) is not indicative of a position that would provide an incentive to manipulate expenditure recognition and the nature of expenditure has not identified any specific risk factors.

# Audit risks and our audit approach

## Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
<b>Council tax</b>	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for there to be a material error in the population.
<b>Business rates</b>	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for there to be a material error in the population.
<b>Fees and charges</b>	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
<b>Grant income</b>	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

# Other significant matters related to our audit approach

## Disclosure of significant estimates and judgements

We have included here the disclosures of significant estimates and judgements from the prior year annual report (as reported in our audit committee report dated 28 February 2025).

Estimates and judgements	Balance £m per 23/24 accounts	Further comments
LGPS gross DBA: Gross defined benefit assets	<b>£1,454.8</b>	In the prior year we assessed the asset returns adopted by the Fund and the consistency of asset allocation and share of scheme assets year on year along with associated disclosures to be reasonable
LGPS gross DBO: Gross defined obligation	<b>£1,365.86</b>	In the prior year, our actuarial specialists assessed the overall assumptions used by management in valuing the pension liabilities as optimistic but within our reasonable range
Valuation of Investment property	<b>£146.4</b>	In the prior year we were unable to conclude on this area. There was a net adjustment made by management of -£3.7m (of which +£8.6 are the result of factual errors and -£12.3 are the result of judgemental errors corrected by management). KPMG raised an additional uncorrected misstatement of £23.4m.
Valuation of PPE	<b>£922.68</b>	In the prior year we were able to conclude that management's specialists' valuation over the entities PPE was optimistic but within our acceptable range.  We noted that the entire PPE balance is valued on a 5 year cycle, and due to the 2022/23 disclaimed opinion we did not have assurance over the opening position of these assets and were therefore unable to conclude over the valuation of PPE as a whole.

## Impacts of climate risk and climate change disclosures

We will evaluate management's assessment of the potential financial implications of climate risk on the financial statements, including estimates and disclosures

As part of our procedures on other information, we will obtain and read your climate change disclosures. We will consider whether there is a material inconsistency between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit; or whether this information appears to be materially misstated.

# Mandatory communications - additional reporting

## Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.






However, financial sustainability is a core area of focus for our Value for Money opinion.

## Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

# Mandatory communications

Type	Statements
<b>Management’s responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor’s responsibilities</b>	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
<b>Auditor’s responsibilities – Fraud</b>	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
<b>Auditor’s responsibilities – Other information</b>	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
<b>Independence</b>	<p>Our independence confirmation at page 27 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

# Cambridgeshire County Council

## Value for money Approach

Year ended 31 March 2025

# Value for money

**Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.**

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

## Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

## Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

### Financial sustainability

*How the body manages its resources to ensure it can continue to deliver its services.*

### Governance

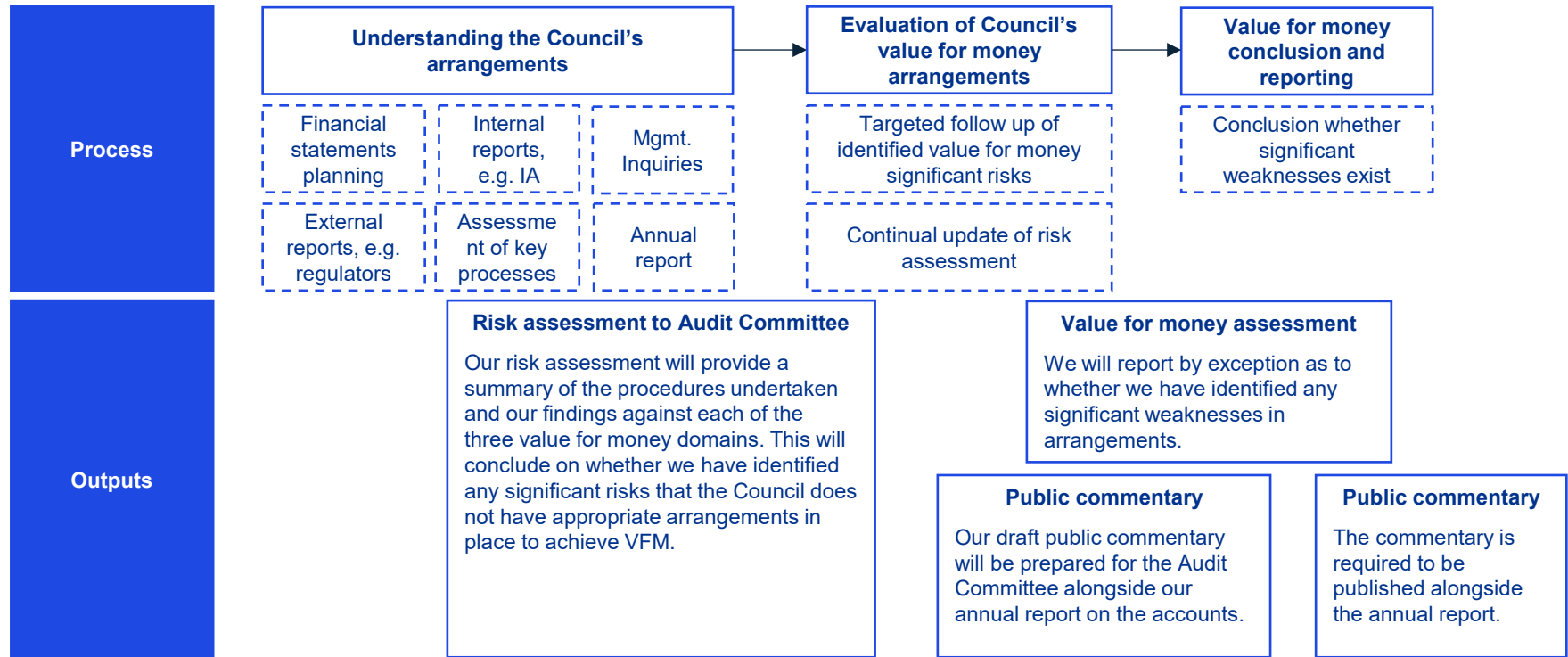
*How the body ensures that it makes informed decisions and properly manages its risks.*

### Improving economy, efficiency and effectiveness

*How the body uses information about its costs and performance to improve the way it manages and delivers its services.*

# Value for money

## Approach we take to completing our work to form and report our conclusion:




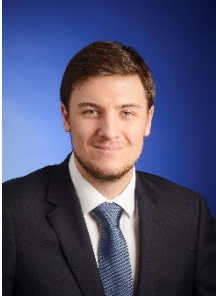


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# Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

	<p>Sarah is the partner responsible for our audit. She will lead our audit work, attend the Audit and Accounts Committee and be responsible for the opinions that we issue.</p>		<p>Emma is the director who is supporting Sarah in this audit. She will attend the Audit and Accounts Committee and lead the team to complete the audit work.</p>		<p>Carl is the senior manager responsible for reviewing the more complex areas of the file and completing the VFM work</p>		<p>Harry is the manager responsible for our audit. He will co-ordinate our audit work and complete the work over the more complex areas of the file.</p>
---	---	---	---	---	--	---	--

To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be Sarah's second year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

# Audit timeline

We have developed our audit timeline based on management’s financial reporting timetable. If we need to make significant changes to the audit timeline below, then we will communicate the reasons to you on a timely basis.

Activity	2025									2026			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Risk assessment and planning	█												
Finalisation of planning work over year end processes.				█									
Audit of Specialist areas (Pensions and Valuation)				█	█	█							
Initial sampling for year end audit					█								
Year-end audit fieldwork						█	█	█					
VFM work and reporting					█	█	█		█				
Procedures on financial statements/annual report											█		

\* Dates for issuing deliverables are preliminary and based on information available at planning. They are therefore subject to change.

# Fees

## Audit fee

Our fees for the year ended 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Statutory audit	302.3	277
Agreed PY fee variations (includes 17k for ISA315r scope changes included in CY base fee)	-	91.8
<b>TOTAL</b>	<b>302.3</b>	<b>368.8</b>

The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

## Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

## Basis of fee information

Our fees are subject to the following assumptions:

- The entity's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The entity's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

# Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

**To the Audit and Risk Committee members**

## **Assessment of our objectivity and independence as auditor of Cambridgeshire County Council**

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

## **General procedures to safeguard independence and objectivity**

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

## **Independence and objectivity considerations relating to the provision of non-audit services**

### *Summary of non-audit services*

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table overleaf.

# Confirmation of Independence

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2025 (Excludes VAT)	Value of Services Committed but not yet delivered
1	Teachers Pensions Scheme AUP	Self interest	<ul style="list-style-type: none"> <li>• KPMG Consulting staff will be used when performing this engagement</li> <li>• The fees related to this service are immaterial to KPMG.</li> </ul>	Fixed	7,000	-

# Confirmation of Independence (cont.)

## Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

### Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.02:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2024/25
	£'000
Statutory audit	302.3
Other Assurance Services	7
<b>Total Fees</b>	<b>309.3</b>

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

Sarah Brown

**KPMG LLP**

# KPMG's Audit quality framework

**Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.**

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

## ■ Commitment to continuous improvement

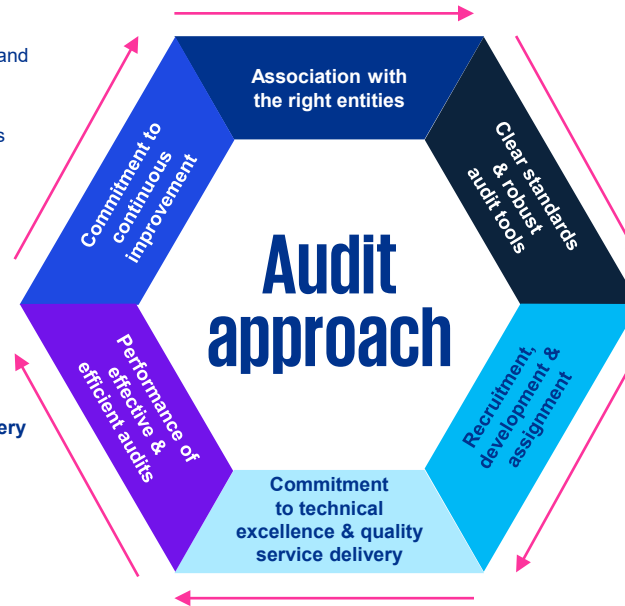
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

## ■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



## ■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

# Statement on the Effectiveness of our system of quality management

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

Our full Statement on the effectiveness of the System of Quality Management of KPMG UK LLP as at 30 September 2023 can be found [here](#).

*The extract below is the Statement on the Effectiveness of our system of quality management taken from our Transparency Report:*

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1), the Financial Reporting Council (FRC)'s International Standard on Quality Management (UK) 1 (ISQM (UK) 1), and KPMG International Limited Policy, KPMG UK LLP (the "Firm" and/or "KPMG UK") has responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by the Firm.

The objectives of the System of Quality Management are to provide the Firm with reasonable assurance that:

- a) The Firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- b) Engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

KPMG UK outlines how its System of Quality Management supports the consistent performance of quality engagements in the 2023 Transparency Report.

Integrated quality monitoring and compliance programmes enable KPMG UK to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall System of Quality Management.

If deficiencies are identified when KPMG UK performs its annual evaluation of the System of Quality Management, KPMG UK evaluates the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individually and in the aggregate, on the System of Quality Management, with consideration of remedial actions taken as of the date of the evaluation.

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.



# Understanding of IT



## Summary

**The release of ISA 315 (UK) revised brought an increased focus on Understanding of IT in the audit, and it continues to be an area of focus.**

Stakeholders now expect auditors to not only understand IT in detail, but also to consider the impact of the findings from their risk assessment procedures on their planned audit approach.

### Why is Understanding of IT so important?

Businesses continue to embrace increasingly complex and sophisticated IT systems and place more and more reliance on automated IT processing not simply for a competitive advantage, but also for "business as usual" operations.

This increased reliance means that to effectively audit accounts, balances and transactions, auditors are required to understand and challenge more around how those IT system and process work.

Therefore, Understanding of IT is a crucial building block of our audit strategy and influences our planned audit approach at every stage.

This is true regardless of whether controls reliance is planned or the audit is expected to be fully substantive in nature.

### What kind of things might we identify?

As part of our risk assessment procedures, we perform:

- An assessment of the formality, or otherwise, of certain financially relevant IT processes
- An evaluation of the design and implementation of related general IT controls
- An evaluation of the design and implementation of automated process level controls

As a result of these procedures, we may identify IT control deficiencies or IT process informalities that may have an impact on our planned audit approach.

Additionally, we may identify findings related to the wider control environment or threats to the accuracy or completeness of the information used by both entity management and auditors alike.

### What does this mean for our audits?

Auditors are being asked to consider the findings from their risk assessment procedures over IT in relation to the planned audit approach.

The findings may impact any area of the audit, however there are three main areas of focus where we anticipate that most impact as a result of identifying IT deficiencies or IT process informality;

- Increased risk to data integrity
- Additional fraud risk factors
- Additional high-risk criteria to be used in journals analysis

It is important to understand that these findings may have an impact regardless of planned reliance on automated controls and general IT controls.

# FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24 ('the Review')** in September 2024 having already issued three thematic reviews during the year. The Review and thematic identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



## Key expectations for 2024/25 annual reports



### Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and company-specific.

### Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

### Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

### Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the company's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.



# FRC's areas of focus (cont.)

## Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent company investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

## Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the '[Offsetting in the financial statements](#)' thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

## Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a company is also applying the Companies Act 2006 Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and company specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

## Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Companies should ensure sufficient explanation is provided of material financial instruments, including company-specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

## Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the company. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.



# FRC's areas of focus (cont.)

## Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

## Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover company-specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

## Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

## Strategic report and Companies Act

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

## Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the company.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

## Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts –Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

### UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

### Retail sector focus



Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

## 2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

 Industrial metals and mining  
 Retail

 Construction and materials  
 Gas, water and multi-utilities

 Food producers  
 Financial Services



[kpmg.com/uk](https://kpmg.com/uk)

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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## Executive Director's Assurance Report: Children, Education and Families (CEF)

To: Audit and Accounts Committee

Meeting Date: 4 June 2025

From: Executive Director for Children, Education and Families (CEF)

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Executive Summary: The purpose of this report is for the Executive Director for Children, Education & Families (CEF) to provide assurance to the Audit and Accounts Committee that a sound system of internal control is in place and operating effectively for their areas of responsibility. This will support the delivery of the key functions of the Audit and Accounts Committee, in line with the Committee's Terms of Reference.

Recommendation: This is an information-only report. The Committee should consider the assurance provided over the adequacy of the Council's control environment and compliance with corporate governance controls.

Officer contact:

Name: Martin Purbrick  
Post: Executive Director for Children, Education & Families (CEF)  
Email: [Martin.Purbrick@Cambridgeshire.gov.uk](mailto:Martin.Purbrick@Cambridgeshire.gov.uk)

# 1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The purpose of this report is for the Executive Director for Children, Education & Families (CEF) to provide assurance to the Audit & Accounts Committee that a sound system of internal control is in place and operating effectively for their areas of responsibility. The report will also update the Committee on the implementation of planned actions to further strengthen arrangements for governance, risk and control, and the outcomes of whistleblowing referrals in the Directorate.
- 1.2 This will support the Audit & Accounts Committee to deliver the following key functions within the Committee's Terms of Reference:
- Monitor the effectiveness of the system of internal control, including arrangements for internal audit, external audit, financial management, ensuring value for money, risk management, governance, assurance statements, supporting standards and ethics, and managing the authority's exposure to the risks of fraud and corruption.
  - Provide independent assurance of the adequacy of the risk management framework and the associated control environment.
  - Review compliance with the relevant standards, codes of practice and corporate governance policies.
- 1.1 As such, this will support the delivery of all seven of the Council's ambitions as set out within its Strategic Framework.

## 2. Background

- 2.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favoring disclosure.
- 2.2 A key element of developing the AGS is the preparation of self-assurance statements by all directors, as a formal assurance from those managers who have responsibility for the development, implementation and maintenance of the governance environment.
- 2.3 These assurance statements require Executive Directors to:
- confirm that they have obtained assurance from their service directors on the key elements of risk and control systems for which they are responsible.
  - confirm that all significant internal control matters brought to their attention have been or are being properly dealt with.
  - confirm that that the risks and internal controls for which they are responsible have been sufficiently addressed in order to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and with other laws and regulations; and

confirm that to the best of their knowledge, these arrangements have been complied with in all material respects throughout the period.

- identify any exceptions to the above and/or any significant governance issues<sup>1</sup> the Executive Director is aware of, and how these are being addressed.

### 3. Highlights from the Annual Governance Statement

- 3.1 The Children, Education and Families Directorate support the delivery of the actions identified in the AGS Action Plan and outlined below is the action specific to the Directorate which has been progressed.

**Develop and implement an Action Plan to address the key recommendations from the March 2024 Ofsted Inspection of Local Authority Children's Services.**

The Ofsted Action Plan has been developed and submitted to Ofsted on 19<sup>th</sup> August and presented to the Children and Young People (CYP) Committee in October 2024 which can be found [here](#). The action plan is monitored through various groups and is underpinned by an internal activity tracker which monitors all our improvement work, including the actions from the Ofsted action plan. In February 2025, the action plan was updated to outline the progress and showed key areas of improvement, which included:

- Reduction in agency usage down from 38% - 22% in frontline teams.
- Progress has been made in the recruitment of a permanent workforce.
- Improvements have been made in support for Care Leavers.
- Additional foster carers have been recruited with a net gain in fostering households over the year.
- An approach that provides additional support to foster carers called Mockingbird has been implemented.
- Pathway planning for Care Leavers has improved by 20%.

In addition, since 2023, Cambridgeshire County Council have worked with our Sector Led Improvement Partner, Essex (Outstanding Ofsted rating), to conduct a number of diagnostic visits to each of our Children Social Care teams to identify the key areas for improvement. Subsequently, this led to Cambridgeshire in November 2023 launching an improvement approach for our key areas of practice namely 'Big 6 Spotlight' as common areas of improvement were being identified, before the diagnostics were completed. This can also be found in the October 2024 [report](#) to CYP Committee. Work with Essex continued into 2024/25 including further diagnostic visits, systemic training and sharing good practice and resources.

---

<sup>1</sup> N.B. Significant governance issues are defined as those which:

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

Further work is ongoing to ensure the actions are progressed and the success criteria can be fully realised in all of these areas.

In January 2025 Ofsted and the Care Quality Commission (CQC) undertook an inspection of the Local Area's response to children with Special Educational Needs and Disabilities. This report was published on 13<sup>th</sup> May 2025 and a copy of that report can be found here - [50276860](#)

The Council will be required to submit an action plan in relation to this inspection as well as the plan and its progress will be reported to the Children and Young People's Committee.

- 3.2 Children, Education and Families have supported the other actions outlined in the AGS action plan which has included contributing to the induction programme for Members and training for political awareness within our leadership team.

## 4. Overall Control Environment

- 4.1 A number of additional controls have been introduced within Children, Education and Families in the last 12 months, this would include:

### 4.1.1 Governance arrangements:

The Childrens Safeguarding Board has ceased to operate as a shared board between Cambridgeshire and Peterborough. The revised governance arrangements mean that there is now a multi-agency safeguarding partnership for Cambridgeshire specifically. The partnership also has an Independent Scrutineer in line with the Working Together 2023 guidance who will provide scrutiny and challenge to the work of the partnership as it works to support children in need of help and protection and those in care and care leavers.

The revised approach to the Children's Rapid Improvement Board has seen partners from Police, Health and Education join the strategic group which has an independent chair to help drive the improvements and consider collaborative approaches to problem solving and practice development.

The revised approach for the Special Education Needs and Disability (SEND) Executive Board to refocus on the 'Inclusion for All' framework agreed in 2024.

The Children's Change Board has been established to place assurances within key work areas across CEF, including Ofsted Action Plan action, service redesigns, business planning actions and project developments. Key areas feed into the overarching Change Board.

Strengthened Governance of financial controls. Financial transparency reports are now a standing item on the weekly Children, Education and Families. This tracks contract management, contractual spend and procurement practice.

In education, Schools Forum now has a High Needs Block Sub-group that will monitor the progress of rolling out additional Enhanced Resource Bases and any future projects put in place to improve outcomes for children with SEND as well as having a mitigating factor on the High Needs Block budget.

#### 4.1.2 Work areas for assurances:

A number of work areas are developing to provide the assurances in a number of areas which include:

Special Educational Needs and Disabilities (SEND) – an 'Inclusion for All' framework has been agreed by partners to ensure support and opportunities is available for all children, young people and their families from a variety of areas. These will focus on ensuring there is inclusive places, inclusive people, inclusive practice, inclusive partnerships, Inclusive voices and Inclusive services.

The Corporate Parenting Strategy, developed in January 2025, ensures the inclusion of children's and young people's voices in all aspects of our work, providing a platform for Cambridgeshire to consider their views in making improvements, in particular the views of Care Leavers.

Workforce Development Strategic Plan – this outlines 9 key drivers for change to ensure a focus on workforce to build stability and capacity where it is needed within Children, Education and Families.

The Residential Strategy developed in 2023 is focused on placement sufficiency for children and young people with high complex needs to ensure the right care is provided in the most cost-effective way.

National Social Care Reforms – the Family First Programme of reforms are a significant national reform ensuring children, young people and families receive the help they need at the earliest opportunity. For Cambridgeshire, a programme is currently in development to ensure this can be delivered in line with statutory changes.

#### 4.2 The Children, Education and Families risk register has recently been reviewed and outlines the key strategic areas of risk. One of those risks in relation to 'Safeguarding vulnerable children and young people across Cambridgeshire' is also within the corporate risk register. There are a number of mitigations in place and additional actions which support the mitigation of this risk. These include:

The Corporate response to the Ofsted Inspecting Local Authority Children's Services (ILACS) inspection in 2024 has seen the development and delivery of the Ofsted Action Plan for Cambridgeshire these have included the progression of all seven recommendations, key elements already described in 4.1.2 and as outlined.

Recruitment of permanent staff – has seen an increase of 'growing our own' workforce including the recruitment of international social workers, apprentices and newly qualified social workers in most teams. This has led to the reduction in agency use.

Children's Placement Sufficiency has been a priority and includes greater market engagement with an increasing number of children being placed in Cambridgeshire. Social Care and Commissioning working more closely together as a strong focus on recruiting in-house foster, showing early signs of success, however, there are still a number of children in unregistered placements. A Sufficiency Statement will be presented to Children and Young People Committee in September 2025.

An overarching review of key areas of Children's, Education and Families services to currently review the out-of-hours service and decision-making at the integrated front door. More work is required as the National Reforms programme is developed.

## 5. Outstanding Audit Actions

5.1 Within CEF, there are a total of 4 key themes with 18 recommendations outstanding:

- Case 128 Transport backlog x 1
- Dedicated School Grant (DSG) x 10
- Multi-agency Safeguarding Hub (MASH) x 5
- Schools Deficit x 2

5.2 **Safety Valve** - The service has one outstanding Essential internal audit action related to the Safety Valve, High Needs Block and the Designated Schools Grant. The delays in completion relate to two primary areas. Firstly, the County Council was asked to re-submit a Safety Valve plan to the Department of Education which has been completed. We are awaiting feedback from the Department as to whether the re-submitted plan will be approved by the Minister in order for the Council to be re-entered into the Safety Valve Programme. The second aspect is the implementation of the new education database. This is scheduled to go live in August 2025 and actions related to this cannot be concluded until evidence is provided that this system is having the desired impact.

The number of overdue actions has reduced significantly in 2025 in part down to the strengthened governance arrangements in the CEF. These actions are now a standing item on the CEF Leadership Team meeting agenda and this takes place on a weekly basis. Progress on actions is reported directly to the Executive Director for Children, Education and Families.

5.3 **Transport** – Following the independent review of our transport arrangements by People Too, a comprehensive Transport Strategy and aligned action plan will be presented to Children and Young Peoples Committee in October 2025. Activity that does not require a Key Decision will begin in June.

5.4 **Multi-agency Safeguarding Hub (MASH)** - The recommendations for the MASH have been reviewed. Practice in the MASH has improved significantly with a noted reduction in referrals to children's social care and an increase in the number of children accessing help and support earlier through the Early Help Hub. We have provided evidence to meet all of the recommendations aside from two which will be concluded in the next iteration of the report.

5.5 **Schools Deficit** – All schools in deficit have been written to and where appropriate a Financial Improvement Group is set up to support the school and to monitor action plans. Increasing number of schools across the Country are facing deficit budgets due to the impact of funding stay pay agreements and the increasing pressures of delivering education services to children with Special Education Needs and disabilities (SEND).

- 5.6 CEF also has its own Quality Assurance team which conduct several 'in-service' audits which are monthly case audits with frontline teams, and they also conduct thematic audits on key themes:

The following scheduled internal thematic audits were completed during 2024/25:

- Youth Justice re-offending in 2yrs
- Permanency
- Care Leavers Service
- Supervision
- Children and Families assessments

Completed audit reports are shared with the service, who are supported to develop action plans to address any identified development needs. These plans are monitored through Practice Quality Governance Board and the actions are tracked at the CEF Leadership Meeting as a standing agenda item.

In addition, the service has been involved in two multi-agency suits by the Local Safeguarding Partnership and the Serious Youth Violence and Domestic Abuse.

## 6. Whistleblowing, Complaints and Inspections

- 6.1 Children, Education and Families have seen one major inspections in the last year. In February 2025, Ofsted and Care Quality Commission undertook an Area SEND Inspection (Area Inspection of Special Educational Needs and Disabilities), which included partners within this area of work in Cambridgeshire, namely Parent/Carer groups, Health and Schools. The outcome of this inspection was published in May 2025 (delayed publication due to the pre-election period). Of the three possible outcomes below, Cambridgeshire achieved the second grade in bold:

- Local area partnership's SEND arrangements typically lead to positive experiences and outcomes for children and young people with SEND. The local area partnership is taking action where improvements are needed.
- **Local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with SEND. The local area partnership must work jointly to make improvements.**
- There are widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with SEND, which the local area partnership must address urgently.

The Inspectors identified the following priority areas for improvement: -

### Areas for improvement

The local area partnership should work together to improve the timeliness and quality of the statutory EHC plan processes so that children and young people with SEND get the right support at the right time. This should include a particular focus on:

- improving the timeliness of EHC plan needs assessments and annual reviews
- improving the quality of EHC plans
- amending EHC plans appropriately after annual review.

The local area partnership should improve access to, and reduce waiting times for, specialist mental health pathways and neurodevelopmental assessments. Leaders should ensure that children and young people and their families consistently receive effective communication and support while waiting for neurodevelopmental assessments.

The local area partnership should develop better opportunities for co-production with children and young people with SEND, so their voices and views are more fully included in the design of support and services.

The local area partnership should improve the support for children and young people with SEND as they prepare for adulthood, especially in mainstream schools.

The local area partnership should improve how it communicates its offer, so schools, services and families know about and understand what the area seeks to provide. This will mean those who work most closely with children and young people with SEND will be better able to help them access the support available.

\*EHC = Education, Health and Care Plan

An improvement action plan is required to be drafted and submitted to Ofsted within 35 days of publication of the report. This plan will be presented to Children and Young Peoples Committee.

## 6.2 Complaints

During 2024/25, CEF received the following:

- Compliments received - 153
- General enquiries - 72
- Councillor enquiries - 31
- MP enquiries - 149
- Statutory Stage 1 received – 62 (86)
- Statutory Stage 2 received – 16 (10)
- Statutory Stage 3 received – 0 (1)
- Corporate Stage 1 received – 720 (368)
- Corporate Stage 2 received – 148 (39)
- Corporate Stage 3 received – 60 (16)
- LGO enquiries received – 37 (17)

The majority of MP enquiries and complaints across all of the three stages relate to delays in the delivery of SEND assessments and services. The CEF service is developing a workforce and service plan, linked to the Inclusion for All Strategy that will ensure need is met more effectively over the course of 2025/26.

## 6.3 Whistleblowing

There have been three whistleblowing referrals received by the County Council. These have each been investigated and are summarised with outcomes in Appendix 4.

## 7. Appendices

7.1 The following appendices are attached to this report:

- Appendix 1 – *Executive Director, Children, Education and Families Annual Assurance Statement 2024-2025.*
- Appendix 2 - *Executive Director, Children, Education and Families Actions within the Annual Governance Statement Action Plan*
- Appendix 3 - *Audit Actions Overdue in the Children, Education and Families as at 30<sup>th</sup> April 2025.*
- Appendix 4 - *Summary of Whistleblowing Referrals received in Children, Education and Families and the outcomes for 2024/2025.*

## 8. Source Documents

8.1 Ofsted ILACS inspection report - [50247204](#)

8.2 Ofsted Action plan Committee report - [Council and committee meetings - Cambridgeshire County Council > Meetings Calendar](#)

8.3.1 Ofsted and CQC ASEND inspection report - [50276860](#)



To: Chair of the Strategy and Resources Committee  
From: Martin Purbrick, Executive Director for Children, Education and Families  
Ref: Annual Governance Statement - 2024/25  
Date: 22 April 2025  
cc:

## **EXECUTIVE DIRECTOR ASSURANCE STATEMENT**

The Council's Code of Corporate Governance illustrates how the Council is governed as a corporate body. On an annual basis the Council is required to prepare an Annual Governance Statement, which reports the extent to which the Council has complied with the Code of Corporate Governance for the financial year in question, as part of its Annual Financial Statement.

The Executive Director Assurance Statement is a key element of evidence to illustrate the degree of compliance with the Code of Governance.

## **ASSURANCE STATEMENT**

I confirm the following points to the Chair of the Strategy and Resources Committee:

- I understand the requirements of my job as set out in my contract of employment and my job description.
- I have made a Declaration of Private Interests as required by the Code of Conduct for any paid or unpaid private work or consultancy, or any potential conflict of interests relating to my work at the Council.
- I am aware of the principal statutory obligations and key priorities of the Council which impact on the services for which I am responsible and have actively communicated these to staff within my Directorate. I have made an assessment of the significant risks to the successful discharge of the Council's key outcomes and my service outcomes and have identified the appropriate controls to cost effectively mitigate these risks.

- I acknowledge that one of my managerial tasks is to develop, maintain and operate effective control systems to manage risk in all areas for which I have responsibility. I confirm that I understand what this involves and that I have the necessary authority to establish and operate such controls effectively.

I have obtained assurance from my service directors on the key elements of risk and control systems for which I am responsible and I am satisfied that they:

- have met their responsibilities to identify and manage areas of high risk.
- have ensured control systems are operating effectively having taken action to address control weaknesses.
- are empowered to operate such control procedures.
- are aware of their responsibility to report upwards any unresolved matters of concern about the management of risk and to deal with any risk matters reported to them in an expeditious manner.
- have made Declarations of Private Interests as required by the Code of Conduct for any paid or unpaid private work or consultancy, or any potential conflict of interests relating to their work at the Council.
- are familiar with the Council's policy on whistleblowing which enables them to bypass intermediate levels of management without fear of victimisation, and
- have up to date business continuity plans in place for all the services they are responsible for.

I confirm that all significant internal control matters brought to my attention by staff, Internal Audit and Risk Management, External Audit or external regulators have been or are being properly dealt with.

Throughout the financial year 2024/25 I consider that the risks and internal controls for which I am responsible have been sufficiently addressed in order to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and with other laws and regulations. To the best of my knowledge, these arrangements have been complied with in all material respects throughout the period.

I am not aware of any significant weaknesses in internal control or non-compliance with Council policies or procedures, including any relating from any change in business practice in my area of responsibility, or other irregularities in accounting practice which should be brought to your attention.

I confirm that any future plans will be assessed for their risks and internal control implications and that sufficient control will be put in place before such plans are implemented.

**Any exceptions to the above are set out below:**

Nothing to declare

**I detail below any significant governance issues<sup>1</sup> I am aware of, and the action being undertaken to address these:**

Nothing to declare

**In support of the annual assessment of the Council's compliance with its Code of Corporate Governance, I detail below any reflections and comments on the Council's current governance arrangements, against the seven characteristics of governance within the Centre for Governance & Scrutiny's [Governance Risk & Resilience Framework](#):**

- 1. Extent of recognition of individual and collective responsibility for good governance.**
- 2. Awareness of political dynamics.**
- 3. How the Council looks to the future to set its decision-making priorities.**
- 4. Officer and Councillor roles.**
- 5. How the Council's real situation compares to its sense of itself.**
- 6. Quality of local (external) relationships.**
- 7. The state of member oversight through scrutiny and audit committees.**

**I also detail any actions which have been completed in 2024/25 or which are planned for 2025/26 to strengthen the Council's systems of governance against the seven characteristics noted above.**

Not applicable

**SIGNATURE:** (signature redacted)

**DATE:** 22/4/2025

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<sup>1</sup> N.B. Significant governance issues are defined as those which:

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



# ANNUAL GOVERNANCE STATEMENT

## Annual Governance Statement Action Plan

This Action Plan has been developed taking into consideration the outcomes from the annual review of corporate governance and development of the Annual Governance Statement; actions and issues identified by the Statutory Officer Group, issues arising from the Monitoring Officer report; governance issues raised by Internal Audit reviews; and third party feedback, inspections or complaints. The implementation of the actions outlined in this plan will be monitored through the Statutory Officers Group and reported to the Audit and Accounts Committee.

The actions are thematically grouped under the themes of the Centre for Governance and Scrutiny “Risk and Resilience Framework.”

Action	Owner	Target	Status
<b>i. Extent of recognition of individual and collective responsibility for good governance</b>			
Implement a module within the Member Induction Programme to include training on decision making and Member/Officer Protocol.	Democratic Services Manager	1 <sup>st</sup> June 2025	The draft Pre-Election and Members' Induction Programme has been considered by the Member Development Panel and CLT. This training will take place on 15 May “Good decision making”
To include in Manager Induction a module on decision making at Cambridgeshire County Council.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	In progress.
To review process for completion of Annual Governance Statement to ensure that the process is directed and owned by those charged with governance.	Joint Administration/Statutory Officers Group	31 <sup>st</sup> March 2025	In progress. Audit underway.

**ANNUAL GOVERNANCE STATEMENT**

Embed new client-side management arrangements with Pathfinder Legal Services and implement action plan following audit review.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	Actions identified in audit now complete – action plan on service improvement developed and implemented.
Ensure external auditors finalise their sign-off of outstanding accounts and value for money opinions.	Executive Director: Finance & Resources	31 <sup>st</sup> March 2025	In progress
Implement Whistleblowing Action Plan following Protect benchmarking exercise.	Head of Internal Audit & Risk Management	31 <sup>st</sup> March 2025	Annual report going to Committee 31/10
To carry out Strategic Commander Training for all Directors/Officers on call	Chief Executives Office	31 <sup>st</sup> March 2025	Training delivered 13/12/24

## ANNUAL GOVERNANCE STATEMENT

Fully implement system of Change Boards throughout the Council.	Executive Director: Strategy & Partnerships	31 <sup>st</sup> March 2025	Complete
Complete a review of client-side governance in the Council's relationship with This Land Ltd.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	Complete – reported to July A&A
<b>ii. Awareness of political dynamics</b>			
Deliver training to Extended Leadership Team on political dynamics and awareness.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	Training delivered 5 <sup>th</sup> Nov 24.
Deliver further training and communications to Extended Leadership Team as needed to embed understanding and awareness of key governance issues and developments.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	ELT sessions completed January 2025.
<b>iii. How the council looks to the future to set its decision-making</b>			
Work with the Corporate Leadership Team to enhance awareness and understanding of the political nature of strategic planning and decision-making, including a session focused on the Local Government Association guidance on setting up joint arrangements.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	Complete
Delivery of Cambridgeshire's Local Productivity Plan outlining the Council's plans for transforming the way it designs and delivers services to make best use of resources and how it intends to take advantage of the use of data and technology to improve decision-making.	Statutory Officers Group	1 <sup>st</sup> July 2024	Complete
<b>iv. Officer and councillor roles</b>			
Consider adoption of the Local Government Association Model Councillor Code of Conduct.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	Complete
Delivery of procurement and contract management training to officers with responsibility for managing contracts.	Head of Procurement & Commercial	31 <sup>st</sup> March 2025	In progress

## ANNUAL GOVERNANCE STATEMENT

Review the Constitution to develop a structure that is easier to read and understand.	Service Director: Legal & Governance	31 <sup>st</sup> March 2025	Complete
<b>v. How the council's real situation compares to its sense of itself</b>			
Implement new Performance Management Framework.	Service Director, Policy Insight & Change	31 <sup>st</sup> October 2024	Complete
Develop and implement an Action Plan to address the key recommendations from the March 2024 Ofsted Inspection of Local Authority Children's Services.	Executive Director, Children Education & Families	31 <sup>st</sup> October 2024	Complete and submitted to Ofsted on Monday 19 <sup>th</sup> August
Conduct a self-assessment of Cambridgeshire County Council against the 2024 statutory guidance on the Best Value Duty for local authorities in England.	Corporate Leadership Team	31 <sup>st</sup> December 2024	Complete
<b>vi. Quality of local (external) relationships</b>			
External LGA healthcheck on the Council's approach to communications and consultation.	Executive Director: Strategy & Partnerships	30 <sup>th</sup> September 2024	Complete
Development and publication of a new Consultation & Engagement Strategy.	Service Director Policy, Insight & Change	31 <sup>st</sup> August 2024	Complete
Launch partnerships self-assessment tool.	Service Director Policy, Insight & Change	31 <sup>st</sup> October 2024	Complete
Implementation of the Complaints Action Plan in Adults, Health & Commissioning.	Executive Director: Adults, Health & Commissioning	31 <sup>st</sup> March 2025	Complete
Formal review and update of the Adults Social Care Complaints Policy.	Executive Director: Adults, Health & Commissioning	31 <sup>st</sup> March 2025	Complete - TOR has been signed off

# ANNUAL GOVERNANCE STATEMENT

<b>vii. The state of member oversight through scrutiny and audit</b>			
Update the Terms of Reference for the Audit & Accounts Committee.	Head of Internal Audit & Risk Management	31 <sup>st</sup> December 2024	Draft update of TOR shared with SAT Officers, will go to Committee 31/10
Continue to implement the new processes in relation to selection and scoping of Health scrutiny items for Adults and Health Committee.	Democratic Services Manager	31 <sup>st</sup> March 2025	The Adults and Health Committee agreed on 14 <sup>th</sup> December 2023 to produce a health scrutiny work plan for 2024/25 which reflected committee members' priorities, was assessed against agreed scrutiny objectives and which was sufficiently flexible to respond to emerging local or national events. Suggestions for potential topics were sought

# ANNUAL GOVERNANCE STATEMENT

		<p>from committee members, senior officers, Healthwatch Cambridgeshire, the voluntary sector and the Integrated Care Board. A long-list of 24 topics was produced which was assessed and scored against criteria agreed by committee members. A work planning workshop was held on 13<sup>th</sup> March 2024 to which all committee members were invited, including the co-opted members representing the Council's city and district council partners. Members discussed the topics proposed and identified six priority topics for 2024/25. A</p>
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## ANNUAL GOVERNANCE STATEMENT

			<p>formal scope has been shared with committee Spokes for each of the topics scrutinised so far during 2024/25 and key lines of enquiry agreed. These have been shared with those being scrutinised and used to structure the committee's scrutiny pre-meet and the public scrutiny session. On 10<sup>th</sup> October 2024, the Committee agreed similar arrangements to develop an annual health scrutiny work plan for 2025/26.</p>
<p>Increasing emphasis on the role of Health scrutiny in the Members 'Training programme.</p>	<p>Democratic Services Manager</p>	<p>31<sup>st</sup> March 2025</p>	<p>Complete</p>



## Summary of Outstanding Audit Recommendations across Children, Education & Families Services

(Recommendation status as of 19<sup>th</sup> May 2025)

### Risk Levels:

*E - Essential - Action is imperative to avoid exposure to a significant organisational risk.*

*H – High - Action is imperative to avoid exposure to a significant risk to the service area*

*M - Medium - Action is required to avoid exposure to a risk to the service area*

*A – Advisory - Consultancy recommendations which are intended to improve operational efficiency or enhance value*

There are a total of 4 key themes with 18 recommendations:

- Case 128 Transport backlog x 1
- Dedicated Schools Grant (DSG) x 10
- Multi-agency Safeguarding Hub (MASH) x 5
- Schools Deficit x 2

The recommendations below have been arranged by risk level, starting with the highest first.

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
1.	DSG Safety Valve Review	3a - Once data accuracy is assured as per Recommendation 1, targets and expected benefits should be added and include measurable aims to allow for accurate monitoring of actions – e.g., 'if we do X, the no. of Education, Health Care Plans (EHCPs) should be reducing by X each month compared to this time last year in order to meet the	E	31/10/2024	3a - The weekly Statutory Assessment Team (SAT) data task and finish group is monitoring the progress of clearing the data quality issues that were identified as part of the Impulse Nexus migration and implementation work. Staff from across a number of services within education are supporting with this piece of work and a business case has been developed to

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		<p>target of X.'</p> <p>3b - Once SMART targets are in place, a formal prioritisation of actions should then be undertaken, noting which actions will have the most significant impact on the programme and focusing on these first.</p> <p>3c - Identify interdependencies between actions and add to the progress timeline in the action plan, so that any delays are shown clearly and can be taken into account when planning the start of new actions and reporting on progress.</p>			<p>request additional data quality officers to complete the scope of work as well as support with the migration and implementation of the Early Years &amp; Education System (EYES) system. The task and finish group is also working with colleagues in the Policy &amp; Insights team to create a data dashboard a suite of reports within Power BI. The Service Director for Education has oversight of the data requirements informed by the Assistant Director for Inclusion to include in the data dashboard and this will be used to support reporting to the Inclusion Programme Board on service performance targets including statutory timescales.</p> <p>To ensure the data uploaded to the new EYES system is quality assured, all services have been contacted by the Service Director for Education to prioritise mandatory training.</p> <p>There is also a Staff Engagement Teams forum where progress updates are posted.</p> <p>3b - As part of the Inclusion for All programme, each of the 6 work strands will have an action plan with clearly defined SMART targets/Key Performance Indicators</p>

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
					<p>(KPIs). Progress against these will be reported via individual work strand highlight reports by the identified work strand service leads. Draft KPIs to measure the impact of actions taken to address demand have been shared. An escalation report has been agreed that will include a financial narrative on the impact of the agreed actions so that there is routine and transparent oversight of managing down demand to address the deficit.</p> <p>In line with the corporate Project Management Office (PMO) Framework, full benefits profiles will be created using the corporate template.</p> <p>3c - The safety valve agreement has been updated and submitted to the Department for Education (DFE) on October 31st. This revised plan has reshaped the action plan for the service and focuses on reducing high-cost independent placements and supporting children to remain in mainstream provision. The risk around data accuracy is being managed through weekly oversight by the Service Director for Education. 31 spreadsheets have been identified that are being prioritised for uploading to the new system. There is a systems implementation</p>

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
					<p>board in place that is driving this work forward with string engagement from the new Service Director for data and systems.</p> <p>There is regular engagement with schools regarding inclusion for all which is the Board and the route for managing Safety Valve.</p>
2.	DSG Safety Valve Review	<p>Once the Action Plan has been developed [see Recommendation 3] to clarify and prioritise the actions required to deliver the programme objectives, the programme should conduct an evaluation of the programme's staffing/system needs against ongoing business-as-usual workloads. The outcomes of this review of staffing resources for the programme should be reported to Corporate Leadership Team (CLT) for Directors to consider whether the current allocation of staff to the project is optimal to ensure its success, in relation to resources available. The paper should include an appraisal of problems realised so far, including the opinion of the Local Government Association, the likelihood of future resourcing issues, and the potential options for solving the problem. This could involve acquiring additional temporary resources from other</p>	H	31/10/2024	<p>A phased approach has been developed as part of the 'Inclusive People' strand of Inclusion for all that will: Extending some fixed term contracts has addressed some urgent and critical gaps in capacity that are contributing to the backlog in assessments.</p> <p>A wider restructure has been proposed: Phase 1 will create a sustainable model for Educational Psychologists; however, this has been contested and is pending decision. Phase 2 is a remodel of the whole service to ensure there is capacity in the right places. This has been modelled and is pending decision.</p> <p>An end-to-end review was undertaken to identify the mismatch between the capacity in the service and the demand. This contributed to the proposed restructure that ensures there is sufficient capacity for case workers that will reduce caseloads from 500 to 270 and Education Psychologists that will</p>

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		sources, back-filling posts, accepting the risks presented by a less than optimal staff resource, etc.			increase from 17FTE to 38FTE. This was presented at Target Operating Model (TOM) Board on 13 May and is scheduled to return on 10 June, and Change Board 27 June.
3.	DSG Safety Valve Review	<p>The risk log should be updated with the most current risks and ordered based on priority. The mitigation plans should then be amended to include:</p> <ul style="list-style-type: none"> <li>• A clear plan for each risk stating exactly what action will be taken;</li> <li>• How this action will reduce the risk;</li> <li>• The responsible officer assigned to each risk;</li> <li>• A start date and deadline for each action.</li> </ul>	H	31/10/2024	A risk log has been developed as part of the EYES implementation and is reported to at the Change Board to ensure there is oversight and challenge from the highest decision-making level to accelerate progress and unblock barriers.
4.	Multi Agency Safeguarding Hub	Ensure all staff are fully aware of the overall picture and the “Impact on the child “as a key point of focus. Continue to conduct regular quality audit reviews to ensure that information transfer and risk assessment practises align with safeguarding policies and effectively serve the needs of vulnerable individuals. If repeated issues are identified from the assessment team	H	31/10/2024	All staff in Assessment now have access to Early Help Management (EHM) and (Local Children’s System) LCS so they can review all contacts and information relating to children. Every new contact received during an assessment would need the oversight of a manager to ensure that the Team Manager and worker have considered this additional information and any impact of this on their case trajectory. This has been in place since

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		undertake training to ensure correct protocols are followed.			October 2024. Ongoing audit findings will confirm whether this service directive is being complied with or not.
5.	DSG - High Needs Block Demand Management	A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an EHCP after an annual review has taken place. The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.	M	31/07/2024 - revised to 30/06/25	This is incorporated into the Area Special Educational Needs and Disabilities) ASEND action plan (June 2025) as it is linked to areas for improvement, namely meaningful integration of health and care into Education, Health Care Plans (EHCPs) and embedding Preparing for Adulthood through all plans. The action plan will need to be a multi-agency plan incorporating health and education in delivering improved outcomes across each of the recommendations. A high-level action plan is under development as part of the 'Inclusive Practice' strand of Inclusion for All, the agreed approach to SEND improvement. NB: The Inclusion for All Programme is following the corporate PMO framework and as of May 2025, is in the Design & Develop gating phase where a more detailed action plan will be produced. Gating is overseen by the Corporate Governance & Performance Team and Head of Change.
6	DSG Safety Valve Review	Alongside recommendation 1, the Director of Education should write to all	M	23/07/2024 -revised	Our focus has shifted to the effective implementation of Early Years & Education

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		<p>schools informing them of the new information system and requesting that they bring information for their school up to date regarding EHCPs within a month. This will ensure that data accuracy is restored quickly so planning for the programme can resume.</p> <p>Where this information is not provided within a month, Education should follow up with schools to ensure this information is obtained as soon as possible.</p>		<p>date to 30/08/25 to align with EYES go-live</p>	<p>System (EYES) case management system as, despite casework being recorded in Impulse Nexus, data quality remains an issue. Focus needs to be on the most effective data migration possible.</p> <p>Schools have been engaged in the implementation of the EYES system. We have contacted every school with a letter and a follow up phone call. We have requested all schools complete and return a data sharing agreement. We have had 100% return from schools.</p>
7.	DSG Safety Valve Review	<p>An investigation should be carried out formally to establish whether EHCPs are being funded correctly (in line with legislation, government guidance or agreements) from both Health and Social care and/or Education. If changes in sources of contribution are required, then the outcomes of the investigation should be written up and reported to CLT.</p>	M	31/12/2024	<p>Placements for Special Educational Needs and Disabilities (SEND) / EHCP educational placements are being funded correctly. Further evidence and assurance is required by Internal Audit before completion can be confirmed.</p>
8.	DSG Safety Valve Review	<p>Once the action plan has been overhauled [see recommendation 3], a codified communications plan document should be produced including the following key sections:</p>	M	31/08/2024	<p>There is regular and ongoing engagement with all key stakeholders regarding EYES implementation through the weekly Operational Leads meeting. There is regular communication on the wider implementation of Inclusion for All, the framework to embed</p>

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		<ul style="list-style-type: none"> <li>• List of all internal and external stakeholders;</li> <li>• The exact information that needs to be shared with each group (status reports, summary updates etc.);</li> <li>• How this information will be communicated to each group (via Board meetings, online platforms, parents' evenings etc.);</li> <li>• The frequency of these communications;</li> <li>• Who is responsible for sending out communications, or ensuring they are sent on time.</li> </ul>			<p>improved practice. This has been shared at Schools Forum. Multi Academy Trust CEO group. Community Primary Heads and Secondary Head teachers Group as well as with Governors. This means there is a clear understanding of what the framework aims to achieve and how it will be done. Operational groups have been established with head teachers through the High Needs Block Subgroup to Schools Forum that includes representative Headteachers from across the school system.</p> <p>The EYES Programme Board meets monthly and are scheduled. The Inclusion for All Programme Board meeting are also monthly and scheduled.</p>
9.	DSG Safety Valve Review	<p>A dedicated risk session should be set up with the Project Director, Project Manager and Senior Responsible Officers for each workstream at a minimum. This meeting should be held monthly to discuss risk to the project and progress towards mitigating these, including review of all actions against implementation dates and consideration of where escalation may be necessary.</p> <p>Once an officer has been given</p>	M	31/08/2024	<p>The EYES Programme Board is chaired by the Service Director for Education as the Senior Responsible Officer (SRO). The Board meets on 3rd Tuesday of each month.</p> <p>The governance structure and Terms of Reference are illustrated in the Education IT EYES System Implementation Governance Proposals Summary (See no. 8)</p>

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		responsibility for each risk (see recommendation 8), they should carry out regular monitoring on the progress of mitigation plans and produce a brief report which can be distributed to senior officers at risk sessions. This will help senior officers see where actions are/are not working. Where risks are not being reduced, these should be escalated to the SEND executive Board or Corporate Leadership Team.			<p>The EYES Programme maintains a RAID log.</p> <p>The Programme Manager meets weekly with all workstreams who RAG red.</p> <p>The Senior Responsible Officer (SRO) meets weekly with the EYES Programme Manager and the Service Director Customer &amp; Digital Services.</p> <p>The EYES programme has provided comprehensive updates to Change Board.</p> <p>The Programme team holds weekly 'stand-up' meetings are held every Tuesday. Stand-up meetings do not require documented notes.</p> <p>Weekly Project Team and Supplier Status update meetings are held every Thursday.</p> <p>Each of the modules reports monthly:</p>
10.	DSG Safety Valve Review	Once the information system has been implemented [see recommendation 1], the status reports should be updated with detailed quantitative data as this will give more clarity as to how the project is progressing towards meeting	M	31/08/2024	As above, KPIs have been agreed and are reported to in the Inclusion for All Improvement Board. These include: numbers of children and young people with SEND in mainstream provision. Numbers of children in high-cost independent provision.

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		<p>the agreement. It will also allow the Board to see what actions are making more of an impact so these can be prioritised.</p> <p>Quantitative data should include:</p> <ul style="list-style-type: none"> <li>• Number/cost of EHCPs for current period vs previous period;</li> <li>• Net change in EHCP numbers;</li> <li>• Change in budget deficit;</li> <li>• Data showing the effect of actions on number of new EHCPs, ceased EHCPs etc.</li> </ul>			<p>The Enhanced Resource Bases are prioritised so that fewer children are placed in high-cost provision to manage the financial risk to the Council.</p> <p>This action spans 2 Programmes: EYES and Inclusion for All. Both have established governance that ensures oversight at the highest level with SD for Education as SRO for both Programmes. As part of Inclusion for All, there is a financial narrative underpins each work strand.</p> <p>To ensure that the system is fit for purpose the service have been engaged in a number of sessions (see no. 1 above).</p>
11.	DSG Safety Valve Review	<p>Although detailed reports are being provided to CLT, the arrangements for this reporting should be documented, including the requirements of reporting and the frequency.</p> <p>Alongside this, monitoring reports should be written to give an accurate depiction of the programme and progress towards achieving objectives. They should include:</p> <ul style="list-style-type: none"> <li>• Detail of blockers/risks that project officers are struggling to deal with;</li> </ul>	M	30/10/2024	<p>The governance arrangements for the EYES Programme ensures that there is regular scrutiny and oversight through the Change Board from the Inclusion for All Improvement Board so that there is scrutiny and challenge at the highest level.</p>

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		<ul style="list-style-type: none"> <li>• Accurate quantitative data (once the new information system is implemented);</li> <li>• Detail of the current highest priority actions and the progress of these.</li> </ul>			
12.	Multi Agency Safeguarding Hub	Regular training and policy reinforcement for staff, combined with a monitoring system to track compliance with response times is critical to prevent future occurrences of delays.	M	30/05/2024	Service Level Agreement (SLA) group identified and concluded Level 1 and 2 'strats' agreed. Compliance since this was agreed in October 2024, over 90% compliance confirmed for both levels of 'strat'. This is no longer an issue as police are responding timely to 'strats' through complying with 24 hour 'strats' for urgent cases and the remaining that is not so urgent is prioritised within the 72 hour arrangement agreed in Working Together. The SLA recommendation concludes this action plan. Evidence required by Audit.
13.	Multi Agency Safeguarding Hub	To conduct training for MASH practitioners, surrounding information sharing with statutory bodies to ensure a proper understanding of the councils' responsibilities as the data controller. Amendments to the information sharing section of the MASH Manual to better explain the legality of information sharing and how it relates to MASH's specific circumstances. This could	M	31/12/2024	Kim Fountain provided DBS Training to all of MASH staff and since the training in February 2024, they have been compliant with Ofsted checks when required. Evidence required by Audit.

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		include example cases outlining the correct response in common scenarios.			
14.	Multi Agency Safeguarding Hub	Provide support and clear communication to staff undergoing vetting, especially those who are denied access to the main office, to mitigate any negative personal and professional impacts. This includes establishing a support system that includes counselling and or professional guidance, to help mitigate negative impacts on staff morale and dynamics. While the MASH service doesn't have authority over the vetting process, advocating for a review of the process to ensure it remains rigorous but fair for MASH staff would be beneficial.	M	31/12/2024	The vetting process has now moved from Level 3 to Level 2 checks which is shorter and less intrusive. The MASH Service Manager is informed immediately a vetting is negative so that the Service Manager can speak to the worker to have better understanding of why this is the case and where necessary, the service manager can share with the HOS and Service Director to lodge a challenge of this decision. Evidence required by Audit.
15.	Multi Agency Safeguarding Hub	Performance indicators within the Service plan should be introduced as soon as possible to ensure key objectives are being measure and met effectively. KPIs should be Specific Measurable, achievable, relevant and Timebound. There should be evidence of management review of KPIs, and action taken where targets are not achieved.	M	31/12/2024	This has been achieved. We now have KPI's in area of number of contacts received, number of cases that progressed to MASH, number of cases that progressed to statutory intervention and number of cases progressed to Early Help Hub. The only piece of work outstanding is in implementing the ragging system to be incorporated into key performance indicator such as number of agencies that complied with MASH requests, timeliness of response and information being shared to inform the

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
					MASH decision-making. Evidence required by Audit.
16.	Schools' Deficit Recovery Plan Review	<p>A process note should be written up for Education staff regarding the expectations for supporting/managing schools in deficit situations. This should include:</p> <ul style="list-style-type: none"> <li>• Who is responsible/able to provide direct support to schools in helping them complete their DRP (which staff or job roles), and through what means this support should be provided;</li> <li>• Who would get involved in the event of a dispute or lack of engagement; What aspects officers might want to consider for suggesting recovery actions;</li> <li>• What the outcome of support provided should be (i.e., a completed Revenue Recovery Plan template with SMART targets, and a complete Deficit License Application);</li> <li>• That a budget forecast should be run based on the DRP's SMART targets to verify that the targets will reduce in a balancing of the budget;</li> </ul>	H	30/09/2024	<p>Revised deficit protocol and guidance shared with maintained schools 24th April. Shared with Audit 30 April.</p> <p>The Service has provided Internal Audit with the deficit intervention policy, and terms or references for two support and intervention groups.</p> <p>Internal Audit has reviewed the evidence provided and concluded that the recommendation is not yet fully implemented.</p> <p>See the <a href="#">Cambridgeshire Schools Finance</a> website for documents shared with schools.</p> <p>A letter was sent to all schools in April 2025.</p> <p>A set of documents can be viewed using Cambridgeshire Learn Together.</p> <ul style="list-style-type: none"> <li>• Deficit Monitoring and Intervention Policy v1.0 – <a href="#">Deficit Monitoring and Intervention Policy v1.0</a></li> <li>• Finance Improvement Group (FIG) TOR – <a href="#">Finance Improvement Group (FIG) Terms of Reference</a></li> </ul>

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		<ul style="list-style-type: none"> <li>• Timescales for when DRPs should be complete;</li> <li>• Timescales for when to contact schools who do not have a completed DRP in place including clear SMART targets and roll forecasts substantiated by a budget forecast, so that support can be provided to facilitate this;</li> <li>• Whether DRPs should be updated or re-issued if plans change throughout the year.</li> </ul> <p>Internal Audit recommends that the School Finance Team should not accept DRP submissions as complete where the Recovery Plan template doesn't include any SMART targets and a roll forecast, rather they should be sent back for completion with support being provided as necessary to facilitate this.</p>			<ul style="list-style-type: none"> <li>• Finance Support Group (FDG) TOR – <a href="#">Finance Support Group (FSG) Terms of Reference</a></li> </ul> <p>These documents have also been published to Cambridgeshire Learn Together</p> <ul style="list-style-type: none"> <li>• Updated Scheme for Financing Maintained Schools v1.2 – <a href="#">Scheme for Financing Maintained Schools v1.2</a></li> <li>• Updated Consolidated Manual of Model Financial Procedures v2.0 – <a href="#">Consolidated Manual of Model Financial Procedures for Schools v2.0</a></li> </ul> <p>Further documents will be issued surrounding the Budget Submission Template and the required format that schools are expected to approve and submit their budget to the Local Authority, shortly.</p>
17.	Schools' Deficit Recovery Plan Review	A review should be undertaken into how resources are distributed in the Education service, which considers risks presently facing the service, and how resources should be allocated to respond to those risks. For example, this should include the risk of schools falling into budget deficits, and the risk	M	31/10/2024	Work is in progress on this action and a new Senior Finance Business Partner post has been appointed to. This role will manage the corporate finance schools' function with a focus on deficit schools.

No.	Audit Theme	Summary of Recommendation	Risk Level	Target Date	Status
		of recovery actions not being identified in a Deficit Recovery Plan when schools fall into budget deficits. The outcomes of this review should be recorded in a briefing note or similar document.			
18.	case 126 Transport Backlog	The service should dedicate resources to work with the Procurement and Commercial Team to look at their processes and approach and aim to e.g. explore whole school contracting etc.	M	30/09/2024 - amended to October 2025	In January 2025 PeopleToo were commissioned to undertake a whole-system review of our transport delivery. This has identified a number of specific workstreams which will form a clear action plan. This plan will be presented to Children and Young Peoples Committee in October 2025. However, the work will begin in advance of that where key decisions are not required.



**Summary of whistleblowing referrals to the Local Authority**

During 24/25 reporting year, there are three records of whistleblowing relating to CEF.

1 x to the office of the Chief Executive

2 x to Ofsted

Each record came from an anonymous source and all raised similar issues.

1. High caseloads in Family Support and Safeguarding
2. Performance management processes
3. Management practice
4. Practice approach and model

**Outcomes**

Each whistleblowing referral was investigated and in the case of the Ofsted referrals a response was returned, and the Regional HM Inspector has subsequently confirmed they are satisfied with the response and have closed the referrals. In my role as Executive Director for Children, Education and Families (CEF) I also met with the Regional HMI to discuss the referrals and this was welcomed as an act of transparency and accountability on behalf of the Council.

None of the referrals contained details of specific incidents at a recorded date and time and the responses were drafted against the general themes raised. We have subsequently been able to report a significant reduction in caseloads for almost all social workers. The performance management processes are council-wide and CEF follows them in accordance with Council policy.

Management practice: - where examples are shared of poor management that does not align with the Councils policies and principles these are challenged. The referrals did not contain specific incidents which made it difficult to investigate. In response the Executive Director for CEF now has regular scheduled drop in sessions across the County where any member of CEF staff can share things they are worried about, ideas for the service development or reflect on successes. There have also been service specific meetings for the Family Safeguarding and Support Teams and the Assessment Teams with the Executive Director for CEF where all staff have been invited to share concerns and hear about the service development plans. Teams have subsequently reported feeling listened to and that they have experienced notable improvements in their teams workload. It is recognised that some social workers will have caseloads that are higher than we would like from time to time and improvement activity focussed on the decision-making earlier in the referrals process is having a positive impact.

Practice approach and model: - The practice approach has been in development with staff groups. Our practice is relational social work practice using strength-based tools. This is in keeping with many Good and Outstanding Local Authorities. We are aligning this with our Quality Assurance Framework and Learning and Development Offer and will be rolling this out across our teams in June 2025 onwards. This will be the first clearly articulated, whole-system practice approach in Cambridgeshire for many years. The focus is supporting families to make positive changes in their lives by building meaningful relationships with them and using tools designed to build on pre-existing strengths within each family. Ultimately we aim to reduce the number of children coming into Local Authority care by doing this and by building capacity within the family to care for the children who cannot be cared for by the parents.

The themes of workforce capacity and our practice approach will also be reported to the CEF Improvement Board which is independently chaired.

## Internal Audit Annual Report 2024/5

To: Audit & Accounts Committee

Meeting Date: 4 June 2025

From: Mairead Claydon, Head of Internal Audit & Risk Management

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

**Executive Summary:** This document represents the annual internal audit opinion and report for Cambridgeshire County Council for the financial year 2024/5, in compliance with Global Internal Audit Standards (GIAS), the Application Note for GIAS in the UK Public Sector, and the CIPFA Code of Practice. The Annual Internal Audit Report forms part of the evidence that supports the Authority's Annual Governance Statement 2024-25.

**Recommendation:** The Audit and Accounts Committee is recommended to consider the Annual Internal Audit Report for 2024-25 and be made aware of the Head of Internal Audit & Risk Management's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control within Cambridgeshire County Council.

In line with GIAS 8.3 and the CIPFA Code of Practice, the audit committee must satisfy itself on the effectiveness of internal audit, taking into account conformance with the standards, interactions with the committee, performance and feedback from senior management.

**Officer contact:**

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# 1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The role of Internal Audit is to provide the Audit Committee and management with 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. As such, the maintenance of an effective system of internal audit management contributes to the achievement of all seven of the Council's ambitions.

## 2. Background

- 2.1 The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (which sits alongside and interprets the Global Internal Audit Standards (GIAS) of the Institute for Internal Auditors and the Application Note: Global Internal Audit Standards in the UK Public Sector) states that "The audit committee must review the chief audit executive's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives".
- 2.2 Cambridgeshire County Council's Chief Audit Executive is the Head of Internal Audit & Risk Management. This annual opinion is the most important output from the Head of Internal Audit, and is one of the main sources of objective assurance that the leadership team have for their annual governance statement.

## 3. Main Issues

- 3.1 In line with GIAS in the UK Public Sector, the annual internal audit opinion, and the basis by which the opinion has been reached, is set out in the Internal Audit Annual Report attached as Appendix 1.

## 4. Significant Implications

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

## 5. Source Documents

- 5.1 Key Source Documents are:

- Internal Audit Reports 2024/5
- Global Internal Audit Standards Self-Assessment Report

- 5.2 These are available on request from the Internal Audit team, New Shire Hall, Alconbury Weald. Please contact the report author.

**INTERNAL AUDIT & RISK MANAGEMENT**

**ANNUAL REPORT**

2024/25

# Internal Audit & Risk Management

## Annual Report 2024/25

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## 1. INTRODUCTION

### 1.1 The Annual Reporting Process

1.1.1 The CIPFA *Statement on the Role of the Head of Internal Audit in Public Sector Organisations* (2019) sets out that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by "objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control".

1.1.2 The Head of Internal Audit (HIA) is required to produce an evidence-based annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. CIPFA states that:

- This annual opinion is the most important output from the HIA and is one of the main sources of objective assurance that chief executives and the leadership team have for their annual governance statement.
- The HIA opinion is unique within the wider assurance framework in that it is independent and objective and in accordance with professional standards.
- This opinion must reflect the work done during the year and it must summarise the main findings and conclusions together with any specific concerns the HIA has.

1.1.3 The CIPFA *Code of Practice for the Governance of Internal Audit in UK Local Government* (which sits alongside and interprets the *Global Internal Audit Standards* (GIAS) of the Institute for Internal Auditors and the *Application Note: Global Internal Audit Standards in the UK Public Sector*) states that "The audit committee must review the chief audit executive's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives".

1.1.4 This document represents the annual internal audit opinion and report for Cambridgeshire County Council for the financial year 2024/5, in compliance with GIAS, the Application Note for GIAS in the UK Public Sector, and the CIPFA Code of Practice.

## 2. CHIEF AUDIT EXECUTIVE OPINION 2024/25

### 2.1 Chief Audit Executive Opinion

2.1.1 The annual opinion of the Chief Audit Executive (CAE) must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.

2.1.2 This annual opinion of the Chief Audit Executive for Cambridgeshire County Council in 2024/5 is presented below:

*On the basis of the audit work undertaken by Cambridgeshire's Internal Audit team during the 2024/25 financial year, it is the Head of Internal Audit's opinion that overall Internal Audit can provide moderate assurance over the system of internal control in place at Cambridgeshire County Council for the financial year ended 31st March 2025.<sup>1</sup>*

*This opinion is derived from an assessment of the range of individual opinions arising from work completed in 2024/25 by the Cambridgeshire Internal Audit team (including investigative work for which no assurance opinion is assigned, and work which is partially complete but has not had a draft report issued). The opinion takes account of: the relative materiality of each area under review and the findings; assessment of other evidence and assurances about the organisation's arrangements for internal control and managing risk, including the assurance provided by other internal and external sources of assurance (such as the Council's risk management processes, External Audit reports, Ofsted reports, and the annual review letter from the Local Government & Social Care Ombudsman); and ongoing review of management's progress in addressing control weaknesses.*

*Full details of the work completed by Internal Audit in-year are set out in the remainder of this report and at Annex A. I would particularly highlight the following key pieces of evidence on which my opinion is based:*

- Assurance opinions from Internal Audit reviews in 2024/25 showing a predominance of 'moderate' audit opinions. A single audit (LDP Disaggregation Programme) identified findings which were deemed to have the potential for a 'major' organisational impact if the identified risks materialised. No new 'essential' recommendations were issued for audits*

<sup>1</sup> The opinion of 'moderate' assurance reflects the service's standard definitions for assurance opinions, indicating that audit work has identified that there are control weaknesses that present a medium risk to the control environment; and that the control environment has mainly operated as intended, although errors have been detected. For more detail and full definitions of the assurance opinions in use, please see Section 3.2.4, below.

*delivered as part of the 2024/5 audit plan, although one 'essential' action from 2023/4 remains outstanding. See Section 4.1 for more details.*

- The Council continues to face significant financial pressures, particularly relating to its wholly-owned development company This Land Ltd, its Waste PFI and its increasing Dedicated Schools Grant deficit. The Council's external auditors, KPMG, in their report on the 2023/4 financial year considered that together these pressures represent a significant risk of long-term strain on the financial sustainability of the Council. Similar themes are reflected in some areas of Internal Audit work in 2024/5; in particular, the audit findings relating to schools in deficit (see Section 4.8.4) and the LDP Pooled Budget Disaggregation project (Section 4.1.5) as well as the outstanding 'essential' audit agreed action relating to the DSG Safety Valve audit (see Section 4.1.8) are highlighted.*
- Procurement and contract management continues to represent a key area of risk and focus for Cambridgeshire County Council, and this has been reflected in the Internal Audit plan and the findings of audit work completed throughout the year. The Council has undertaken a range of actions to strengthen the control environment around procurement and contract management throughout 2024/5. See Section 4.5 for details.*
- The management of project and programme risk has been an area of focus for the Internal Audit team in recent years. The 2024/5 audit of Projects Assurance found that, while areas for improvement remain, there has been a strengthening of the control environment and compliance in this area. See Section 4.9 for details.*
- In 2024/5, the management of health and safety risks has represented a key area of risk and focus for the authority as a whole, following the Health & Safety Executive investigation of the Guided Busway. A review of statutory health and safety property checks was undertaken in-year by Internal Audit and resulted in a number of improvement actions being agreed to improve the control environment. This risk area will continue to be a focus for the Audit Plan in the coming financial year. See Section 4.4 for details.*
- Review of the organisation's Code of Corporate Governance and the evidence supporting the Council's Annual Governance Statement, including Director's Assurance Statements. These documents demonstrate a sound core of organisational governance, while highlighting some areas within the corporate framework which require further development. The Council has progressed the implementation of actions identified within the 2024/5 Annual Governance Statement throughout the year, resulting in a range of improvements to organisational governance.*

- *79% of agreed audit actions due for implementation in 2024/25 have been completed by the organisation. This is slightly higher than the implementation rate of 75% for 2023/4, despite a higher number of actions being due for implementation in 2024/5 compared to the prior year. Each action completed represents an improvement in the Council's systems of internal control. See Section 4.1 for more details.*
- *Reviews of Key Financial Systems for which Cambridgeshire County Council is the Lead Authority have historically demonstrated a good or moderate assurance across all systems. At the time of writing, the assurance opinions for the 2024/5 suite of shared reviews have yet to be finalised. This does reduce the assurance that can be given over these systems; however, some assurance can be taken from the detailed prior-year audits of these areas carried out by the Cambridgeshire team, and the 14 actions which have been confirmed as implemented in 2024/5 to address the findings of previous audits of Accounts Payable, Income Processing, Debt Recovery, Pensions and General Ledger. See Section 4.2 for more details.*
- *Looking ahead, the Council faces significant uncertainty as a result of Local Government Reorganisation and the transition from the existing two-tier system of district and county councils in Cambridgeshire to having one or more single-tier unitary councils. This period of uncertainty and transition will introduce new complexities into the management of services and require robust risk management to mitigate disruption.*

*During 2024/25, the Council's Internal Audit service:*

- *Operated in conformance with Public Sector Internal Audit Standards (PSIAS) requirements, and undertook a self-assessment against the new Global Internal Audit Standards during the course of the year. See Section 7.2 for more detail.*
- *Had unrestricted access to all areas, systems and information across the authority.*
- *Received appropriate co-operation from officers and Members.*
- *Operated independent of the organisation, as per the Internal Audit Charter, with no compromises of Internal Audit's independence this year.*
- *Had sufficient resources to enable it to provide adequate coverage of the authority's control environment. See Section 7.3.3 for more details.*

*As a result, there are no qualifications to the 2024/25 Head of Internal Audit position statement. It should be noted that no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.*

*- Mairead Claydon, Head of Internal Audit & Risk Management*

### **3. REVIEW OF INTERNAL CONTROL**

#### *3.1 The Basis of Assurance*

3.1.1 In order to support the annual Internal Audit opinion on the internal control environment, Internal Audit continually updates a risk-based Audit Plan. This Plan includes a comprehensive range of work that is prioritised and completed to confirm that all assurances provided as part of the system of internal audit can be relied upon by stakeholders.

3.1.2 The findings and assurance levels provided by the reviews undertaken throughout 2024/25 by Internal Audit form the basis of the annual opinion on the adequacy and effectiveness of the control environment.

3.1.3 At Cambridgeshire County Council, it is recognised that the Annual Internal Audit Plan essentially comprises two key elements:

*The “Core” Audits:* This is the part of the Plan which remains largely unchanged from year-to-year. It comprises key areas of assurance which are reviewed every year, such as Key Financial Systems, grant compliance audits, strategic risk management, and core governance reviews, as well as allowances of time for ongoing areas of work including reporting to the Audit Committee and senior management, and following-up on the implementation of agreed actions from previous audit reviews. However, it must be recognised that completion of these core audits alone would not give sufficient assurance to fully inform the Chief Audit Executive’s annual opinion.

*The “Flexible” Audits:* This is the part of the Plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. Equally, the broader themes within the flexible audits remain largely consistent; for example, each year it is expected that a significant resource would be directed towards audits to provide assurance over financial governance arrangements, although the specific areas under review varies according to the risk assessment.

3.1.4 In practice, this means that the ‘core’ element of the Plan is set annually, while the ‘flexible’ element of the Plan is presented as a series of rolling quarterly Audit Plans, based on current risk assessments.

3.1.5 Quarterly risk assessments ensure that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of highest risk, and that the flexible plan is subject to regular challenge and comment by both CLT and the Audit and Accounts Committee. This ensures the Audit Plan consistently reflects the changing public sector environment and emergence of new risks

throughout the year, and that the work completed by Internal Audit is sufficient to give an evidence-based opinion over the control environment for the year.

### 3.2 *How Internal Control is Reviewed*

- 3.2.1 Every Internal Audit review has three key elements. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.
- 3.2.2 However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 3.2.3 Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.
- 3.2.4 Three assurance opinions are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact. To ensure consistency in reporting, the following definitions of audit assurance are used:

<b>Control Environment Assurance</b>	
<b>Level</b>	<b>Definitions</b>
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.
Moderate	There are control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

<b>Compliance Assurance</b>	
<b>Level</b>	<b>Definitions</b>
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.

Good	The control environment has largely operated as intended although some errors have been detected.
Moderate	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

3.1.7 Organisational impact is reported as major, moderate or minor (as defined below). Any reports with major organisational impact are reported to CLT, along with the agreed action plan.

<b>Organisational Impact</b>	
<b>Level</b>	<b>Definitions</b>
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

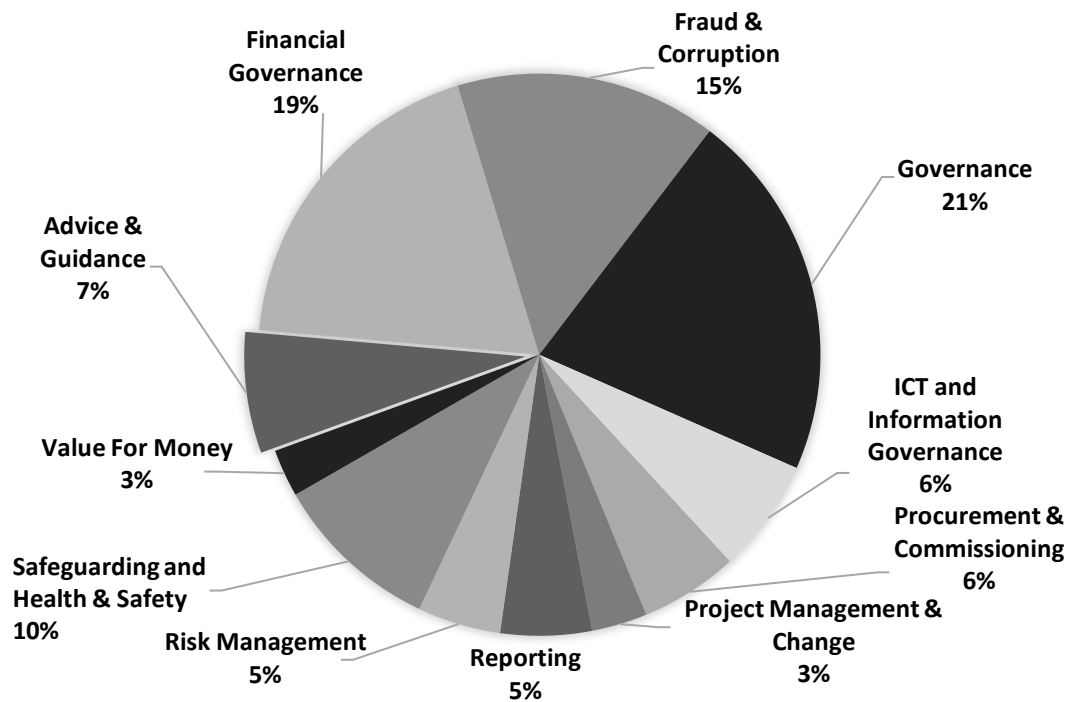
### 3.3 *Internal Audit Coverage in 2024 - 25*

3.3.1 The Council's Internal Audit Plan 2024/25 sought to provide assurance across the Council's entire control environment, with reviews targeted towards key areas of high risk, as identified through consultation with senior management, review of risk registers, and the Internal Audit risk assessment of the organisation. The Audit Plan reflects the environment in which public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, contract management, safeguarding and achieving value for money.

3.3.2 In order to give a sense of the breadth of coverage provided by Internal Audit reviews this year, Section 4 of this report provides more detailed information on the audit reviews carried out in 2024-25, by 'assurance block'. These assurance blocks are aligned to key risk areas for the Council, such as financial governance, procurement, or ICT and information governance risk.

3.3.3 The chart below seeks to demonstrate how Internal Audit time has been split across these different areas of assurance in practice during 2024/25:

**Chart 1: Internal Audit Coverage in 2024/25, by Assurance Block:**



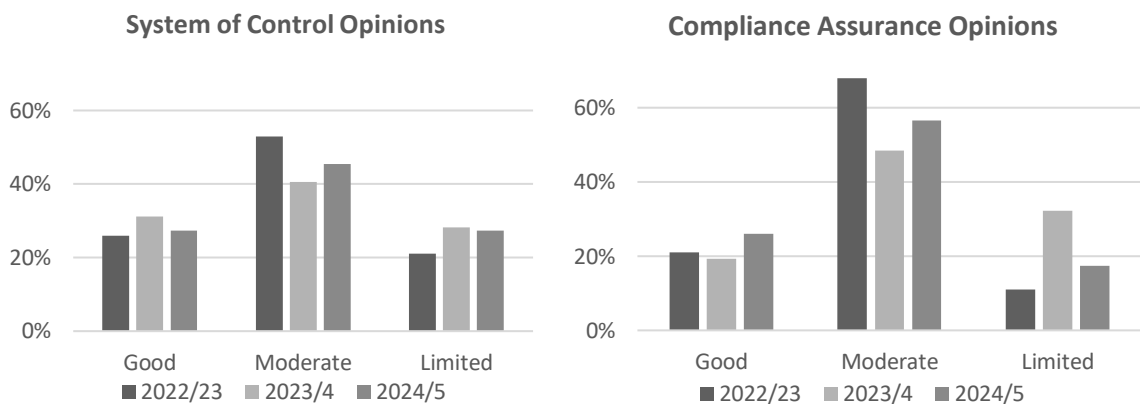
3.3.4 It should be noted however that only the primary risk assurance area for the audit has been used to calculate this chart. Some audits will provide coverage of multiple risk areas; for example, the audit of the Ofsted Action Plan Implementation has been classed as an audit providing assurance over safeguarding risk, but also provides coverage of project management practice. Therefore, the true risk coverage of the audits delivered in 2024/25 will be broader than that shown in the chart above.

#### 4. INTERNAL AUDIT IN 2024/25

##### 4.1 Overview and Key Findings

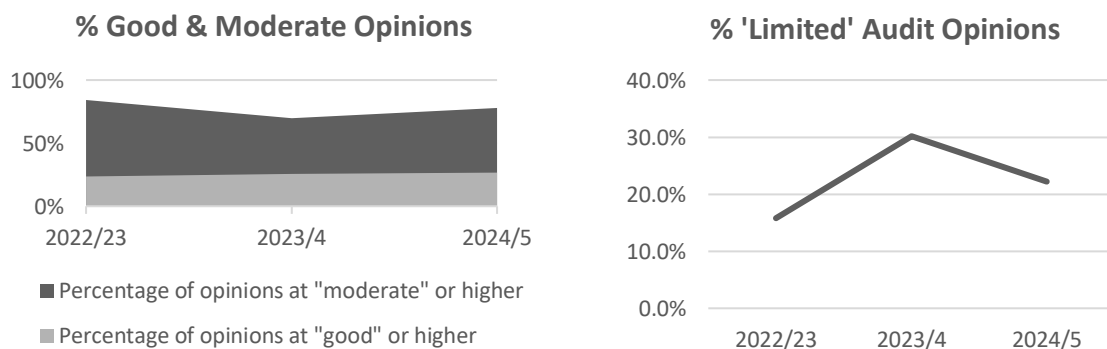
4.1.1 The charts below summarise the range of audit assurance opinions from internal audits delivered in 2024/25, compared to the previous two financial years.<sup>2</sup> This demonstrates the predominance of 'moderate' assurance opinions in 2024/25, indicating that audit reviews have identified areas of medium risk to the control environment, and/or errors and non-compliance with controls. This underpins the overall 'moderate' assurance on the control environment.

**Chart 2: Internal Audit Assurance Opinions 2024/25 vs. past two years:**



4.1.2 As the charts indicate, there has been an decrease in the proportion of reviews where a 'limited' assurance opinion was given (27% of system opinions and 17% of compliance opinions) compared to 2023/4, with a greater improvement in compliance opinions. Overall, in 2024/5 there was an increase in the proportion of audit opinions which were 'moderate' or 'good' (78%, compared with 70% the previous year) and a corresponding decrease in the proportion of 'limited' opinions (from 30% last year to 22% in 2024/5).

**Chart 3: Internal Audit Assurance Opinions over time:**



<sup>2</sup> Excluding individual schools audits.

- 4.1.3 Audits where at least one 'limited' opinion was given were spread across different assurance areas (in contrast to findings in 2023/4 where 38% of limited opinions related to the assurance area of Project Management and Change and 23% related to the assurance area of Procurement, Contracts and Commissioning). In general, when internal audit reports with low assurance opinions are spread across different areas of the control environment, it tends to indicate that issues are more isolated and not systemic and therefore this is a positive finding.
- 4.1.4 Linked to the above, audits where at least one 'good' assurance opinion was given also spanned a wide range of different assurance blocks, with a 'good' opinion given for audits covering the key risk areas of Safeguarding and Health & Safety, Procurement & Commissioning, Governance, ICT & Information Governance, Financial Governance and Value for Money.
- 4.1.5 In 2024/5, a single audit was completed where it was considered that, if the risks highlighted materialised, it could have a 'major' impact on the organisation as a whole. This relates to the review of the LDP Pooled Budget Disaggregation Programme. At the time of writing, the report is at draft stage and a range of actions, including four 'high' risk actions, have been recommended by Internal Audit. The service is in the process of formally responding to the report, having confirmed that the management action plan will be shared with the Change Board, CLT and Adults Leadership Team. Once the final report is issued, a more detailed update will be shared with the Audit & Accounts Committee in the next progress report, and progress on implementation will be reported to the Audit & Accounts Committee in the usual way throughout the 2025/6 financial year.

Risk Rating of Audit Agreed Actions:

- 4.1.6 For all audits, in each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommended actions to further improve the system of control and compliance. It is recognised that management has the responsibility to manage risk and that recommendations may or not be accepted, or an alternative control may be agreed that achieves the same improved governance, in which case this is discussed and agreed as part of the draft report process.
- 4.1.7 All agreed actions from Internal Audit reviews are assigned a risk rating as follows:
- **Essential** - Action is imperative to avoid exposure to a significant organisational risk.
  - **High** - Action is imperative to avoid exposure to a significant risk to the service area.
  - **Medium** - Action is required to avoid exposure to a risk to the service area.

- **Advisory** - Consultancy recommendations which are intended to improve operational efficiency or enhance value.

- 4.1.8 For audits relating to the 2024/5 financial year, no recommended actions were issued that were rated 'essential'. Four 'essential' recommendations from prior-year audits have been implemented in 2024/25; however there is one essential recommendation that remains open from 2023/24. This relates to the Dedicated Schools Grant (DSG) Safety Valve Audit and the need to develop the action plan to address the deficit on the Council's DSG account, to include defined and prioritised actions, clear expected benefits and identification of interdependencies.
- 4.1.9 In respect of this action, the service report that they are currently awaiting a response from the Department for Education (DfE) having submitted an updated Safety Valve Agreement to the DfE in October 2024. The Education service are working on developing action plans for the workstreams within the Inclusion For All programme which should satisfy this recommendation, but have stated that that has been inhibited by issues with implementing a new ICT system, and state that currently they lack the resource to develop modelling which would allow expected benefits to be quantified and measured.
- 4.1.10 As such, Internal Audit cannot provide assurance that there are effective plans in place to mitigate the risk that the Council is unable to access Safety Valve funding and/or to reduce the DSG deficit prior to 31<sup>st</sup> March 2026, when the statutory override (which allows the deficit to be held in a separate reserve on the Council's balance sheet) will end. This therefore represents a significant risk to the Council's financial sustainability. Internal Audit has agreed with the Executive Director of Children, Education & Families that a follow-up audit will be undertaken in this area around September/October 2025 following the planned implementation of the new system in August.

Implementation of Audit Agreed Actions:

- 4.1.11 Where the agreed actions arising from recommendations are considered to have a 'medium' or greater impact on the system of internal control, the implementation of those actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis.
- 4.1.12 An overview of the implementation of actions as at 31<sup>st</sup> March 2025 is summarised in Table 1, below<sup>3</sup>:

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<sup>3</sup> Please note that the total reflects the number of recommendations required to be implemented within 2024-25, and therefore includes recommendations made in prior years.

**Table 1: Implementation of Audit Actions 2024-25**

Recommendation Category	Essential	High	Medium	Total
<b>Agreed and implemented.</b>	4 (1.49%)	52 (19.33%)	157 (58.36%)	213 (79.18%)
<b>Agreed and due within the last 3 months, but not yet implemented.</b>	0 (0%)	2 (0.74%)	17 (6.32%)	19 (7.06%)
<b>Agreed and due over 3 months ago, but not yet implemented.</b>	1 (0.37%)	8 (2.97%)	17 (6.32%)	26 (9.67%)
<b>Agreed and due over 12 months ago, but not yet implemented.</b>	0 (0%)	1 (0.37%)	10 (3.72%)	11 (4.09%)
<b>TOTAL</b>	5	63	201	269

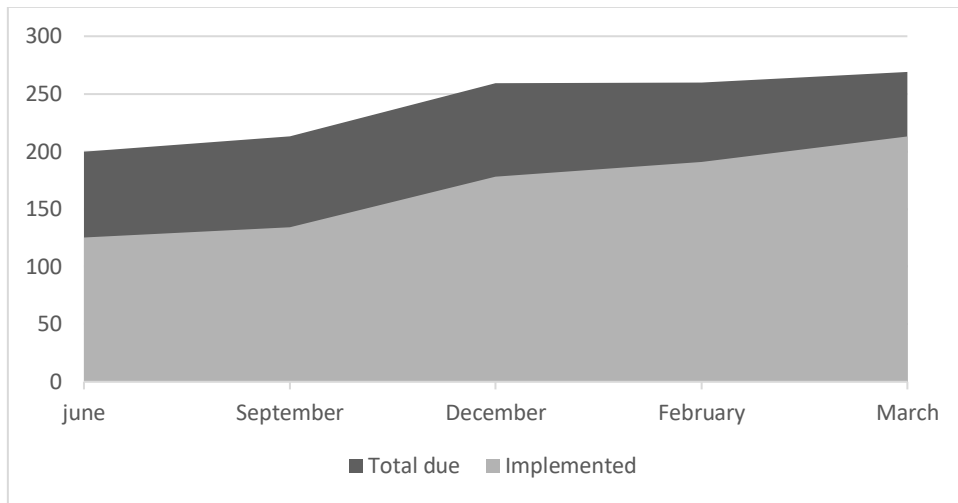
**Table 1a: Audit Actions Agreed but not due by 31/03/2025**

Recommendation Category	Essential	High	Medium
<b>Agreed but not due until after 31 March 2025.</b>	0	10	43

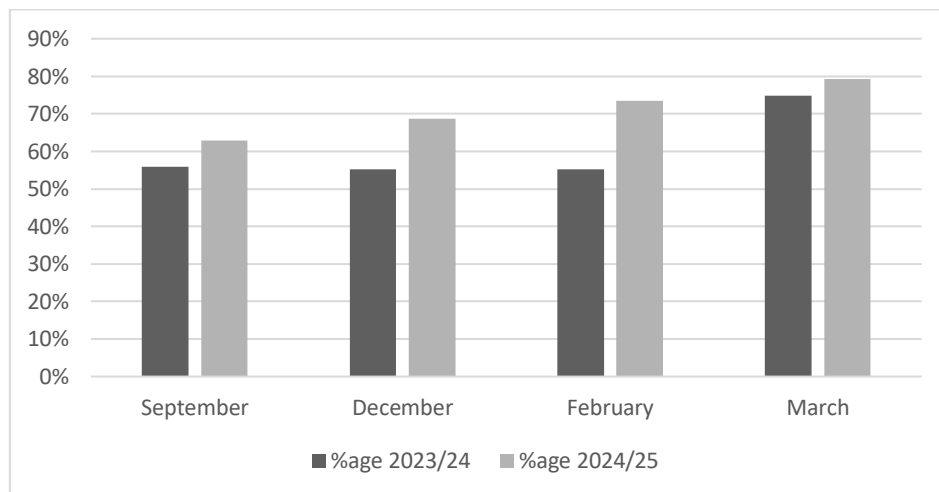
4.1.13 Details of all actions which are overdue for implementation are provided at Annex B to this report.

4.1.14 At the end of 2024/25, the total number of recommendations outstanding was 56, compared to 51 recommendations outstanding at year end 2023/24. However, it should be noted that over the course of the 2024/5 year, 66 more recommendations were due for implementation and 61 more were implemented, compared to 2023/24. When the percentage of outstanding recommendations is considered, the amount overdue at the end of 2024/5 (21% of all recommendations due in-year) is slightly lower compared to that at the end of 2023/4 (25%). The number of recommendations more than 12 months overdue has increased from 9 at the end of 2023/24 to 11 at the end of 2024/25.

**Chart 3: Volume of recommendations due vs. implemented (per rolling 12-month reporting period) 2024/5:**



**Chart 4: Percentage of actions implemented (per rolling 12-month reporting period) 2023/24 and 2024/25:**



4.1.12 These charts demonstrate a more consistent rate of implementation of Internal Audit agreed actions throughout 2024/5, when compared to the previous year. Following up on the implementation of audit actions remains a focus for the audit team and a number of enhancements to the system for reporting on action implementation have been made:

- In late 2023/24, Internal Audit transitioned to a new approach where spreadsheets of all recommendations in each directorate are shared with Executive Directors on a monthly basis, allowing senior managers in each directorate to provide updates via the spreadsheets and ensuring direct senior management oversight of action updates.

- This has been further enhanced in 2024/25 to assign, in addition to the original operational officer, a service Director or more senior officer as the ultimate responsible officer for implementing each recommendation.
- As part of the balanced scorecard approach to performance reporting, in 2024/5 a new corporate performance indicator was developed for implementation of audit actions. Each month, the Percentage of Agreed Audit actions implemented on time over a rolling 12-month period is provided to CLT. This increases corporate oversight of the rate and timeliness of implementation of audit agreed actions.

#### Overdue Audit Agreed Actions:

4.1.13 While there has generally been consistent progress in implementing recommendations in 2024/5, there have also been some areas where issues have restricted progress or the audit team have not received regular updates:

- There are four recommendations from the IT Incident & Problem Management audit where the service has reported implementation has been delayed due to the disaggregation of joint IT services with Peterborough City Council. The disaggregation was completed by October 2024. Following the disaggregation, a new Head of IT Operations was appointed who has now taken over responsibility for ensuring these recommendations are implemented.
- There are two recommendations from the Insurance Fund audit, to implement an insurance strategy and to update the claims handling manual, that have been outstanding since 2022 and 2023 respectively. Internal Audit has not received an update as part of monthly follow up process since November 2024.
- At the time of writing, there is also a number of actions within the Children, Education and Families Directorate for which the audit team are awaiting an update.

4.1.14 Details of outstanding recommendations, with explanations and updates, are regularly reported to the Audit & Accounts Committee as part of the Internal Audit Progress Reports, and full details on action implementation to 31<sup>st</sup> March 2025 can be found at Annex B to this report.

#### 4.2 *Financial and Other Key Systems*

4.2.1 This is the 2024/25 suite of annual core systems reviews, undertaken to provide assurance to management and other stakeholders, including external audit, that expected controls are in place for key financial systems and that these controls are adequately designed and are routinely complied with in practice.

The work is focused on the systems that have the highest financial risk. These reviews also give an opinion as to the effectiveness of financial management procedures and the arrangements to ensure the integrity of accounts.

Audits of Key Financial Systems in 2024/5:

- 4.2.2 With the agreement of the Chief Finance Officer, during 2024/25 the key financial systems audits were again undertaken as joint reviews of Cambridgeshire County Council, Milton Keynes, North Northamptonshire Council and West Northamptonshire Council financial systems, with the exception of the Treasury Management audit. As Cambridgeshire's Treasury Management is delivered in-house, this does not form part of the suite of joint reviews.
- 4.2.3 It was agreed that the Cambridgeshire Internal Audit team would deliver audits of the Payroll and Debt Recovery systems; North Northamptonshire the Accounts Payable audit; and West Northamptonshire the Income Processing system audit to the other partners.
- 4.2.4 At the time of writing, the Payroll audit fieldwork is still underway. The prime reasons for this delay has been staff absence in the Internal Audit team and a member of the team leaving the Council after a period of sickness absence. The ICT access permissions required to undertake the payroll audit testing across multiple councils are complex and take some time to arrange; as such, this has had a particularly significant impact on the delivery of the payroll testing as it is difficult to swap in alternative officers to work on the audit at short notice. Whilst fieldwork is ongoing, there have been no indications at the time of writing that there will be reduced assurance opinions for 2024/2025
- 4.2.5 At the time of writing, the Debt Recovery audit report has yet to be issued as draft. The prime reason for this is that the commencement of the audit was delayed significantly due to problems gaining access to the application and data hosted on the West Northamptonshire internal network, with delays in the Audit team being able to gain access to both the pensions computer application and, separately, to the West Northamptonshire network. Subsequently, findings made late in the fieldwork have identified some issues that require further investigation/explanation before a final assurance opinion can be provided. The fieldwork is nearly complete and the expectation is that the audit opinion will be either good or moderate, but this cannot be confirmed until the full work programme is completed and signed off.
- 4.2.6 At the time of writing, Cambridgeshire has yet to receive audit reports on Accounts Payable and Income Processing from Lead Authority partners. The West Northamptonshire audit team, who are delivering the Income Processing report, have confirmed that due to significant resource issues the fieldwork on the review has yet to be started and as at the time of writing they have yet to confirm when this will be re-commenced. The income processing system

received ‘good’ assurance opinions for both system and compliance in 2023/4, and ‘good’ for the system with ‘moderate’ for compliance in 2022/3. These prior-year opinions do therefore provide some assurance over the effectiveness and reliability of the system while the 2024/5 report is awaited.

Internal Audit of the Pension Fund:

- 4.2.7 In previous years, a single annual audit of the Pension Fund has been undertaken as part of the shared Lead Authority approach alongside the other audit reviews of key financial systems outlined above. After completing the audit for the 2023/4 financial year (which was finalised in August 2024 with ‘good’ assurance over system and controls), the Cambridgeshire Internal Audit service recommended that a new and more comprehensive approach to the auditing of Cambridgeshire and Northamptonshire pension funds should be developed. This would ensure that a rolling Audit Plan would cover the full range of risks facing the Fund, taking into account other sources of assurance, and enable greater input from Pensions service officers and the members of Pension Fund Boards and Committees.
- 4.2.8 This approach was agreed by the Lead Authority Board in October 2024, and Cambridgeshire’s Head of Internal Audit worked in conjunction with the Head of Pensions to develop a three-year, risk-based Internal Audit Strategy & Plan for the Pension Funds. This was presented to meetings of the Cambridgeshire and Northamptonshire Pension Fund Committees and Boards during March and April 2025. Work to deliver the first year of the plan will commence in the first quarter of 2025/6. This new approach should strengthen the assurance over the Fund in the long-term.

Overview of Assurance Levels:

- 4.2.9 Table 2 below details the assurance levels of all key systems audits undertaken in 2024/25, compared to the assurance levels in 2023/24. Where reports are still at draft stage at the time of writing, the draft audit opinion is indicated.

**Table 2: Key Financial Systems Audits 2024/25**

Key Financial Systems:	Audit Opinion 2024-2025		Audit Opinion 2023-2024	
	Environment	Compliance	Environment	Compliance
Accounts Payable	TBC	TBC	Good	Good
Income Processing	TBC	TBC	Good	Good
Debt Recovery	TBC	TBC	Moderate	Good

Payroll Transactions (draft)	TBC	TBC	Moderate	Moderate
Pensions	N/A	N/A	Good	Good
Treasury Management	Moderate	Good	N/A	N/A

#### 4.3 *Value for Money & Financial Governance*

4.3.1 This assurance block provides assurance over the control systems in place to manage the Council’s financial resources effectively and in compliance with relevant laws, regulations, and internal policies. Each audit undertaken also includes consideration of value for money at its core, assessing the controls in place to ensure that the Council uses public money efficiently and effectively to achieve its objectives.

4.3.2 These assurance blocks link to Risk 3 on the Corporate Risk Register: “The Council does not have enough budget to deliver agreed short and medium-term corporate objectives.”

4.3.3 As well as a range of contract reviews, discussed below at 4.5, Internal Audit conducted work in the following areas to provide assurance over value for money and financial governance:

- Rental Income (reviewed by TIAA Ltd)
- Establishment Control
- Investment Properties (draft)
- Capital Budgetary Control (draft)

4.3.4 Looking ahead to 2025/6, planned audit work in this area includes reviews of Direct Payments, High-Cost Placements, and the Council’s Enhanced Financial Controls including the Financial Transparency Panels and Workforce Expenditure Panel.

#### 4.4 *Safeguarding and Health & Safety*

4.4.1 Some of Cambridgeshire’s key organisational risks relate to the need to safeguard our local citizens, service users, tenants, officers and Members. The Internal Audit team therefore consider safeguarding and health and safety risks as part of our rolling risk-based Audit Plan, both as stand-alone audit reviews with a focus on these risks, and as an element of reviews which cover a range of different risk types.

4.4.2 This assurance block links to Risk 1 “There are reputational and legal impacts when the Council’s arrangements for Safeguarding Adults with Care and

Support needs fail”, Risk 2 “Failure of the Council’s arrangements to safeguard vulnerable children and young people”, and Risk 5 “Serious failure of corporate governance” on the Corporate Risk Register.

4.4.3 Risk-based reviews completed in 2024/25 which either focused on safeguarding/health and safety risk, or provided some assurance over these risks as part of a wider review, were as follows:

- Estates Health & Safety Property Checks
- In House Foster Carers - New Applicants & Placements
- Implementation of Ofsted Inspection Action Plan (draft)
- Adult Social Care Complaints (draft expected)

4.4.4 Following the recent Health and Safety Executive (HSE) prosecution related to the Guided Busway, Cambridgeshire County Council has increased its focus on health and safety risks across all operations. The audit review of Estates Health & Safety Property Checks excluded fire safety checks (as these were subject to a separate audit in 2023/4) but considered systems in place to provide assurance over other types of checks in properties for which the Council has estate health and safety responsibilities (including schools). The audit resulted in a limited assurance opinion over both systems and compliance, and the team have agreed a number of recommendations to strengthen the control environment. Further detail will be provided to the Committee in the next Internal Audit Progress Report.

4.4.5 Continuing the focus on management of health and safety risk, in 2025/6, the Audit Plan includes reviews of the Response to Health & Safety Incidents, a review of controls and compliance for Health and Safety in the Place & Sustainability Directorate. On the safeguarding side, the Plan also includes audits of Care Leavers, Children’s Social Care complaints, and Care Agency contract monitoring.

#### 4.5 *Procurement, Contracts and Commissioning*

4.5.1 For the Council to achieve value for money from its contracts and commissioning, it is important that officers comply with legislation, policy and best practice when procuring and managing contracts. The Internal Audit team therefore conduct reviews to provide assurance over the governance of procurement and the general extent of compliance with the key procurement controls in the Council’s Contract Procedure Rules, as well as reviews of major Council contracts and contract frameworks. This assurance area links to Risk 10 on the Corporate Risk Register: “Failure of key contracts.”

4.5.2 In 2024/5 Internal Audit has undertaken reviews of the following areas within the procurement, contracts and commissioning assurance block:

- Procurement Compliance

- Commissioning Governance (delivered by TIAA Ltd)
- Street Lighting PFI

4.5.2 Additionally, in 2024/25, it was agreed that Internal Audit would undertake informal review of decision papers relating to the Waste PFI. Tight timescales on the papers meant that a full audit was not possible, but the Internal Audit team instead provided review and challenge in a ‘critical friend’ style for colleagues in the Waste service.

4.5.3 Procurement and contract management continues to represent a key area of risk and focus for Cambridgeshire County Council. A number of audit agreed actions to strengthen the control environment around procurement and contracting have been implemented throughout the 2024/5 financial year, including:

- Implementation of a ‘breach procedure’ allowing officers to formally report to Members on known breaches of the Contract Procedure Rules and how these have been dealt with;
- A review of waiver categories under the Contract Procedure Rules, and updates to the waiver request form and approach to reporting on waivers;
- Updates to the Consultancy Policy and inclusion of a new template for monitoring consultancy engagements.

4.5.4 Looking ahead to 2025/6, planned reviews in this area include reviews of the new Procurement Breach Process, the Mental Health Section 75 Agreement, Brokerage, the Highways Contract and the Waste PFI.

#### 4.6 *ICT Audit and Information Governance*

4.6.1 Increasingly, the Council’s operations are run through digital platforms which store and process large quantities of confidential data. As the Council is also subject to extensive legislation regarding its responsibilities in handling, storing and sharing data, this is a key risk area for the organisation. This assurance area links to both Risk 8: “The Council is a victim of cyber crime” and Risk 9: “The Council fails to comply with Information Governance legislation and industry standards” on the Corporate Risk Register.

4.6.2 In 2024/25, Internal Audit has undertaken reviews of the following areas across ICT and Information Governance:

- Mosaic System Uploads, Data Integrity and Key Controls (undertaken by TIAA Ltd)
- IT Security for Employees Working Overseas
- Response to Information Security Incidents

4.6.3 A number of actions to improve controls have been agreed as a result of these audits, and the Internal Audit team continue to monitor the implementation of outstanding actions. Looking forward to 2025/6, the Audit Plan includes reviews of ICT Disaster Recovery and ICT Procurement.

#### 4.7 *Grants and Other Head of Audit Assurances*

4.7.1 In 2024/25, Internal Audit testing confirmed that the following grants received by Cambridgeshire County Council requiring review and certification by Internal Audit have been spent in accordance with grant conditions:

- Supporting Families
- Disabled Facilities Grant
- Basic Needs Funding
- A14 Highways Grant
- Contain Outbreak Management Fund (COMF)
- Open to All Community Experience Grant
- Targeted Community Experience Grant
- Traffic Signals Grant

4.7.2 Internal Audit also provides assurance over expenditure made by Cambridgeshire County Council on behalf of the Cambridgeshire and Peterborough Combined Authority (CPCA). These reviews provide assurance to the CPCA that central government grants passed to the Council from the CPCA have been spent in accordance with the relevant terms and conditions. The CPCA can then place reliance on Internal Audit's work to support their returns to central government. In 2024/25, Internal Audit completed the following grant reviews for the CPCA:

- Local Transport Capital Block Funding (Highways Maintenance)
- Pothole & Challenge Fund

4.7.3 Work on the Local Transport Capital Block Funding (LTCBF); A14 Corridor Diversionary Traffic Highway Works; and the Pothole Fund in 2024/25 identified that timesheets had not been implemented consistently across Highways projects. Internal Audit had previously recommended that a timesheeting system should be introduced to ensure that staff costs allocated to grant-funded projects can be accurately determined, to reduce the risk of challenge from grant funding bodies or the risk that Internal Audit may not be able to sign off highways grants in future years. A briefing note was issued to the service on this issue in September 2024, to reiterate the recommendation.

#### 4.8 *Schools Audits*

4.8.1 Internal Audit undertake an annual programme of Schools Financial Governance reviews of individual schools. These reviews focus on purchasing and payroll controls, and are targeted towards schools which had been identified as higher-

risk via the Schools Finance team or Schools Improvement Service processes, or where there had been recent changes of leadership at the school.

- 4.8.2 Internal Audit undertook 10 schools visits between September 2024 and December 2024 and issued reports to the schools. Headteachers were required to provide management responses and agree recommended actions, and return the report to Internal Audit. A final copy was then issued to the Headteacher and Chair of Governors.

Consolidated Schools Report 2024/5:

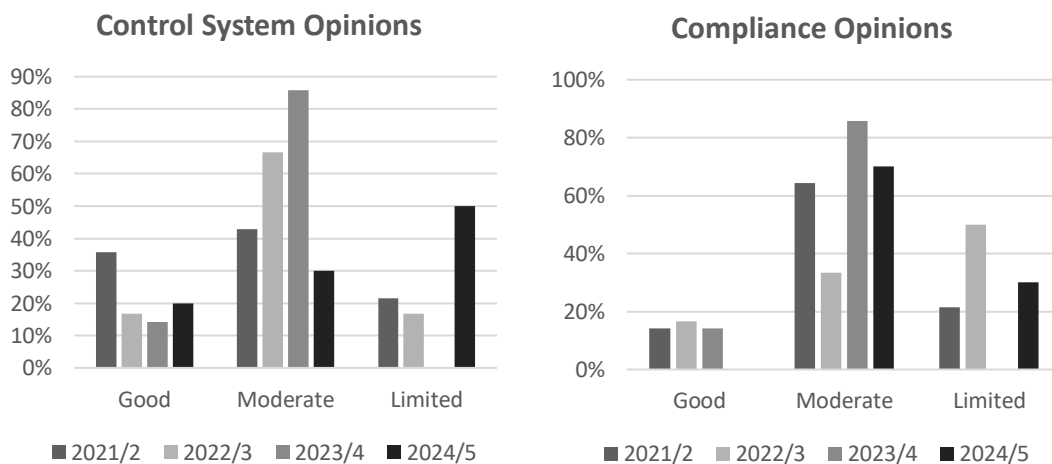
- 4.8.3 A consolidated schools report has also been produced by Internal Audit, bringing together the findings across the various school visits. This includes identifying good practice as well as more common areas of weakness to be shared with schools, and some recommendations to improve financial policies and governance.
- 4.8.4 The consolidated report is currently in draft and has given a 'limited' level of assurance over the systems of control for schools' financial governance, and a 'moderate' level of assurance over compliant. This is a reduction from the audit opinion provided in 2023/24 (a double 'moderate' opinion). The key findings that led to the limited assurance opinion of the systems control environment were that, of the seven schools in the audit sample which were in deficit, none had produced suitable deficit recovery plans as required by CCC; this included one school which had been in deficit since 2023/24. As such, these schools were effectively operating outside of the Council's Scheme for Financing Schools, as they were operating in deficit without an approved deficit license. This represents a financial sustainability risk to the Council.
- 4.8.5 Linked to the above, an audit of schools' deficit recovery plans was previously undertaken in 2023/24. An audit recommendation to establish a clear process for managing schools in deficit, including an escalation protocol and clarity on roles and responsibilities for supporting schools, remains incomplete at the time of writing this report, having had an original target date for implementation of 30<sup>th</sup> September 2024. Implementing this agreed action would also assist in reducing the risk outlined above.
- 4.8.6 The Education service and Schools Finance team have been working to address these risks and implement the agreed action noted above. The service has produced a Deficit Monitoring and Intervention Policy and has set up Finance Support Groups and Finance Improvement Groups to monitor, review and support schools. Whilst this is a positive development, the process note does not yet include some elements of the recommendation. Internal Audit is therefore continuing to liaise with the service to discuss further development of the policy to provide greater clarity on support for schools and monitoring of deficit positions. In 2025/6, Internal Audit will continue to focus work on schools in deficit positions to provide assurance over the mitigation of this risk area.

4.8.7 There were eleven actions from the 2021/22, 2022/23, and 2023/24 consolidated School Audits which remained outstanding at the start of the 2024/5 financial year, but all have now all been closed as implemented, largely through the new Scheme for Financing Maintained Schools and Scheme of Financial Management for Schools documents which form the overall framework for the Councils regulations for schools. This is a positive step towards strengthening the control environment and improving the clarity of how key controls are applied to schools.

Individual Schools Audits 2024/5:

4.8.8 Individual assurance opinions from each of these reviews are detailed in Annex A to this report. A comparison of the assurance opinions awarded in 2024/25 with those given in the last three financial years is provided below, for reference. This shows an increased number of 'limited' opinions and reflects the increased risk around school deficits noted above.

**Chart 5: Outcomes of Schools Finance Governance Audits:**



4.8.6 The implementation of agreed actions and a process for deficit intervention should assist in reducing this risk.

4.8.7 In 2024/5, the Internal Audit team has also started regularly attending the Schools Causing Concern forum and has provided informal input to the operation of SCC process. This assists the team in monitoring the risk profile of schools to inform audit sample selection, and in developing an appropriate scope for the annual audits.

**4.9 Project Management & Change**

4.9.1 Project and programme management and the delivery of corporate change is a key part of the organisation's governance. As such, in 2024/5 the Internal Audit

team has conducted reviews to provide assurance over the controls in place to ensure that the Council's project and programme management and corporate change activity are managed effectively and in line with good practice, to ensure that planned outcomes are delivered and risks are mitigated. These reviews link to both Risk 7 "Failure to deliver Key Council Services" and Risk 11 "Failure of Collaborative Working" on the Corporate Risk Register. In 2024/5, this work has included reviews of:

- LDP Pooled Budget Disaggregation
- Projects Assurance (Non-Capital)

4.9.2 The Projects Assurance Review undertaken in 2024/25 assessed the effectiveness of the implementation of the new Corporate Project Management Framework. The audit report is at draft stage, with an opinion of 'moderate' assurance over the control environment and 'moderate' assurance over compliance. Audit have made recommendations to strengthen project risk management, financial management and change management processes as well as managing resources within projects. both inside and outside of the organisation are understood.

4.9.3 While there remains a number of areas for further development to ensure that risks around corporate project management and change are managed effectively, the 'moderate' assurance opinion does represent considerable improvement from previous audit reviews in this area and demonstrates a positive direction of travel.

4.9.6 Looking forward to 2025/6, the audit team's focus going forward will be on verifying compliance with the Council's project management frameworks in capital projects and ICT, through detailed sample testing. This will provide assurance regarding how effectively these new controls are operating in practice. The Audit Plan also includes a review of the Dedicated Schools Grant (DSG) Safety Valve programme and supporting work, to follow-up on the findings of the 2023/4 audit.

#### 4.10 *Governance and Business Continuity*

4.10.1 In practice, the Council's corporate governance framework encompasses elements of all the different assurance block areas listed in this report. This 'governance' assurance area focuses on aspects of cross-cutting organisational governance which do not clearly fall within one of the other assurance blocks covered by Internal Audit. For example, this includes (but is not limited to) the performance management framework, HR policies, whistleblowing, and governance of partnerships and Council-owned companies.

4.10.2 This assurance block primarily links to Risk 5: "Serious failure of corporate governance" as well as Risk 6: "The Council's workforce is not able to meet business need" and Risk 11: "Failure of Collaborative Working" on the

Corporate Risk Register. In 2024/5, audit reviews which provided assurance over this risk area were:

- Disciplinary Policy & Application (draft)
- Recruitment Policy & Compliance
- Light Blue Fibre Ltd
- Corporate Key Performance Indicator Framework

4.10.3 Looking ahead to 2025/6, key areas of focus for the Internal Audit team within this assurance area will include a review of This Land Ltd, an audit of emergency planning arrangements, and a review of the Council's compliance with its obligations to deliver the Prevent duty within the Counter-Terrorism and Security Act 2015.

#### 4.11 *Other Work*

4.11.1 Internal Audit continues to provide advice and guidance to officers on a wide range of issues, including the interpretation of Council policies and procedures, risks and controls within systems or processes, and ad-hoc guidance on queries relating to projects or transformation. Internal Audit aims to provide clear advice and risk-based recommendations with a view to reducing bureaucracy whilst maintaining a robust control environment. Where appropriate, we also refer queries or concerns on to specialist services such as Information Governance or IT Security.

4.11.2 As well as the consultancy work outlined above, the Internal Audit team is also involved in responding to internal and statutory returns and requests for information. In 2024/25, this has included responding to a range of Freedom of Information requests and media inquiries; providing a significant volume of information to the Council's current and former External Auditors; and completing requests for information from the Department for Education.

4.11.3 In addition to the work of the Internal Audit team, the service is supported by the work of the Audit & Accounts Committee. In 2024/5, this has particularly included the Committee's engagement with following up on outstanding Internal Audit agreed actions via the new Director's assurance process, as well as referring matters to the relevant policy and service committee for review when appropriate. This has included referring an action for reporting on s106 monies to the Strategy Resources & Performance Committee (from the May 2024 meeting), and an update on professional indemnities for external providers to be sent to Adults & Health Committee (from the January 2025 meeting).

#### 4.12 *Summary of Completed Reviews*

4.12.1 A summary of all audit reports issued in 2024/25 is attached at Annex A.

## 5. ANTI-FRAUD & WHISTLEBLOWING

### 5.1 Overview of Whistleblowing Cases

5.1.1 The Internal Audit service maintains a log of all whistleblowing referrals received by the team, including those which are subsequently passed to other services (such as HR or safeguarding) and the outcomes.

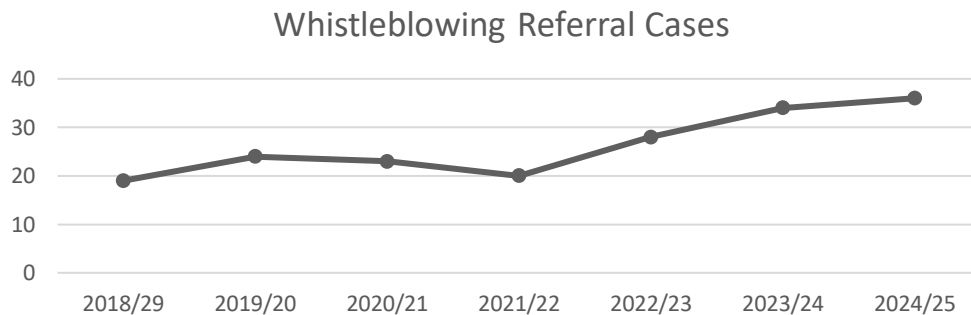
5.1.2 In 2024/25, a total of 36 whistleblowing referrals were received and processed by the Internal Audit Team at CCC. Table 3, below, shows the breakdown of these cases by the type of concern raised.

**Table 3: Whistleblowing Referrals Received by Internal Audit in 2024/25:**

Whistleblowing Cases reported to Internal Audit in 2024/25		Open	Closed	Total
<b>Fraud</b>	Council Officer Fraud	4	1	5
	Direct Payments	2	0	2
	External issue	0	1	1
	Third Party Fraud	0	5	5
	<b>Total Alleged/Attempted Fraud</b>	<b>6</b>	<b>7</b>	<b>13</b>
<b>Governance</b>	Breach of Contract	1	0	1
	Internal Governance issue	7	3	10
	<b>Total Governance Allegations</b>	<b>8</b>	<b>3</b>	<b>11</b>
<b>Safeguarding</b>	Safeguarding Concerns	2	1	3
	Health & Safety	1	1	2
	<b>Total Safeguarding Allegations</b>	<b>3</b>	<b>2</b>	<b>5</b>
<b>Grievance / Bullying</b>	External issue	0	1	1
	Staff Conduct / Grievance	1	2	3
	<b>Total Grievance / Bullying Allegations</b>	<b>1</b>	<b>3</b>	<b>4</b>
<b>Money Laundering</b>	Money laundering	0	1	1
<b>Theft</b>	Theft	0	1	1
<b>Complaints</b>	Complaints	0	1	1
<b>Total</b>		<b>18</b>	<b>18</b>	<b>36</b>

5.1.3 This represents an increase in the number of whistleblowing referrals received compared to recent years, continuing the trend seen of an increased number of referrals in 2024/25. The 24/25 financial year saw 36 referrals, representing a continued upward trend, with a 6% increase from the 34 cases received in 2023/24. This marks the highest number of referrals recorded in the 7 year period for which data is available, indicating sustained confidence in the whistleblowing mechanism. Fraud-related referrals remain the predominant category, with 13 cases ( 36% of total referrals) relating to alleged fraud.

**Chart 6: Number of Whistleblowing Referrals by Year**



5.1.4 A formal process of risk assessment is undertaken on all referrals, to identify the appropriate action to be undertaken. In the majority of cases, either:

- The initial review finds no investigation is required, for instance if the issue has already been dealt with internally; should be addressed through other procedures (such as the Respect At Work Policy); or is not serious enough to warrant a full investigation; or
- An investigation is initiated, but subsequently finds the allegation is not substantiated or only minor issues are found.

5.1.4 An overview of the outcomes of referrals received in 2024/25 is set out at Table 4, below, for the 18 cases which have been closed to date, with a comparison to the closed 2023/4 cases:

**Table 4: Outcomes of Whistleblowing Referrals Received:**

Outcome of Case	2024/5 Cases	2023/4 Cases
<b>No action required</b> ( <i>Initial review of the referral finds no investigation is required e.g. the issue has already been dealt with or is not serious enough to warrant a full investigation</i> )	1 (6%)	3 (9%)
<b>Referred to relevant process</b> ( <i>Where initial review identifies that this should be dealt with through another corporate process rather than whistleblowing e.g. as a formal complaint or grievance, or safeguarding referral, and this is referred into the relevant process.</i> )	5 (28%)	8 (25%)
<b>No powers to investigate.</b> ( <i>Where concerns raised are not within the Council's powers to investigate, for example if they relate to an academy school or District Council services. Where possible the referral is passed on to the relevant organisation.</i> )	1 (6%)	3 (9%)
<b>Informal Audit advice &amp; recommendations.</b> ( <i>Where a full investigation is not required but informal advice or guidance</i>	5 (28%)	2 (6%)

<b>Outcome of Case</b>	<b>2024/5 Cases</b>	<b>2023/4 Cases</b>
<i>is issued to the relevant service on improving the control environment.)</i>		
<b>Investigation indicates no serious concerns.</b> ( <i>An investigation has been initiated but subsequently finds the allegation is not substantiated or only minor issues are found</i> )	3 (17%)	6 (19%)
<b>Full audit investigation and recommendations.</b>	1 (6%)	9 (28%)
<b>Police Referral / Taken to court</b>	1 (6%)	1 (3%)
<b>Other External Referral</b>	0 (0%)	0 (0%)
<b>Recovery action</b> ( <i>Recovery action is taken to recoup losses including setting up a payment plan, recouping overspends etc.</i> )	0 (0%)	0 (0%)
<b>Resolved within service.</b> ( <i>The issue is resolved within the relevant service without requiring a full investigation or onward referrals</i> ).	0 (0%)	0 (0%)
<b>Insufficient information to investigate</b> ( <i>While the allegation is serious enough to warrant an investigation, there is not enough information available to allow an investigation to proceed.</i> )	1 (6%)	0 (0%)
<b>Totals</b>	<b>18</b>	<b>32</b>

## 5.2 Fraud & Governance Investigations

5.2.1 Where Internal Audit investigations into whistleblowing referrals are completed, Internal Audit issue recommendations to address any areas of weakness that the investigation identifies in the Council's systems of governance. Implementation of these recommendations is then followed up by Internal Audit in the normal way and reported to Audit & Accounts Committee as part of the follow-ups process.

5.2.2 During 2024/25, Internal Audit completed several significant investigations that have led to tangible improvements in the Council's control environment, delivered substantial organisational value. A notable example was Case 150 regarding the disposal of road planings, which identified governance gaps in decision making, documentation, and resource allocation processes. The investigation led to a number of recommended actions being agreed with the service, including: developing clear policies to distinguish between routine maintenance and surface changes; ensuring documentation of approval processes for disposal of planings; strengthening stakeholder communication and consultation protocols; and establishing a comprehensive work policy covering risk assessments, resource allocation, and legally binding agreements.

5.2.3 Other significant investigations completed this year included a review of Direct Payment prepaid cards, which led to improved controls and partial recovery of defrauded funds, demonstrating the team's commitment to safeguarding public money.

5.2.4 Through these and other investigations, Internal Audit has added value to the Council by identifying systemic issues, recovering misappropriated funds, preventing further financial losses, and developing practical solutions that strengthen governance while enhancing the Council's reputation for sound financial management and transparency.

### 5.3 *Proactive Anti-Fraud Work*

5.3.1 During 2024/25 the Internal Audit team undertook a range of pro-active counter-fraud activities.

5.3.2 The internal audit team successfully developed and launched the Whistleblowing & Anti-Fraud E-learning module, which has now been designated as "essential" learning for all employees. This eLearning effectively translates technical policy requirements into practical guidance, equipping staff with the knowledge to identify fraud indicators, understand appropriate whistleblowing channels, and fulfil their reporting responsibilities. The module enhances the Council's fraud prevention capabilities by building confidence and awareness throughout the organisation, creating a stronger first line of defence that protects public resources.

5.3.3 The Council's Whistleblowing Policy has also undergone a comprehensive review and refresh, and was presented to the Audit and Accounts Committee in October 2024. The policy revisions stemmed from the Protect Whistleblowing benchmark exercise completed early 2024, where internal audit facilitated a self-assessment against detailed whistleblowing standards covering Governance, staff engagement, and operations. Through the Council's arrangements generally scored well when benchmarked against similar organisations, specific improvements were implemented including: the appointment of a member of CLT as the 'whistleblowing champion'; clearer guidance on the distinction between confidentiality and anonymity for whistleblowers; and inclusion of multiple external reporting channels, including relevant regulators. These updates, developed with input from HR, Information Governance, and the Monitoring Officer, have significantly strengthened the Council's whistleblowing framework and will enhance the overall control environment by encouraging appropriate reporting of concerns.

### 5.4 *National Fraud Initiative (NFI) 2024/25:*

5.4.1 The National Fraud Initiative invites (NFI) is a data matching exercise conducted by the Cabinet Office, aimed at identifying and preventing fraud across the public sector. Cambridgeshire County Council (CCC) participates by submitting

various datasets, including payroll, pensions, trade creditors etc. These datasets are matched against those from other organisations to detect anomalies, such as individuals receiving payments despite being recorded as deceased, thereby highlighting potential errors or fraudulent activities.

- 5.4.2 A new NFI exercise commenced with data collection in October 2024. Adult social care datasets were not collected in the first round of data matching this year and are expected to be collected and matched as part of a later supplementary exercise. Matches from the first round of data matching were released on December 20th, 2024. The total number of matches for CCC as at December 2024 was 9,329 across 38 reports which have a high or medium risk rating, depending on the nature of the data. As at May 2025, 1,892 matches have been reviewed and cleared. Outcomes are reported to Audit & Accounts Committee on an ongoing basis, as part of the quarterly Internal Audit Progress Reports.

## **6. RISK MANAGEMENT IN 2024-25**

### *6.1 Overview of Risk Management*

6.1.1 Under the Council's constitution, the Strategy, Resources & Performance Committee is responsible for the development and oversight of the Council's risk management and strategy. The Audit & Accounts Committee also has important functions in relation to risk, including considering the effectiveness of the risk management arrangements and associated control environment and to seek assurances that appropriate action is being taken in response to risk.

6.1.2 The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council. Risk registers operate at three tiers across the organisation: (a) service/project specific, (b) directorate, and (c) corporate. The Council's Risk Management Policy makes provision for escalation and de-escalation of risk through the tiers. On behalf of the corporate leadership team (CLT), the Executive Director of Strategy & Partnerships champions and takes overall responsibility for seeking to ensure that effective risk management processes operate throughout the Council, including co-ordinating identified improvement activity.

### *6.2 Risk Management in 2024/25*

6.2.1 The Corporate Risk Register has been updated throughout the year, reviewed by the Corporate Leadership Team (CLT) Risk & Assurance group and presented to the Strategy, Resources & Performance Committee and Audit & Accounts Committee at regular intervals. Risk no. 12 "Climate Change" was retitled as "Cambridgeshire County Council is not adequately prepared for the impacts of the changing climate" and a new register was recorded on the GRACE system and reviewed for the first time during the CLT Risk and Assurance September 2024 meeting. A new risk, Risk 13 - concerning the Learning Disability Partnership - was also added to the Corporate Risk Register in February 2025, after being escalated from the Adults, Health and Commissioning Directorate Risk Register following an increase of the score to 16.

6.2.2 The Internal Audit and Risk Management team continued to provide support and guidance to officers across the Council on risk management activities, throughout 2024/5. This included facilitating reviews of directorate risk registers, and providing ad hoc advice to officers on request.

6.2.3 The Corporate Leadership (CLT) Risk & Assurance group met regularly throughout the financial year, with meetings in July, September, November and February. These meetings serve as a platform for CLT to review and scrutinise the corporate risk register, discuss risks escalated from directorate risk registers and deliberate on emerging corporate risks. In September 2024, the CLT Risk & Assurance group undertook a comprehensive review of the Council's Risk Appetite, and all updates were reflected in the Risk Toolkit.

- 6.2.4 The reestablished Corporate Risk Group continued to meet roughly quarterly with meetings in September, November and April. Meetings included presentations from members on topics related to their respective fields such as health and safety and contract risk management. The Groups' role is to foster a more collaborative and inclusive approach to risk management and comprises risk champions from various directorate and serves as platform for sharing diverse perspectives, challenging risk assessments through review of the Corporate Risk Register and ensuring consistency in the Council's response to risks.
- 6.2.5 An update for the original The Council's Risk Management Strategy (2023-26) was developed (2024-26) along with an updated action plan based on the Risk Maturity Assessment undertaken by the Cambridgeshire County Council Internal Audit & Risk Management service in April 2023, in line with Institute for Internal Auditors (IIA) guidance. Section 6.3 below summarises the progress on implementation of the action plans, which were structured around the principles of the Orange Book. Each principle included specific action points aimed at strengthening governance, integration and continuous improvement.
- 6.2.6 The annual report on Risk Management will be presented to Audit & Accounts Committee and Strategy, Resources & Performance Committee in July 2025. This report will provide a more detailed overview of all risk management activities undertaken throughout the year and the implementation of the Risk Strategy.

### 6.3 *Risk Strategy Implementation*

- 6.3.1 The Risk Strategy sets the strategic direction for risk management at Cambridgeshire, and an update on implementation of key actions, aligned to the core principles set out in the Strategy, is provided below.
- 6.3.2 **Principle 1 - Governance and Leadership:** An e-learning module on risk management, developed by Internal Audit and Risk, went live in March 2025 and is accessible to all staff. A risk communication plan was created, and future delivery will be undertaken by the newly-appointed Corporate Risk Manager.
- 6.3.3 **Principle 2 - Integration:** Five of six actions completed, including the proposal to add in new performance management responsibilities to the Corporate Risk Group, to create a new Corporate Risk and Performance Group to promote best practice across both risk and performance management at the Council. The draft Terms of Reference for this group have been agreed, with the first meeting scheduled for Q2 2025 (originally scheduled for Q1).
- 6.3.4 **Principle 3 - Collaboration and Best Information:** the Council successfully decoupled from the shared GRACE system with Milton Keynes CC, with a standalone system launched on 1 April 2025.

**6.3.5 Principles 4 and 5 Risk Management Processes and Continuous Improvement:**

A comprehensive assurance review of the Council's Risk Management Maturity has been completed, with a report to be shared shortly. The review also examined Corporate and Directorate level risk registers and informed further action plans to update the Strategy 2025-26 for strengthening maturity across all levels of the Council. These actions contribute to the Council's commitment to continuous improvement and support the development of a more mature, embedded risk culture.

## 7. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE

### 7.1 *Delivery of the 2024/25 Internal Audit Plan*

7.1.1 The Cambridgeshire County Council Internal Audit Plan for 2024/25 was developed in early 2024, with the required resources confirmed as 1,750 days. The draft Audit Plan was reviewed by Corporate Leadership Team (CLT), and by the Audit & Accounts Committee (AAC) in March 2024.

7.1.2 The Internal Audit team at Cambridgeshire seeks to be highly responsive to emerging risks, and in accordance with best practice, the Internal Audit Plan is regularly re-assessed and updated in line with changing risks throughout the year. Due to resourcing challenges within the team (see Section 7.3.5 below for details), as well as the resourcing pressures created by a high level of whistleblowing and counter-fraud work required, the Plan was subject to in-year reductions of days, with the re-phased plan presented to CLT and Audit & Accounts Committee regularly.

7.1.3 The reduction in days primarily came from deferring or cutting elements of the plan which were not deemed critical to the annual assurance opinion, in order to support a mix of audit work over a wide range of organisational risk areas. For example, this included cutting the contingency budget for grant audits which was not required; a reduction of time allowed for risk assurance reviews due to the Corporate Risk Manager post remaining vacant for much of the year.

7.1.4 When deciding which audits may be deferred to the next financial year, the Head of Internal Audit considers the risk profile of the area under review, as well as the types of risk the audit will provide coverage over, and the directorate within the Council (where relevant). The aim is to maintain a balanced Audit Plan which provides coverage across a wide range of organisational risks and areas, which is focused on the areas of highest risk, and which is sufficient to enable an annual assurance opinion to be given across the Council's control environment.

7.1.5 As part of the Quality Assurance & Improvement Programme (see Section 7.3, below), Internal Audit team maintains and tracks Key Performance Indicators (KPIs) to monitor delivery of the Internal Audit Plan. Delivery of the Plan is measured using three key metrics:

- **Audit Plan Days Delivered:** The total number of productive days of Internal Audit staff time which has been spent on active delivery of work within the Audit Plan during the financial year.
- **Audit Plan Individual Reviews Delivered:** This measures the number of individual pieces of audit work in the Audit Plan which have been delivered to draft report stage or further for the end of the financial

year. This metric also includes ‘ongoing’ pieces of work which are delivered throughout the year (for example, work on the Supporting Families Grant, which requires a series of grant sign-offs throughout the year, is counted as a single ‘ongoing’ piece of work).

- **Audit Team Productivity:** This measures the percentage of the team’s available time which is spent on active delivery of work within the Audit Plan, excluding non-productive time such as training or supervisions.

7.1.6 Considering all these metrics collectively gives the most balanced overall view of the delivery of the Audit Plan. The performance against these metrics in 2024/5 is presented below in Table 4, with comparison to the same metrics in 2023/4. This demonstrates that, despite resourcing challenges including an unusually high level of team sickness absence at the end of the financial year, the team delivered a higher number of productive days than had been forecast:

**TABLE 5: Cambridgeshire County Council Audit Plan Delivery 2024/25:**

Delivery KPIs	2024/5			2023/4		
	Actual	Target	%	Actual	Target	%
Delivery of the <u>core</u> Internal Audit Plan (in days)	951	938	101%	747	715	104%
Delivery of the <u>flexible</u> Internal Audit Plan (in days)	639	568	113%	689	710	97%
<b>Audit Plan delivered (days)</b>	<b>1590</b>	<b>1506</b>	<b>106%</b>	<b>1436</b>	<b>1425</b>	<b>101%</b>
% Delivery of the <u>core</u> Internal Audit Plan (individual reviews)	62	64	97%	49	51	96%
% Delivery of the <u>flexible</u> Internal Audit Plan (individual reviews)	17	21	81%	20	29	69%
<b>Audit Plan delivered (% individual reviews)</b>	<b>79</b>	<b>85</b>	<b>93%<sup>4</sup></b>	<b>69</b>	<b>80</b>	<b>86%</b>
<b>Audit Team Productivity (%)</b>	<b>91.3%</b>	<b>85%</b>		<b>90.5%</b>	<b>85%</b>	

7.1.7 As the Internal Audit team operates a ‘rolling’ approach to audit planning, there were several audit reviews which were underway at the end of 2024/25 but not delivered to draft report stage by the end of the financial year. Where the reports not at draft report stage as of 31<sup>st</sup> March were close to finalising

<sup>4</sup> See section 7.1.7.

fieldwork and therefore have had draft reports issued at the start of the 2024/5 financial year, these are counted as 'complete' in the table above. If these three reports are excluded from the figures, the percentage of the audit plan delivered based on the number of individual audit reviews would reduce to 89% overall.

7.1.8 However, the reports on Quality Assurance in Children's Social Care; Social Care Debt Management; Business Planning; Best Value Guidance; Payroll and Debt Recovery have been rolled-over and will instead be delivered in the 2025/26 financial year. As these audits were originally planned to be completed in 2024/5, they have been included as 'incomplete' in the figures at Table 4, above. The team's ability to finalise these pieces of work prior to the end of the financial year was impacted by an unusually high level of sickness absence between February and the end of April this year, with 55 days lost to sick leave across the team as a whole over that time period.

7.1.9 In addition to the audit days delivered to Cambridgeshire County Council, the Internal Audit team also delivers key financial systems reviews to North Northamptonshire, West Northamptonshire and Milton Keynes Councils, and delivers internal audit work to the Pension Fund. This external provision accounted for c.149 days of Internal Audit time in 2024/25; this time has not been included in the table above, which only shows delivery of the Cambridgeshire Audit Plan by the team.

7.1.10 All Internal Audit reviews delivered in-year are detailed at Annex A, below.

## 7.2 *Compliance with Public Sector Internal Audit Standards (PSIAS) and Global Internal Audit Standards (GIAS)*

7.2.1 The Internal Audit service has operated in compliance with Public Sector Internal Audit Standards (PSIAS) throughout the 2024/5 financial year. Going forward the team will be subject to the new standards regime set by the Global Internal Audit Standards in the UK Public Sector which came into effect from the 1<sup>st</sup> April 2025; as such, there have been some updates to the team's templates and key documents in-year to prepare for the implementation of the new standards. This has included a redraft of the Audit Charter.

7.2.2 As part of the implementation of the new GIAS in the UK Public Sector, the Internal Audit team has undertaken a self-assessment of compliance against GIAS, which is a mandatory component of the standards regime. Full detail on the findings of this assessment is provided in the separate report to Audit & Accounts Committee and is therefore not repeated here, other than to note that a finding of 'generally conforms' has been made in respect of the team's conformance to GIAS.

7.2.3 An external assessment of Internal Audit's conformance with GIAS is required every five years. Given the transition to the new standards, it is proposed that an external assessment should be commissioned to take place in 2025/6.

### 7.3 *Quality Assurance & Improvement Plan*

7.3.0 In accordance with the Global Internal Audit Standards (GIAS) for the UK Public Sector, Standard 8.3, a Quality Assurance and Improvement Programme (QAIP) has been developed by Internal Audit. This includes both external assessments (discussed above at Section 7.2) and internal assessments to provide ongoing monitoring of Internal Audit activity and to provide assurance over the service's continued compliance with GIAS.

#### Continuing Professional Development:

7.3.1 Continuing professional development has been a major focus of the Internal Audit quality assurance programme in 2024/25. Professional development ensures that colleagues have the skills and competencies to deliver high-quality audit work which reflects best practice and the evolving UK government landscape.

7.3.2 A key aspect of the team's commitment to continuing professional development is our system of post-audit assessments against the CIPFA Excellent Internal Auditor standard. Post-audit assessments are used to evaluate audit activity and identify areas for development on an ongoing basis, as part of regular supervision of all staff.

7.3.3 The CCC Internal Audit service also uses weekly team meetings to deliver regular focused training and development to all Internal Audit staff. This includes development sessions delivered by managers within the team, as well as welcoming colleagues from other Council services to speak at Internal Audit meetings, both to enhance professional development and to encourage networking across the Council. In 2024/5, sessions delivered through regular team meetings have included areas such as:

- Presentations from colleagues both internal to Cambridgeshire County Council as well as from key partners, including:
  - The Head of Procurement & Commercial delivered a presentation on the Procurement Act;
  - The Service Director of Communities, Libraries & Skills presented some of the key work in the Communities directorate;
  - The Head of Change shared updates on the implementation of the corporate Project Management Framework;
  - The Road Safety Manager delivered a session on the work of the Road Safety team;

- The Head of the Programme Management Office at the Cambridgeshire & Peterborough Combined Authority shared a presentation on their Best Value Notice and Improvement Programme.
  - A series of sessions on specific key elements of the internal audit process, including: Contract Audit; researching for audits; following-up on implementation of audit agreed actions; and a workshop on Audit Planning for 2025/6.
  - Sessions focused on general professional development and sector issues including: constructive challenge; dealing with difficult conversations; the disclaimed opinion on Whole of Government Accounts; case studies of serious governance failings in UK local government; ethical auditing practice; and the impact of increasing use of artificial intelligence.
  - Members of the team presenting key findings and reflections from their work on an ongoing basis.
- 7.3.4 Colleagues within the Cambridgeshire Internal Audit team are all either professionally qualified, or working towards a qualification in either accountancy or internal audit. In 2024/5 the team has also funded two colleagues to undertake formal Accredited Counter Fraud Specialist training with CIPFA; increasing the number of colleagues with accredited counter fraud training will continue to be a focus for the team in future as this is a complex area and it is important to ensure that investigations into any allegations of fraud or theft are undertaken in line with best practice.

Human Resources and Capacity:

- 7.3.5 In 2024/25, the Internal Audit & Risk Management team continued to experience some resourcing challenges, in the context of an extremely challenging environment for recruitment and retention across the wider Internal Audit sector. However, the overall stability of the team improved from 2023/4, and in the 2024/5 financial year the team has delivered the highest number of productive audit days since 2021/22 (when the Cambridgeshire team first disaggregated from the former LGSS Internal Audit service).
- 7.3.6 In the 2024/5 financial year, the team received resignations from one Principal Auditor (November 2024), two Senior Auditors (June 2024 and February 2025), and one Associate Auditor (September 2024). Over the same time period, the team appointed two Principal Auditors (who joined the team in October 2024 and February 2025), a Corporate Risk Manager (February 2025), one Senior Auditor (September 2024) and one Associate Auditor (who will join the team c. July 2025, as this is an annual recruitment process). Overall therefore, while one Senior Auditor post remains vacant as at the end of the 2024/5 financial year, team resourcing has stabilised considerably.
- 7.3.7 As such, it is considered that the team has had resources that are sufficient to enable it to provide adequate coverage authority's control environment to

provide the annual opinion; however, resourcing and professional development for colleagues will continue to be a focus for the team in 2025/26.

- 7.3.8 A key part of the Internal Audit team's succession planning continues to be the operation of an Internal Audit Graduate Trainee scheme, run in conjunction with the Financial Management Graduate Trainee scheme. Trainees are taken on as Apprentices to study for chartered accountant status with the Chartered Institute for Public Finance and Accountancy (CIPFA). It is notable that our outgoing Principal Auditor, formerly a member of the trainee scheme, has moved to a post in the Council's Finance team; and that one of our incoming Principal Auditors has joined us from the shared Finance/Internal Audit accountancy Apprenticeship scheme. This demonstrates the value of this apprenticeship not just to the Internal Audit team, but to the wider organisation.

Customer Feedback Outcomes:

- 7.3.9 Customer feedback is an important part of the Internal Audit team's Quality Assurance and Improvement Plan (QAIP). Feedback from officers involved in internal audit helps the team to pinpoint areas where the audit process can be enhanced, and provides insights into what stakeholders find valuable. Seeking customer feedback is part of the Cambridgeshire Internal Audit team's commitment to continuous improvement and supports our compliance with Global Internal Audit Standards in the UK Public Sector.
- 7.3.10 The Internal Audit team issue Customer Feedback Surveys to obtain feedback on the work of the team from senior management and recipients of Internal Audit reports. Surveys are issued via a short eForm, to ensure the process is straightforward and accessible for officers, and are shared when final audit reports are issued. In April 2025, the audit team also issued the same survey, requesting general feedback, to: members of CLT; Heads of Service and Service Directors who regularly interact with Internal Audit (such as Finance, Procurement etc.); and members of the Audit & Accounts Committee.
- 7.3.11 In total, for 2024/25 eleven completed surveys were returned to the team, slightly higher than the nine responses received in 2023/4 and 2022/3. This is a lower response rate than was hoped for, despite work having been undertaken by the Audit team in March/April 2025 to follow up on audits where responses had not been received, as well as to request more general team feedback from senior managers and Members.
- 7.3.12 Where surveys were completed, results were generally very positive and demonstrate a year-on-year improvement in feedback received. More detail on the findings from these surveys is provided below, compared to average scores in the previous two financial years:

**Table 6: Customer Feedback Survey Responses:**

Questions:		2024/5	2023/4	2022/3
		Average score:	Average score:	Average score:
How far do you agree that the auditors involved were professional, knowledgeable and approachable?		<b>4.5</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>4.2</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>4.2</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>
How far do you agree that auditors engaged with officers to understand key service concerns and risks during the audit?		<b>4.6</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>4.1</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>3.9</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>
How far do you agree that the draft audit report gave findings in sufficient detail and there was a chance to discuss findings and recommended actions appropriately?		<b>4.5</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>4</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>4.6</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>
How far do you agree that final actions agreed as a result of the audit were relevant and reflected appropriate improvements in risk management and control?		<b>4.4</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>4</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>	<b>4.1</b> out of 5 <i>1: strongly disagree 5: strongly agree</i>
Has your perception of Internal Audit changed following your experience?	Yes - positively	1 (9%)	4 (44%)	2 (22%)
	Yes - negatively	1 (9%)	1 (11%)	0 (0%)
	No change	9 (81%)	4 (44%)	7 (78%)

7.3.13 Some of the comments received from officers in the surveys included:

- “The Audit took a very long time to complete meaning that some of the fieldwork had to be re-done. The Auditors themselves were communicative and always strove to understand the viewpoint of the service area.”
- “Audit was undertaken effectively, the communication throughout and during the review of the draft report was effective and we had the opportunity to discuss and reflect any minor changes that were required prior to the issue of the final report .”

- “This audit had to be done and will hopefully draw a line under the [issue]. [The auditor] has been easy to work with but it has been difficult dealing with three audits in close succession at a very busy time. One downside of the audits is that the team are becoming more apprehensive and risk averse when carrying out their day to day work and this could lead to inertia and paralysis at a time when we need to innovate and move forward. "Do they not trust us to do our work" was one comment made. I think audit should recognise that this can be an impact no matter how necessary it is to carry out an audit and this could impact staff retention. ”
- “Only said ‘no change’ to Q5 because my perception of the service has been very positive for a long time. I genuinely believe that the audits carried out add real value, and constructive challenge, to the work that we do.”
- “Thanks [auditors] for the support and guidance with this particularly complex and challenging case. I have learnt lots from this case which will prove invaluable in my practice going forward. ”

**INTERNAL AUDIT WORK COMPLETED (TO DRAFT STAGE OR FURTHER)**
**2024/5 Internal Audit Plan**

<b>AUDIT TITLE</b>	<b>SYSTEM OPINION</b>	<b>COMPLIANCE OPINION</b>	<b>ORG. IMPACT</b>
<b>FINANCIAL GOVERNANCE &amp; VALUE FOR MONEY</b>			
Rental Income	Limited	Limited	Moderate
Establishment Control	Moderate	Good	Minor
Investment Properties (Draft)	Limited	Moderate	Moderate
Capital Budgetary Control (Draft)	Moderate	Moderate	Moderate
Treasury Management 24 - 25 (Draft)	Moderate	Good	Minor
Debt Recovery 23 - 24	Moderate	Good	Moderate
<b>SAFEGUARDING &amp; HEALTH AND SAFETY</b>			
Estate Health & Safety Inspections	Limited	Limited	Moderate
In House Foster Carers - New Applicants & Placements	Good	Moderate	Minor
Implementation of Ofsted Inspection Action Plan (Draft)	Moderate	Good	Minor
Adult Social Care Complaints (Draft)	Moderate	Moderate	Moderate
<b>PROCUREMENT, CONTRACTS &amp; COMMISSIONING</b>			
Commissioning Governance	Good	Moderate	Moderate
Procurement Compliance	N/A	Moderate	Minor
Street Lighting PFI Contract	Moderate	Good	Minor
Waste PFI Support	N/A	N/A	N/A
<b>ICT &amp; INFORMATION GOVERNANCE</b>			
Mosaic System Uploads, Data Integrity and Key Controls	Good	Moderate	Moderate
IT Security for Employees Working Overseas	Limited	Moderate	Minor
Response to Information Security Incidents	Moderate	Moderate	Minor
<b>GRANTS</b>			
Supporting Families	Grant Certification provided		
Local Transport Capital Block Funding (Highways Maintenance )	Grant Certification provided		
Pothole and Challenge Fund	Grant Certification provided		
Disabled Facilities Grant	Grant Certification provided		
Contain Outbreak Management Fund (COMF)	Grant Certification provided		
Open to All Community Experience Grant	Grant Certification provided		
Targeted Community Experience Grant	Grant Certification provided		

Basic Needs Funding	Grant Certification provided		
A14 Grant	Grant Certification provided		
Traffic Signals Grant	Grant Certification provided		
Highways Grants Briefing Note	N/A	N/A	N/A
<b>SCHOOLS FINANCIAL GOVERNANCE</b>			
Overall Schools Report (Draft)	Limited	Moderate	Minor
Alderman Payne School Audit	Limited	Limited	N/A
Castle Camps School Audit	Limited	Moderate	N/A
Castle School Audit (Draft)	Limited	Moderate	N/A
Elton School Audit	Good	Moderate	N/A
Granta School Audit (Draft)	Limited	Moderate	N/A
Gt & Lt Shelford School Audit	Moderate	Moderate	N/A
Queens Federation School Audit	Moderate	Moderate	N/A
Samuel Pepys School Audit	Moderate	Moderate	N/A
St Annes School Audit	Limited	Limited	N/A
Trumpington School Audit	Good	Limited	N/A
Schools Causing Concern Meetings	Internal Audit attendance & advice		
<b>PROJECT MANAGEMENT &amp; CHANGE</b>			
Projects Assurance (Non-Capital) (Draft Expected)	Moderate	Moderate	Moderate
LDP Pooled Budget Disaggregation (Projects Assurance) (Draft)	Limited	Limited	Major
<b>GOVERNANCE &amp; BUSINESS CONTINUITY</b>			
Disciplinary Policy & Application (Draft)	Good	Moderate	Minor
Recruitment Policy & Compliance	Good	Moderate	Minor
Light Blue Fibre Ltd	Good	Good	Minor
Corporate Key Performance Indicator Framework (Draft)	Moderate	Limited	Minor
Whistleblowing Policy Annual Review	Annual review of Whistleblowing Policy		
Development of Counter Fraud & Whistleblowing eLearning	New "Essential" eLearning delivered		
Pro-active Counter Fraud Work	N/A		
Council Tax NFI Project	N/A		
Information Management Board	N/A		
Annual Governance Statement/Code of Corporate Governance	N/A		
Global Internal Audit Standards (GIAS) Review	Annual self-assessment complete		
Pension Fund Audit Plan Development	Delivery of proposed 3 year Pension Fund Audit Plan		
Advice & Guidance	N/A		
Freedom of Information Requests	N/A		
Follow-Ups of Agreed Actions	N/A		
Committee Reporting	N/A		
Management Reporting	N/A		

Audit Plan	N/A
<b>INVESTIGATIONS</b>	
National Fraud Initiative	Ongoing co-ordination of NFI processes
Fraud Investigations Review Process	Ongoing triage of whistleblowing and fraud referrals
Case 143 - Direct Payments Case (JS)	N/A - Investigation
Case 145 - Governance Review	N/A - Investigation
Case 148 - Direct Payments Case (GM)	N/A - Investigation
Case 149 - Bank Mandate Fraud	N/A - Investigation
Case 150 - Landbeach Bridlepath	N/A - Investigation
Case 151 - ICT Thefts	N/A - Investigation
Case 152 - HR Investigation (Draft)	N/A - Investigation
Case 154a - Disciplinary Investigation	N/A - Investigation
Case 154b - Disciplinary Investigation	N/A - Investigation
Case 158 - Prepayment Card	N/A - Investigation
Case 163 - Tenancy (Draft)	N/A - Investigation
Case 168 - Complaints & HR (Draft)	N/A - Investigation
Case 177 - Children's Social Care (Draft)	N/A - Investigation
<b>RISK MANAGEMENT REVIEWS</b>	
Risk Management	Ongoing risk management support and co-ordination
Annual Assurance on Risk Management	Risk Maturity Review delivered to draft
Development of Risk Management eLearning	New E-Learning delivered
Risk Assurance Reviews	Ongoing risk assurance work
<b>WORK CARRIED FORWARD (as part of the rolling Audit Plan)</b>	
Best Value Guidance	N/A - Work carried forward to 2025/6
Social Care Debt Management	N/A - Work carried forward to 2025/6
Business Planning	N/A - Work carried forward to 2025/6
Quality Assurance in Childrens Social Care	N/A - Work carried forward to 2025/6
Payroll	N/A - Work carried forward to 2025/6
Debt Recovery 24 - 25	N/A - Work carried forward to 2025/6
Case 179 - Steeper Ltd	N/A - Work carried forward to 2025/6
Case 174 - Brokerage	N/A - Work carried forward to 2025/6



## Summary of Outstanding Recommendations

(Recommendation status as at 31.03.2025).

Audit	Risk level	Summary of Recommendation	Target Date	Status
<i>Essential Recommendations overdue</i>				
DSG Safety Valve Review	E	<p>Once data accuracy is assured as per Recommendation 1, targets and expected benefits should be added and include measurable aims to allow for accurate monitoring of actions – e.g., 'if we do X, the no. of EHCPs should be reducing by X each month compared to this time last year in order to meet the target of X.'</p> <p>Once SMART targets are in place, a formal prioritisation of actions should then be undertaken, noting which actions will have the most significant impact on the programme and focusing on these first.</p> <p>Identify interdependencies between actions and add to the progress timeline in the action plan, so that any delays are shown clearly and can be taken into account when planning the start of new actions and reporting on progress.</p>	31/05/2024	<p>The following updates were provided by the service:</p> <p>3A - The weekly SAT data task and finish group are monitoring the progress of clearing the data quality issues that were identified as part of the Impulse Nexus migration and implementation work. Staff from across a number of services within education are supporting with this piece of work and a business case has been developed to request additional data quality officers to complete the scope of work as well as support with the migration and implementation of the EYES system. The task and finish group is also working with colleagues in the Policy &amp; Insights team to create a data dashboard a suite of reports within Power BI. The SD Education has oversight of the data requirements informed by the AD for Inclusion to include in the data dashboard and this will be used to support reporting to the Inclusion Change Board on service performance targets including statutory timescales. To ensure the data uploaded to the new EYES system is quality assured, all services have been contacted by the SD for Education to prioritise mandatory training. There is also a Staff Engagement Teams forum where progress updates are posted.</p> <p>3B - As part of the Inclusion for All programme, each of the 6 workstrands will have an action plan with clearly defined SMART targets/KPIs. Progress against these will be reported via individual workstrand highlight reports by the identified workstrand service leads. Draft KPIs to measure the impact of</p>

				<p>actions taken to address demand have been shared. An escalation report has been agreed that will include a financial narrative on the impact of the agreed actions so that there is routine and transparent oversight of managing down demand to address the deficit. In line with the corporate PMO Framework, full benefits profiles will be created using the corporate template.</p> <p>3C - The safety valve agreement has been updated and submitted to the DFE on October 31st. This revised plan has reshaped the action plan for the service and focuses on reducing high-cost independent placements and supporting children to remain in mainstream provision. The risk around data accuracy is being managed through weekly oversight by the Service Director for Education. 31 spreadsheets have been identified that are being prioritised for uploading to the new system. There is a systems implementation board in place that is driving this work forward with string engagement from the new Service Director for data and systems. There is regular engagement with schools regarding inclusion for all which is the Board and the route for managing Safety Valve.</p> <p>Revised Target Date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - 31 October 2024</li> <li>• July 2024 – 31 October 2024</li> </ul>
<b><i>High Recommendations overdue - over 12 months</i></b>				
Case 125 - Guided Busway Procurement	H	The service should consult with the Head of Procurement & Commercial and the Monitoring Officer regarding the areas of non-compliance with Contract Procedure Rules and Public Contracts Regulations outlined within this report (including the expert witness spend, etc) and agree	31/03/2024	Work to identify and regularise now complete. Service working with Procurement Team to report the breaches in accordance with the Breach Policy. Breach form will go to CLT in Mid-May and on to Assets and Procurement Committee in June.

		<p>the approach that should be taken to regularise the expenditure. In particular, this should include:</p> <ul style="list-style-type: none"> <li>• Agreeing to report the non-compliance with Contract Procedure Rules to Committee retrospectively under the new breach process (see Recommendation 6);</li> <li>• Undertaking an exercise to identify, as far as possible, from service records the full amount spent with each contractor prior to the 1st of April 2018 cut-off which has applied to the figures in this report.</li> <li>• Where costs are ongoing (such as with the land matters), this exercise should include identifying how best to bring any further spend into line with Contract Procedure Rules.</li> </ul>		<p>The update above is from a previous reporting cycle. No update has been received for this reporting cycle.</p> <p>Revised target date: 30 June 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - 31 January 2025</li> <li>• October 2024 - 31 October 2024</li> <li>• July 2024 - TBC</li> <li>• March 2024 – 31<sup>st</sup> October 2024</li> </ul>
<b><i>Medium Recommendations overdue - over 12 months</i></b>				
DSG - High Needs Block Demand Management	M	<p>A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an Education, Health and Care Plan (EHCP) after an annual review has taken place. The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.</p>	01/09/2022	<p>This is incorporated into the ASEND action plan (June 2025) as it is linked to areas for improvement, namely meaningful integration of health and care into EHCPs and embedding Preparing for Adulthood through all plans.</p> <p>The action plan will need to be a multi-agency plan incorporating health and education in delivering improved outcomes across each of the recommendations. A high-level action plan is under development as part of the 'Inclusive Practice' strand of Inclusion for All, the agreed approach to SEND improvement. NB: The Inclusion for All Programme is following the corporate PMO framework and as of May 2025, is in the Design &amp; Develop gating phase where a more detailed action plan will be produced. Gating is overseen by the Corporate Governance &amp; Performance Team and Head of Change.</p> <p>Revised target date: 30 June 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• April 2025 – 30 June 2025</li> </ul>

				<ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 – TBC</li> <li>• July 2024 - 31 July 2024</li> <li>• March 2024 - 31 July 2024.</li> <li>• September 2023 – 31 January 2024.</li> </ul>
Insurance Fund	M	The Claims Handling Manual should be updated following implementation of an Insurance Strategy, this should ensure that the service goals and objectives are supported by operational processes which target management resource accordingly. This could also include current reporting review processes, betterment circumstances.	31/12/2022	<p>The completion of this action is dependent on the implementation of the Insurance Strategy action (see below).</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - TBC</li> <li>• July 2024 - TBC</li> <li>• March 2024 – 30 April 2024</li> <li>• January 2024 – 31 March 2024</li> <li>• December 2023 - 31 January 2024</li> <li>• September 2023 - 1 December 2023</li> </ul>
Insurance Fund	M	An Insurance Strategy is developed to provide a clear framework for the service goals and objectives including a structured approach to the Councils insurance arrangements. For example, this could include the following information: The strategic aims of the service, a breakdown of the risks the council self-insures and policies the council holds with external insurance providers, the process for projecting future risk profile, management and recharging arrangements, claims management processes and processes for reviewing the insurance strategy.	31/01/2023	<p>The Section 151 Officer has confirmed that he is currently reviewing the draft Insurance Strategy with colleagues and it is anticipated this action will be concluded shortly.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - TBC</li> <li>• July 2024 - TBC</li> <li>• March 2024 – 30 April 2024</li> <li>• January 2024 – 31 March 2024</li> <li>• December 2023 - 31 January 2024</li> </ul>

				<ul style="list-style-type: none"> <li>September 2023 - 1 December 2023</li> </ul>
Debt Recovery 22/23	M	The Head of Finance Operations should decide if procedures should be amended to reflect the current practice and detail the approval time-out procedure, or whether to amend the system workflow in ERP for write-offs to ensure that budget holder approval must be given before write-offs are progressed. In conjunction with Recommendation 5, the procedure could vary for different values of write-offs.	30/09/2023	<p>The workflow has been further delayed. The change request was not ready for testing until the final week of the financial year and a business decision was taken to prioritise year end activity. Testing will commence the w/c 7 April</p> <p>Revised target date: 31 May 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>March 2025 - 31 May 2025</li> <li>December 20204 - 28 February 2025</li> <li>October 2024 – TBC</li> <li>July 2024 – 30 September 2024</li> <li>March 2024 - 30 June 2024</li> <li>January 2024 - 30 June 2024</li> <li>December 2023 - TBC</li> </ul>
Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the supplier record on ERP Gold is set up for both commercial and non-commercial payments. Each case should be reviewed to establish if the existence as both payment types is appropriate and if not, it should be determined which payment type should be disabled.	31/12/2023	<p>Once the Change Request has been implemented, AP will be able to remove the non commercial suppliers that have not been utilised for 18 months. Once this task has been completed a meeting will be diarised with Audit to confirm if the action can be closed. We are awaiting a final implementation date from Business Systems.</p> <p>Alongside this change request, as part of BAU processes, AP review non commercial forms to negate non compliance and service areas are contacted as appropriate.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> <li>March 2025 - TBC</li> <li>December 2024 - TBC</li> <li>October 2024 – 31 October 2024</li> <li>July 2024 - September 2024</li> <li>March 2024 - TBC</li> <li>January 2024 – 31 March 2024</li> </ul>

<p>Incident &amp; Problem Management 22-23</p>	<p>M</p>	<p>Problem management procedures should be amended to incorporate the following:</p> <p>a) The ICT Service should consider how Hornbill can be utilised in the problem management process. Once established the documented procedures should be amended to give clarity and guidance on the use of Hornbill for problem management. If it is decided Hornbill will not be utilised a rationale should be recorded as a note in the procedures.</p> <p>b) The service should add tables to the guidance listing the priority systems and sites for problem management and resolution. This would bring the guidance into line with incident management and provide consistency in information for officers.</p> <p>c) Procedures should be amended to provide clear criteria for identifying when a problem should be recognised and classified as a major problem. This should be considered in conjunction with recommendation 3 in this report to ensure priority systems and sites are factored into the criteria for major problems.</p> <p>d) Procedures should be amended to confirm the complete process required to be undertaken in relation to major problems.</p> <p>e) Procedures should be amended to include a problem communication / notification process. Notifications to end users should include a description on how resolution should impact service users, steps being taken to resolve the problem and the estimated time required to resolve.</p>	<p>31/12/2023</p>	<p>Hornbill has been updated to reflect the CCC only environment. As part of updating the service BCPs each service is listing their IT reliant systems and order of priority in an incident. A subgroup of the Emergency Planning group has been set up to focus on IT incident management, comms to teams and also the order in which systems are returned to service in an incident. While the majority of services are hosted outside of the Council IT environment there may be times when bringing these back online is outside of the control of the Council.</p> <p>The new Head of IT Operations is reviewing these recommendations and associated processes.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 – 30 November 2024</li> <li>• July 2024 - 30 November 2024</li> <li>• March 2024: TBC</li> <li>• January 2024 - TBC</li> </ul>
<p>Incident &amp; Problem Management 22-23</p>	<p>M</p>	<p>A more detailed major incident response plan should be developed and incorporated into procedures. This should include a more detailed system and site prioritisation matrix that should either:</p> <ul style="list-style-type: none"> <li>• Rank systems and sites in priority order</li> <li>• Have a clear process for determining and agreeing the</li> </ul>	<p>31/12/2023</p>	<p>As part of the refresh of BCPs and the subgroup all services will prioritise their systems and the order in which they need to be brought back online. While most systems are hosted outside of the Council IT environment and are outside of the control of the Council as to when they are restored to service the Digital Service will ensure the order of priority is communicated to suppliers.</p>

		key priority should more than on critical system or site be impacted at the same time		<p>The new Head of IT Operations is reviewing these recommendations and associated processes.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 – 30 November 2024</li> <li>• July 2024 - 30 November 2024</li> <li>• March 2024: TBC</li> <li>• January 2024 - TBC</li> </ul>
Incident & Problem Management 22-23	M	<p>SMART KPIs and Critical Success Factors for Problem Management should be developed and included in procedures.</p> <p>Once established, performance monitoring reporting should be introduced. This should include reporting on ongoing/unresolved problems.</p>	31/03/2024	<p>The Service has reported that with regards to ongoing problems or incidents there is a process to update the Hornbill call and ensure communication is in place.</p> <p>The new Head of IT Operations is reviewing these recommendations and associated processes.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 – 30 November 2024</li> <li>• July 2024 - 30 November 2024</li> <li>• March 2024: TBC</li> <li>• January 2024 - TBC</li> </ul>
Incident & Problem Management 22-23	M	New classification should be introduced in Hornbill that allow for incidents to be clearly identified and reported on. This could be achieved through the introduction of a mandatory field to classify and case as either a service request or incident.	31/03/2024	<p>Hornbill has been updated to reflect the CCC only environment.</p> <p>The new Head of IT Operations is reviewing these recommendations and associated processes.</p> <p>Revised target date: TBC</p>

		<p>Reporting on actual incidents and their resolution should be introduced and provided to the Service Director and Executive Director.</p> <p>Once a base line has been established KPIs for incident resolution should be established.</p>		<p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 – 30 November 2024</li> <li>• July 2024 - 30 November 2024</li> <li>• March 2024: TBC</li> <li>• January 2024 - TBC</li> </ul>
Local transport Capital Block Funding (grant)	M	<p>A time recording system should be implemented across Place and Sustainability to ensure any Service, Team or Officer time that is charged to project or other work is accurately recorded to reflect actual time and costs associated with delivery.</p> <p>Such a system could be:</p> <ul style="list-style-type: none"> <li>• an extension of the timesheet process currently used by some teams</li> <li>• free software available online; or</li> <li>• software that is either procured or built internally that is located on Council servers.</li> </ul> <p>The system should be able to:</p> <ul style="list-style-type: none"> <li>• Apply different staff rates, including overheads and risk percentages, for each project.</li> <li>• Calculate staff costs for each project based on the applied rates.</li> <li>• Interface with/upload data to ERP Gold to provide an efficient way of updating project ledgers with staff costs. Internal Audit recommends that whatever time recording system is chosen is used consistently across the board to ensure the most efficiency.</li> </ul>	31/03/2024	<p>Corporate Finance Colleagues have confirmed that all relevant Officers should be completing excel timesheets as a corporate solution has not been introduced.</p> <p>Corporate Finance Colleagues also confirmed that a process is evolving to flag any timesheets not completed and provided to Finance. This process is not yet documented. Internal Audit will review when the agreed process is documented.</p> <p>Discussions are ongoing with finance around a possible solution using ERP Gold. a meeting is scheduled for early May to discuss the next step.</p> <p>Revised target date: 31 May 2025</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> <li>• March 2025 – 31 May 2025</li> <li>• December 2024 - 31 January 2025</li> <li>• October 2024 – 31 March 2025</li> <li>• July 2024 - TBC</li> <li>• March 2024 - TBC</li> </ul>
<b><i>High Recommendations overdue - over 3 months</i></b>				
Capital Project Management	H	<p>The service should conduct a full review of capital project framework policies and guidance documentation, with a view to streamlining and reducing the number of separate documents; ensuring information is up to date and terminology is consistent between documents; and</p>	31/05/2024	<p>Internal Audit are liaising with the service on individual elements of this recommendation once fully reviewed.</p> <p>Internal Audit has confirmed that 1b, 1e and 1f are now implemented and is in the process of reviewing 1c.</p>

	<p>developing an index to the framework which links all the other guidance documents to help officers navigate the guidance. This review should be conducted in consultation with colleagues from the Policy Insight &amp; Programmes service who are redeveloping project management requirements around revenue projects, to ensure consistency and alignment between processes. In particular, the review should include:</p> <p>1a - Approval to proceed to the next gateway should be a centrally enforced control to ensure compliance with gateway requirements and good practice. Where projects complete a gateway, they should submit the evidence for this to a central team (e.g. the PMO) or Board etc., for independent review, challenge, and approval to proceed. Projects should not be able to proceed beyond a gateway without this approval. This requirement should be amended as part of the review of capital project framework policies and guidance. Additionally, the amended gateway requirements should include a requirement that projects which rely on the release of third-party funds cannot be progressed until formal agreements have been made.</p> <p>1b - As part of the review of project processes, the service should update the approach to requiring Committee approval for gateways. The risk assessment project classification process (see Recommendation 1d, below) could be used to inform the extent and frequency of Committee approvals needed, while retaining alignment with the requirements in the Constitution re: key decisions. Delegation could be sought from Committee to manage lower-risk projects within approved advance tolerances at the outset of each project, with projects only required to seek further approval from Committee if they are particularly high risk/high profile or it is identified that they are likely to exceed tolerances. This should be developed in conjunction with the approach taken to Recommendation 6, below.</p> <p>1c - The service should review their project framework documentation and ensure that it reflects the</p>		<p>The service has made progress with the other elements but work remains to be completed before full implementation.</p> <p>Revised target date TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 – 31 December 2024</li> <li>• July 2024 - TBC</li> </ul>
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	<p>requirements of the Council's Constitution and Scheme of Financial Management, in particular the Constitutional requirement for business cases for capital spend to be approved by the relevant Finance Business Partner and Capital Programme Board prior to approval by the relevant service Committee. If it is felt that this requirement in the Scheme of Financial Management is no longer appropriate, the service should liaise with Finance to agree and formalise a new corporate requirement for approval which aligns with their processes.</p> <p>1d - As part of the review of project procedures, the risk assessment process for projects should be reviewed and implemented in practice. This should include categorising projects based on risk, including appropriate financial and non-financial considerations.</p> <p>Alongside this, the service should implement a process to allow the management of lowest-risk projects to be aggregated under a wider Programme Board, and ensure the provision of clear guidance regarding the mandatory outputs for each category of project, which should align with existing corporate processes and requirements such as the Equality Impact Assessment process.</p> <p>1e - As part of the review of project procedures, the service should establish a process for ongoing centralised oversight of skills and training for capital project management, linked to and informed by the outcomes of the Quality Assurance process. This should include ensuring that an updated Skills Matrix is maintained and staff complete core mandatory training as well as refresher training.</p> <p>1f - The requirement for projects to have a clear cost management plan in place should be re-established as part of the review of project processes and an appropriate mechanism for scrutiny of these plans identified. It may be more efficient to reduce the number of separate documents required and have a single document capturing baseline, tolerances and cost management at the outset of each project. As part of the review of this aspect of project processes, the service should also implement the reduction</p>		
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	<p>of the overall budget envelope for projects as they progress, optimism bias is reduced and cost certainty increases.</p> <p>1g - As part of the review of procedures, controls around change management (for both cost and timeline changes) should be reviewed for consistency and clarity, and to ensure alignment with related corporate processes, particularly the virement delegations in the Scheme of Financial Management. A clear escalation process for changes in excess of tolerances should be articulated, and approval for cost increases in excess of tolerances should additionally rest with an authority outside the Project Board (for example, the Capital Programme Board).</p> <p>1h - As part of the review of procedures, change control processes should be updated to distinguish between essential and non-essential variations:</p> <ul style="list-style-type: none"> <li>• Essential variations: changes to project scope which are necessary in order to achieve the project’s core planned outcome (for instance, works commence and it is identified that additional groundworks are required).</li> <li>• Non-essential variations: changes to project scope which reflect ‘nice to have’ amendments to project scope but which are not required in order to achieve the project’s core planned outcome (for instance, if a project is underspending and it is decided to use the underspend to fund additional landscaping or lighting).</li> </ul> <p>Essential changes can be funded by risk and contingency allowances and approved by the Project Board providing they remain within the project’s tolerances; otherwise they should be escalated in line with agreed approval processes. Non-essential changes should be subject to a higher degree of challenge and should not be funded from contingency budgets.</p> <p>1i - As part of the review of processes, guidance should be developed to ensure officers are supported to undertake a consistent approach to procurement options for different types of procurement (specifically including consultancy, design and build vs. design or build, NEC supervisor role</p>		
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		<p>etc.) which takes into account financial and non-financial considerations and the best way to achieve value for money based on the features and circumstances of individual schemes. This should also include an agreed exception route by which a non-standard approach can be approved in exceptional cases by a suitable senior officer.</p> <p>1j - The service should complete the implementation of planned key performance indicators, including the Strategic Performance Indicator requested by Highways &amp; Transport Committee. This should link to the development of a robust baseline position for every project (see Recommendation 1f) and ensure that indicators are calculated in a way which takes account of planned contingency values including optimism bias, as well as ensuring that source data for tors is both robust and timely. Alongside this, the service should develop a clear reporting framework ensuring that performance data is regularly reviewed within the most senior levels of the service to enable senior effective management oversight of all projects, and ensuring that clear guidance is available to officers regarding the KPIs they are expected to meet.</p> <p>1k - As part of the review of project management framework documents, the Project Boards Terms of Reference document should be reviewed and the approval limits and tolerances within the document updated for clarity; to align with other project management documents and corporate policies in line with Recommendations 1c and 1g; and to ensure that suppliers are not in a position to approve deviations to project tolerances or have an undue level of influence over Council decision making on projects.</p>		
Capital Project Management	H	<p>As per agreed actions from previous audits, an annual reconciliation should be undertaken by the Highways service to reflect the difference in the amount paid by Cambridgeshire County Council and the actual cost incurred by the contractor (based on prime records) in delivering the contract. This will build on the implementation of payments in line with the full target/actual cost model in line with the contract</p>	31/05/2024	<p>The service is liaising with IA colleagues to agree the approach in relation to contract reconciliation and further discussions are taking place with the contractor to take forward the actions to complete the action.</p> <p>IA note: Internal Audit has advised the service that they should provide a detailed briefing note to the Executive Director providing detail on the challenges and an options appraisal.</p>

		documentation, and the process of monthly reconciliations being implemented by the team. The annual reconciliation will finalise the agreed actual cost for the year. This should be completed in a timely manner following the end of the financial year and be subject to subject to scrutiny by the Assistant Director of Highways prior to being reported to, and challenged by, CLT. This should include retrospective reconciliations undertaken for previous years of the contract where this has yet to be completed.		<p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – 30<sup>th</sup> April 2025</li> <li>• December 2024 – TBC</li> <li>• October 2024 - TBC</li> <li>• July 2024 – TBC</li> </ul>
DSG Safety Valve Review	H	Once the Action Plan has been developed [see Recommendation 3] to clarify and prioritise the actions required to deliver the programme objectives, the programme should conduct an evaluation of the programme’s staffing/system needs against ongoing business-as-usual workloads. The outcomes of this review of staffing resources for the programme should be reported to CLT for Directors to consider whether the current allocation of staff to the project is optimal to ensure its success, in relation to resources available. The paper should include an appraisal of problems realised so far, including the opinion of the Local Government Association, the likelihood of future resourcing issues, and the potential options for solving the problem. This could involve acquiring additional temporary resources from other sources, back-filling posts, accepting the risks presented by a less than optimal staff resource, etc.	31/05/2024	<p>A phased approach has been developed as part of the 'Inclusive People' strand of Inclusion for all that will: Extending some fixed term contracts has addressed some urgent and critical gaps in capacity that are contributing to the backlog in assessments.</p> <p>A wider restructure has been proposed: Phase 1 will create a sustainable model for Educational Psychologists; however, this has been contested and is pending decision. Phase 2 is a remodel of the whole service to ensure there is capacity in the right places. This has been modelled and is pending decision.</p> <p>An end-to-end review was undertaken to identify the mismatch between the capacity in the service and the demand. This contributed to the proposed restructure that ensures there is sufficient capacity for case workers that will reduce caseloads from 500 to 270 and Education Psychologists that will increase from 17FTE to 38FTE. This was presented at Target Operating Model (TOM) Board on 13 May and is scheduled to return on 10 June, and Change Board 27 June.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - TBC</li> </ul>

				<ul style="list-style-type: none"> <li>July 2024 – 31/08/2024</li> </ul>
Case 143 - JS Direct Payment	H	This Direct Payment should be moved to an arranged provision as soon as possible, in order to prevent any further misspend and reduce the risk of potential fraud. Alongside this, the Service Director should also formally consider invoicing the family for repayment of the spend where it can be demonstrated that the family were informed or should clearly have known that the spend was inappropriate. This should not include the amount invoiced per recommendation 2 to avoid double counting.	30/09/2024	<p>DP is being updated via creation of an operational procedure covering contingency (and that this should not always automatically be a financial sum). The need to review contingencies is already part of the review of care and support plans guidance.</p> <p>The current care and support plan factsheet and the DP factsheet will be amended to make it more explicit that contingencies should not automatically be money, if it is, it should be clear the reasoning for the sum identified and reasonable; managers should be clear of the implication for financial contingencies (E.g. tying up ccc monies) when signing off plans AND be explicit about evidence of the review of any contingency (financial or otherwise) is evidenced within the review conversation/form within the care record.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>March 2025 - TBC</li> <li>December 2024 - TBC</li> </ul>
Multi Agency Safeguarding Hub	H	Ensure all staff are fully aware of the overall picture and the “Impact on the child “as a key point of focus. Continue to conduct regular quality audit reviews to ensure that information transfer and risk assessment practises align with safeguarding policies and effectively serve the needs of vulnerable individuals. If repeated issues are identified from the assessment team undertake training to ensure correct protocols are followed.	31/10/2024	<p>All staff in Assessment now have access to EHM and LCS so they can review all contacts and information relating to children. Every new contact received during an assessment would need the oversight of a manager to ensure that the TM and worker have considered this additional information and any impact of this on their case trajectory. This has been in place since October 2024. Ongoing audit findings will confirm whether this service directive is being complied with or not.</p> <p>IA discussed this action with Service on May 20th and it was agreed to revise the target date to September 2025</p> <p>IA remark : From the last update, we understand that service has implemented improved oversight, full access to systems</p>

				<p>(EHM and LCS) and regular case auditing. A new threshold guidance document was published in Oct 2024. QA Audit report (July 2024) and the threshold document published online has been provided which confirms that regular case reviews are happening and the threshold document provides guidance on decision-making. To fully close this recommendation, we will need evidence that staff training has taken place (E.g. training materials, attendance feedback, etc. This would confirm staff has received necessary training. Once this has been provided, we will be in a position to close this recommendation. IA is awaiting evidence / any further update. IA discussed this action with Service on May 20th and it was agreed to revise the target date to September 2025</p> <p>Revised target date: 30/09/2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• April 2025 – 30 September 2025</li> <li>• March 2025 – TBC</li> <li>• December 2024 - TBC</li> </ul>
Schools' Deficit Recovery Plan Review	H	<p>A process note should be written up for Education staff regarding the expectations for supporting/managing schools in deficit situations. This should include:</p> <ul style="list-style-type: none"> <li>•Who is responsible/able to provide direct support to schools in helping them complete their DRP (which staff or job roles), and through what means this support should be provided;</li> <li>•Who would get involved in the event of a dispute or lack of engagement;</li> <li>•What aspects officers might want to consider for suggesting recovery actions;</li> <li>•What the outcome of support provided should be (i.e., a completed Revenue Recovery Plan template with SMART targets, and a complete Deficit License Application);</li> <li>•That a budget forecast should be run based on the DRP's SMART targets to verify that the targets will reduce in a balancing of the budget;</li> <li>•Timescales for when DRPs should be complete;</li> </ul>	30/09/2024	<p>The Service has provided Internal Audit with the deficit intervention policy, and terms or references for two support and intervention groups.</p> <p>IA note: Internal Audit has reviewed the evidence provided and concluded that the recommendation is not yet fully implemented. Internal Audit will liaise with the service to discuss next steps to ensure the recommendation can be fully implemented. The process note does not yet clearly document who is responsible/able to provide direct support to schools in helping them complete their DRP and through what means this support should be provided; timescales for when DRPs should be complete; or running budget forecasts based on DRP SMART targets.</p> <p>Revised target date: TBC</p>

		<ul style="list-style-type: none"> <li>• Timescales for when to contact schools who do not have a completed DRP in place including clear SMART targets and roll forecasts substantiated by a budget forecast, so that support can be provided to facilitate this;</li> <li>• Whether DRPs should be updated or re-issued if plans change throughout the year.</li> </ul> <p>Internal Audit recommends that the School Finance Team should not accept DRP submissions as complete where the Recovery Plan template doesn't include any SMART targets and a roll forecast, rather they should be sent back for completion with support being provided as necessary to facilitate this.</p>		<p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – TBC</li> <li>• December 2024 - 31 March 2025</li> </ul>
DSG Safety Valve Review	H	<p>"The risk log should be updated with the most current risks and ordered based on priority. The mitigation plans should then be amended to include:</p> <ul style="list-style-type: none"> <li>• A clear plan for each risk stating exactly what action will be taken;</li> <li>• How this action will reduce the risk;</li> <li>• The responsible officer assigned to each risk;</li> <li>• A start date and deadline for each action. "</li> </ul>	31/05/2024	<p>A risk log has been developed as part of 'Inclusion for All' and is reported to at the Change Board to ensure there is oversight and challenge from the highest decision making level to accelerate progress and unblock barriers.</p> <p>Internal Audit is awaiting evidence of implementation which would allow this action to be closed.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - TBC</li> <li>• July 2024 – TBC</li> </ul>
S106 Funding	H	<p>The finance and TSF should jointly conduct a detailed analysis to assess the timeliness of S106 fund allocation to projects. This analysis should include:</p> <p>A review of specific cases where funds were not drawn down promptly, identifying the causes and scale of delays.</p> <p>An evaluation of the current system's capability to ensure accurate and efficient allocation of S106 funds.</p>	01/10/2024	<p>An analysis of why funds aren't being utilised promptly with a linked Action Plan will be presented to the S106 and CIL board in July 2025. Evidence of the analysis and approved Action Plan will be provided to allow this action to be completed and closed.</p> <p>On May 9th, Internal audit has requested additional evidence to be provided before closure can be confirmed</p> <p>Revised Target Date: TBC</p>

		<p>Assessment of the financial risks associated with borrowing against S106 contributions, particularly in scenarios where anticipated triggers are not met.</p> <p>Development of clear action plan to improve the allocation process, enhance transparency, and mitigate associated financial risks. This plan should be specific, measurable and include timelines for implementation</p>		<p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
<b><i>High Recommendations overdue - under 3 months</i></b>				
Pensions 2023-24	H	<p>The pensions service should seek to implement confirmation of payee bank verification software as a matter of priority for utilisation in the transfers out process (and pensioner bank account change process). The pensions service could liaise with the Accounts Payable shared service who are currently in the process of implementing such software in the supplier bank account amendment process. Once implemented such software may negate the need to use the procedure recommended below.</p> <p>Confirmation of payee bank verification software should be applied to any system area where payments of bank account changes occur, including:</p> <ul style="list-style-type: none"> <li>- Transfer outs</li> <li>- New pensioners</li> <li>- Death of a pensioner/payments to dependents</li> </ul> <p>To mitigate the risk of paying a pension out to an illegitimate fund, and subsequently make corrections if a fund's details have been wrongly updated on the ERP system, the Pension service should contact the pension fund independently to confirm the correct bank details, using the details provided at <a href="https://www.lgpsmember.org/contact-your-fund/">https://www.lgpsmember.org/contact-your-fund/</a>, or registered at <a href="https://register.fca.org.uk/s/">https://register.fca.org.uk/s/</a>. This should be documented in procedures as part of the routine transfer out processes.</p> <p>Only the member's details that are stored on Altair should</p>	31/03/2025	<p>Change request raised with Business Systems for an additional layer of authorisation within ERP before Confirmation of Payee process can be implemented.</p> <p>Revised target date 30 September 2025.</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – 30 September 2025.</li> </ul>

		<p>be used to contact the member. This requirement should be highlighted in documented procedures. Documented procedures should require that the contact details on Altair are used, and that to evidence this the phone call should be recorded in the Altair task list or, copy of the letter/email sent should be recorded in the document history. This will confirm the member's details have been verified.</p> <p>Documented procedures should include checking that the member is no longer in employment with the relevant organisation or has opted out of the pension scheme. The Pensions Team should develop procedure documents for the process of changing a member's bank account details. The documented procedures should include the following key controls:</p> <ul style="list-style-type: none"> <li>- Only a change request form can be accepted to change bank account details. The form must have all the information to verify the Pensioner's identity provided (address, date of birth, NI number and previous account details)</li> <li>-The different officer, to the one who processed the change of details, must review and check the change.</li> </ul> <p>The pension service should enquire with the system provider if this can be system enforced. Otherwise, a pension officer who is independent from this process, should export a report of the tasks related to bank changes every 3 months. They should confirm that the CHKBANKA: "Check change of bank details" was completed by a different officer to the officer who carried out the other tasks, for each change request. This review process must also be documented in procedures.</p>		
Highways Grants Briefing note	H	As there is no corporate solution in place to this, all services in Highways should record time spent on each project to allow for accurate cost allocation. This could take the form of a excel spreadsheet where each member of staff should record hours worked on each project. The spreadsheet could be used to calculate the hourly rate per	21/01/2025	The service has confirmed timesheets are in place but will discuss this action with managers to ascertain what processes each team have in place to confirm that there are controls in place for manager review of timesheets that ensure all officers have complete timesheets correctly and there are no errors/discrepancies.

		project and then provide this to finance for cost allocation.		<p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – 30 April 2025</li> </ul>
<b><i>Medium Recommendations overdue - over 3 months</i></b>				
Capital Project Management	M	<p>In line with the recommendation from the previous audit, regular (quarterly/half yearly) reporting on capital project delivery should be developed and reported to an appropriate officer group and on to Committee. The reporting should bring together key information including:</p> <ul style="list-style-type: none"> <li>• All projects currently underway;</li> <li>• Current baseline including risk and optimism bias; up to date forecast final cost;</li> <li>• The extent to which the full budget envelope for the project is currently funded; where funding has come from; the ‘funding gap’ where there is one and how it is proposed this will be closed;</li> <li>• The baseline timescale and current forecast timescale to completion;</li> <li>• Highlight information on major risks, current gateway, KPI performance etc.</li> </ul> <p>Such reports could be used to obtain Member approval where required for progression of projects (linked to implementation of Recommendation 1b) rather than bringing separate reports per project, with sections on key projects.</p>	30/08/2024	<p>Programme boards are in place as point of escalation through to the Directorate Management Team (DMT). There is also a report provide monthly to the Capital Programme Board.</p> <p>The Programme Board has been established to monitor the delivery of all projects and reports highlights and exceptions to DMT and CPB</p> <p>Committee decisions in relation to the Capital Programme are secured through the relevant committees when required delegations are in place, as required, to progress projects on project / programme basis.</p> <p>A more detailed capital programme review will be included in the FMR reports presented to Committees from 25/26 onwards</p> <p>Revised target date: June 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• December 2024 – 31 March 2025</li> <li>• October 2024 - TBC</li> <li>• July 2024 – TBC</li> </ul>
DSG Safety Valve Review	M	<p>Alongside recommendation 1, the Director of Education should write to all schools informing them of the new information system and requesting that they bring information for their school up to date regarding EHCPs within a month. This will ensure that data accuracy is</p>	31/05/2024	<p>Our focus has shifted to the effective implementation of EYES case management system as, despite casework being recorded in Impulse Nexus, data quality remains an issue. Focus needs to be on the most effective data migration possible.</p>

		<p>restored quickly so planning for the programme can resume.</p> <p>Where this information is not provided within a month, Education should follow up with schools to ensure this information is obtained as soon as possible.</p>		<p>Schools have been engaged in the implementation of the EYES system. We have contacted every school with a letter and a follow up phone call. We have requested all schools complete and return a data sharing agreement. We have had 100% return from schools.</p> <p>Revised target date: 30/08/2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - TBC</li> <li>• July 2024 – 23/07/2024</li> </ul>
DSG Safety Valve Review	M	<p>Once the information system has been implemented [see recommendation 1], the status reports should be updated with detailed quantitative data as this will give more clarity as to how the project is progressing towards meeting the agreement. It will also allow the Board to see what actions are making more of an impact so these can be prioritised.</p> <p>Quantitative data should include:</p> <ul style="list-style-type: none"> <li>• Number/cost of EHCPs for current period vs previous period;</li> <li>• Net change in EHCP numbers;</li> <li>• Change in budget deficit;</li> <li>• Data showing the effect of actions on number of new EHCPs, ceased EHCPs etc.</li> </ul>	31/05/2024	<p>As above, KPIs have been agreed and are reported to in the Inclusion for All Improvement Board. These include: numbers of children and young people with SEND in mainstream provision. Numbers of children in high-cost independent provision. The Enhanced Resource Bases are prioritised so that fewer children are placed in high-cost provision to manage the financial risk to the Council.</p> <p>This action spans 2 Programmes: EYES and Inclusion for All. Both have established governance that ensures oversight at the highest level with SD for Education as SRO for both Programmes. As part of Inclusion for All, there is a financial narrative underpins each work strand.</p> <p>To ensure that the system is fit for purpose the service have been engaged in a number of sessions</p> <p>Internal Audit is awaiting evidence of implementation which would allow this action to be closed.</p> <p>Revised target date: TBC</p>

				<p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - TBC</li> <li>• July 2024 – 31 August 2024</li> </ul>
DSG Safety Valve Review	M	<p>Although detailed reports are being provided to CLT, the arrangements for this reporting should be documented, including the requirements of reporting and the frequency.</p> <p>Alongside this, monitoring reports should be written to give an accurate depiction of the programme and progress towards achieving objectives. They should include:</p> <p>Detail of blockers/risks that project officers are struggling to deal with;</p> <p>Accurate quantitative data (once the new information system is implemented);</p> <p>Detail of the current highest priority actions and the progress of these.</p>	31/05/2024	<p>The agreed governance arrangements for the implementation of the Inclusion for All Framework ensure there are regular reporting lines and escalation routes from the Inclusion for All Change Board through to the Change Board that is chaired by the Chief Executive.</p> <p>The governance also supports engagement with health partners through the Local Area Partnership Board and the SEND Executive Board.</p> <p>The governance arrangements for Inclusion for All ensure that there is regular scrutiny and oversight through the Change Board from the Inclusion for All Improvement Board so that there is scrutiny and challenge at the highest level.</p> <p>Internal Audit is awaiting evidence of implementation which would allow this action to be closed.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 - 30 October 2024</li> <li>• July 2024 – TBC</li> </ul>
S106 Funding	M	<p>The Council should conduct an evaluation of the TSF team’s staffing/system needs against an increased workload.</p> <p>This evaluation should consider a cost benefit analysis showing whether better trigger monitoring and fund allocation might increase revenue, offsetting new staffing costs.</p>	01/05/2024	<p>Resources have now been allocated to support the closure of this action.</p> <p>The Council will conduct an evaluation of the TSF team’s staffing/system needs against an increased workload, considering cost benefit analysis showing whether better trigger monitoring and fund allocation might increase revenue,</p>

		<p>Implementing a resilience plan for staff absences and comparing staff levels with similar local councils, such as City/South District or Hunts, will provide further context.</p> <p>A Business Case for this should be developed, given that effective monitoring of triggers may be expected to increase the timely receipt of s106 funds.</p>		<p>offsetting new staffing costs. This will be presented to the S106 &amp; CIL meeting on 10/07/25.</p> <p>A business continuity plan will be presented to the S106 board in 10/07/25. This will consider a resilience plan for staff absences and comparing staff levels with similar local councils. It is not considered that City or District Councils are appropriate as they do not operate in the same S106 environment as County Councils so benchmarking will be undertaken with other County Councils.</p> <p>A Business Case will be presented to the S106 &amp; CIL board on 10/07/25 as it is possible that effective monitoring of triggers may be expected to increase the timely receipt of s106 funds.</p> <p>Revised target date: 1 August 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 – TBC</li> <li>• October 2024 - 31 December 2024</li> <li>• July 2024 – 01/09/2024</li> </ul>
Case 126 Transport Backlog	M	The service should dedicate resources to work with the Procurement and Commercial Team to look at their processes and approach and aim to e.g. explore whole school contracting etc.	01/08/2024	<p>The service has reported that the Strategic Passenger Transport Manager meets with Procurement on a 6 weekly basis. In addition, the whole transport service now has the option to drop in on 6 weekly mtgs with Procurement to raise any issues and concerns. Our contracts team work closely with Procurement and the procurement team are key part of engagement in the procurement plan for the re tendering of the adult Vehicle Leases along with Passenger Transport.</p> <p>Whole School procurement is one approach to engage the market in meeting the demands of passenger transport. There has been ongoing work in understanding how best to approach this with the market and procurement. This work is current, and implementation is anticipated to be Sept 2026.</p>

				<p>We are also working with procurement on the DPS adjustments – all of the above projects are part of the current Transformation Programme of which procurement and commercial are members of the Passenger Transformation Board which is part of the governance of the projects.</p> <p>No update has been received for this reporting cycle. The update above is from the previous reporting cycle.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> <li>• October 2024 – TBC</li> </ul>
Asset Valuations for the Statement of Accounts	M	<p>A set of documented procedures should be formulated for the asset valuations process, including the following:</p> <ul style="list-style-type: none"> <li>• Clear roles including the specific officers/service areas responsible for each aspect of the internal checks;</li> <li>• The exact requirements of these internal checks (e.g., specifically which documents should be reviewed);</li> <li>• Set deadlines for checks to be completed to give enough time to report issues to the external valuers;</li> <li>• Timescales for the provision of information.</li> </ul>	30/06/2024	<p>The service has reported that a plan of action has been developed in principle, but formal agreement was delayed due to the finalisation of accounts and the tender for new external valuers. Further discussion is required to formally agree the internal procedures between Finance and Strategic Assets.</p> <p>No update has been received for this reporting cycle. The update above is from the previous reporting cycle.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – 30/04/2025</li> </ul>
Climate Change and Environment Strategy	M	<p>The Programme Board should develop target 7 “All Council buildings and infrastructure to be resilient to climate change impacts by 2045” to be specific and measurable. To be specific, it should communicate which climate impacts are relevant (like flooding or extreme temperatures), and the resilience needed against them.</p>	01/12/2024	<p>This workstream was delayed from 2024, so work with Local Partnerships started later than first predicted. Officers have held a councillor session and have now completed briefings with all DMT's. Arrangements are now taking place for technical workshops to start in June 2025. It is anticipated that the specific and measurable information for this target should</p>

		An agreement should be made on what will be measured according to the specification of the target, so that its progression is clear.		<p>be presented to Board by the end of December 2025. This action is effectively a project in its own right and consideration needs to be given to closing this action as per the feedback in February 2025 and discussions at Board.</p> <p>The discussion with service on May 21st noted this recommendation has evolved into a standalone project focused on resilience, with risk assessment outputs expected by late summer/ early autumn. The original recommendation scope had become unwieldy, and they are working to make it more manageable. It has been agreed to revise the target date and update to reflect ongoing work and potential changes. Revised target date: 31 December 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• April 2025 – 31 December 2025</li> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
Electronic Records Management	M	<p>Without up-to-date policies and adequate procedures documenting processes for the creation, retention and destruction of information assets, it may be that the Council does not have a sufficient overview of the lifecycle of data. This may prevent the Council from adequately managing data in a manner which protects its confidentiality, integrity and availability.</p> <p>The Information Management Board will review the suite of IT and Information Governance policies to ensure that these reference the above and ensure understanding for all users. The council's Senior Information Risk Owner is to establish the terms of reference and remit of the Cambridgeshire County Council Information Management Board in 2024/2025.</p>	01/10/2024	<p>The policies have been reviewed with a paper on the retention strategy taken to the IM Board in March. This wider piece of work is being undertaken under its remit, developing an approach to data assets, reviewing the register, linking this to the retention schedule.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
Electronic Records Management	M	We recommend that the Council undertakes a review of the IAR/ROPA to ensure that the information recorded is accurate, complete and up-to-date.	01/10/2024	The policies have been reviewed with a paper on the retention strategy taken to the IM Board in March. This wider piece of work is being undertaken under its remit, developing an

		<p>The Council should establish within policy who has responsibility for the continuous monitoring and regular update of the IAR/ROPA, and should set out requirements for regular review of the information captured within the document. An appropriate level of oversight should also be applied, with escalation routes established for use in situations where significant alterations to the IAR/ROPA are required.</p> <p>We also recommend that in order that individuals understand their responsibilities, the Council undertake awareness raising activities to outline why consistent use of the Information Asset Register is key to successful data and records management.</p>		<p>approach to data assets, reviewing the register, linking this to the retention schedule</p> <p>Revised target ate: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
Electronic Records Management	M	<p>We recommend that the Council undertakes a full review of their Retention Schedule, conducting an exercise to ensure all required information is recorded and up-to-date. As part of this, we recommend that the Council simplifies the manner in which they record asset retention periods, moving from a 'Minimum' and 'Maximum' Retention Period to one field to capture the appropriate period of retention. This retention period should be used as a trigger point for destruction or exception decisions.</p> <p>The Council should, additionally, establish requirements for regular review of the schedule to ensure it remains accurate.</p> <p>We also recommend that the Council establishes procedure for the regular review of records to ensure timely identification and appropriate management of any records outside their retention period.</p>	01/10/2024	<p>The policies have been reviewed with a paper on the retention strategy taken to the IM Board in March. This wider piece of work is being undertaken under its remit and developing a new retention strategy</p> <p>Revised target ate: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
Multi Agency Safeguarding Hub	M	<p>To conduct training for MASH practitioners, surrounding information sharing with statutory bodies to ensure a proper understanding of the councils' responsibilities as the data controller. Amendments to the information sharing section of the MASH Manual to better explain the legality of information sharing and how it relates to</p>	31/12/2024	<p>The service state that this has been achieved. DBS Training was delivered to all MASH staff 2024 and they are responding proportionately to DBS request checks by Ofsted.</p> <p>IA discussed this action with Service on May 20th and it was agreed to revise the target date to September 2025</p>

		MASH's specific circumstances. This could include example cases outlining the correct response in common scenarios.		<p>IA Remark: Reviewed provided the minutes from the Operations group along with evidence for DBS training delivered to MASH staff. However, while they show broader operational discussions and monitoring activity, including police response, they do not directly address the specific audit recommendation regarding training on general information sharing with statutory agencies or the update to the MASH manual. As the original recommendation was to ensure clarity around the Council's responsibilities as a Data Controller and the lawful sharing of information across all statutory agencies ( not just DBS), we have requested the service provide conformation that training has been delivered or his planned-on information sharing with all statutory bodies.</p> <p>Revised Target date: 30/09/2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• April 2025 – 30 September 2025</li> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
S106 Funding	M	The council should transition from using separate data management systems to a single integrated system that consolidates all S106 data. This unified system should be capable of accurately tracking every aspect of S106 agreements, from initial setup to the monitoring of trigger points and the management of financial contributions.	31/12/2024	<p>Temporary resources are being allocated from 21/04/25 for an initial 6 week period to identify sites that don't have any contact details for monitoring triggers. In addition to this a full time post has been advertised and an offer has been made to a candidate for the allocation of permanent resource to enable this task to be moved forward at pace. The revised target has been amended to the end of 2025 to check that the transition of information has taken place. On the basis that the S106 and CIL Board are now monitoring this through the KPIs and Risk Log, we would recommend that this action is now closed.</p> <p>IA comment: Recommendation specifically requires completion of the transition from dual systems (Excel and Exacom) to a single integrated platform for managing S160 agreements. While temporary resource is allocated and recruitment for a permanent position is in process, the S106 and CIL Finance and</p>

				<p>Monitoring Report explicitly confirms that important data in the Excel spreadsheet is yet to be migrated to Exacom. The update provided also indicates verification of the transition will only be complete by end of 2025. Board monitoring through KPI's and risk log, while important, does not substitute for implementation of the integrated system. The original risk of work duplication and data discrepancies remains until the migration is complete and verified. This item will be kept as open until evidence is provided that Excel spreadsheets are no longer being used in parallel with Exacom for S106 management, and that all historical data has been migrated and validated.</p> <p>Revised Target Date: 1 August 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – 1 august 2025</li> <li>• December 2024 - TBC</li> </ul>
Case 143 - JS Direct Payment	M	An invoice should be issued for the amount of c. £16,734 that has been refunded twice to XS's account. The service should create a reconciliation of the duplicate requests to the first requests in order to support the invoice and evidence the correct amount.	30/11/2024	<p>The service has reported that Adult Finance Team and Direct Payment Monitoring Officer completed the final reconciliation of invoice to be issued for the value of £20,445.68.</p> <p>An Officer has been in communication with the family to confirm issuing of the invoice and expectation of payment. The service is awaiting confirmation from this officer</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – 31 March 2025</li> <li>• December 2024 - TBC</li> </ul>
Case 143 - JS Direct Payment	M	The Direct Payment Monitoring Team (DPMOs) should formally raise the issue of duplicate refund requests to the DPSS and request that procedures be put in place to prevent this. For example: Refund request forms should	31/10/2024	<p>IA comment: The service has confirmed they have identified a way to implement the recommendation, however this system has not yet been implemented in full, therefore the</p>

		<p>be stored in a central location for each service user (on Wisdom/Mosaic), in order to prevent duplicate requests from being paid. The request forms should be saved to include the date of expenditure in the title, in yyyymmdd format, to allow sorting by date. Before any refund requests are approved, it should be verified that no requests have already been submitted for the same date of expenditure. If they have, this should be reviewed to ensure that no duplicate requests exist between the refund forms. Any refund requests for expenditure over 6 months old must be approved by CCC Adult Social Care.</p>		<p>recommendation cannot be closed until Audit has seen evidence of this working in practice. The service has also informed Audit that a new direct payment service provider came in on 29/04/2025 and therefore Audit will need to ensure the recommendation is implemented with them.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
Case 150- Landbeach Bridlepath	M	<p>a) The applicability of the Rights of Way policy should be clearly communicated to PROW officers, emphasising its applicability to the PROW officers when undertaking work that goes beyond routine maintenance. This communication should include guidance on how to determine &amp; document surface changes and when policy is exempt as day-to-day maintenance.</p> <p>b) It is recommended that when works are believed to constitute routine maintenance rather than a change to surface, this should be clearly documented and signed off by the appropriate authority. This documentation can then be presented if the nature of the work is subsequently queried, providing a clear audit trail and justification for decision made.</p>	31/12/2024	<p>The service has reported that this action is implemented. Internal Audit has communicated to service in March that recommendation 1a is closed however 1b is kept open in line with below IA comment. Internal Audit is awaiting evidence to confirm closure</p> <p>IA Remark: 1a - The applicability of the ROW policy and when to consider surface change has been communicated to the H&amp;T Team and PROW Officers through a Teams message and email following a dedicated meeting. Officers have been introduced to the process, and there is guidance on how to determine and document surface change. Based on this, we consider this part of the recommendation closed.</p> <p>1b - The Excel-based Change of Surface Form has been circulated to PROW Officers to ensure that when works are classified as routine maintenance, they are properly documented and signed off by the appropriate authority. The staged approval process will provide an audit trail, meeting the requirements for formal record-keeping. We have asked the service to confirm the integration of this into POWA QA. Once evidence for the same is provided, this recommendation will be closed.</p>

				<p>The update above is from a previous reporting cycle. No update has been reported for this cycle</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
Schools' Deficit Recovery Plan Review	M	A review should be undertaken into how resources are distributed in the Education service, which considers risks presently facing the service, and how resources should be allocated to respond to those risks. For example, this should include the risk of schools falling into budget deficits, and the risk of recovery actions not being identified in a Deficit Recovery Plan when schools fall into budget deficits. The outcomes of this review should be recorded in a briefing note or similar document.	31/12/2024	<p>The service has reported that they have reviewed and bolstered finance resources but need to liaise with the Education Service regarding their resource.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> <li>• December 2024 - TBC</li> </ul>
<b><i>Medium Recommendations overdue - under 3 months</i></b>				
Case 143 - JS Direct Payment	M	Documented guidance for Direct Payment Monitoring Officer's should include responsibility for regular monitoring of care staff rates of pay. If these are increased above the expected rate, or if staff are found to be carrying out roles outside the scope of the Care and Support plan, the DPMO should challenge this in writing to the Authorised person(s) and take action to prevent it. Alongside this, the Authorised Person(s) should then be provided with guidance that any pay in excess of the standard amounts needs to be covered by the service user's own money.	28/02/2025	<p>IA Comment: The service has requested that the original recommendation be redefined in alignment with the roles of the DPMOs and the objectives of a direct payment to provide the service user with flexibility in use. Internal Audit will liaise with the service to review their proposals for amending the recommendation to evaluate whether proposals will sufficiently mitigate risks.</p> <p>Internal Audit will continue to liaise with the service to obtain evidence of documented procedures in place governing the role of DPMOs in monitoring care staff pay rates, and evidence the procedures have been implemented in practice.</p> <p>Revised target date: TBC</p>

Case 143 - JS Direct Payment	M	Procedures should be updated to require an annual re-assessment of the contingency fund amount for each Care and Support Plan to ensure they remain proportionate to the circumstances as opposed to providing the maximum amount which may be open to exploitation.	28/02/2025	<p>DP is being updated via creation of an operational procedure covering contingency (and that this should not always automatically be a financial sum). The need to review contingencies is already part of the review of care and support plans guidance.</p> <p>The current care and support plan factsheet and the DP factsheet will be amended to make it more explicit that contingencies should not automatically be money, if it is, it should be clear the reasoning for the sum identified and reasonable; managers should be clear of the implication for financial contingencies (E.g. tying up ccc monies) when signing off plans AND be explicit about evidence of the review of any contingency (financial or otherwise) is evidenced within the review conversation/form within the care record.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> </ul>
Case 143 - JS Direct Payment	M	Internal Audit will investigate the use of contingency funds during the Direct Payment Audit and make appropriate recommendations as part of this review.	28/02/2025	<p>The Directs Payments audit has been initiated but was paused at the fieldwork stage and will be picked back up in 2025/6 for capacity reasons.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> </ul>
Case 143 - JS Direct Payment	M	The DPMO and DPSS roles and responsibilities should be reviewed and distinctly defined in an appropriate policy/procedure document, to ensure that all parties are aware of who is required to take action within situations such as this and to ensure that suspected fraud or	28/02/2025	<p>IA Comment: The service has requested that the original recommendation be redefined in alignment with the roles of the DPMOs and the objectives of a direct payment to provide the service user with flexibility in use. Internal Audit will liaise with the service to review their proposals for amending the</p>

		<p>inappropriate use of a DP is addressed swiftly and the relevant account is effectively monitored. This review should include clarifying what (if any) responsibilities are placed on the DPSS through their contractual arrangement with CCC and define responsibilities of staff within CCC for managing the contractual relationship and any underperformance or non-compliance by the DPSS.</p>		<p>recommendation to evaluate whether proposals will sufficiently mitigate risks. Internal Audit will continue to liaise with the service to obtain evidence of documented procedures in place governing the role of DPMOs in monitoring care staff pay rates, and evidence the procedures have been implemented in practice.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> </ul>
Case 143 - JS Direct Payment	M	<p>Direct Payment Monitoring procedures should make it clear that any invoices/refund forms sent by the authorised person to the Council or DPSS's must be supported by prime records (such as original supplier invoices) before any money is reimbursed, to prevent the risk that the Council pays for purchases that did not occur or where the value has been fraudulently inflated. CCC should write to providers of Direct Payment Support Services, to make it clear that this requirement should form part of their expenditure approval processes. These prime records should then be kept in a central location so they can be referred to in the future. This information should be provided to DPSS in writing and be included as part of the contractual arrangement between them and CCC.</p>	28/02/2025	<p>IA comment: Service have advised that the recommendation in its current format is not implementable by the service due to CCC not having control over which DPSS the client chooses, therefore CCC does not have control over the DPSS processes and procedures. The service has requested the recommendation be amended to reflect that invoices paid by CCC should be supported by prime records before funds are reimbursed. Internal Audit will liaise with the service to review their proposals for amending the recommendation to evaluate whether proposals will sufficiently mitigate risks. Audit will continue to liaise with the service to obtain evidence that reimbursements are supported by prime documents in order to amend and close the recommendation.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 – 31 March 2025</li> </ul>

Case 150- Landbeach Bridlepath	M	<p>a) The development and implementation of a comprehensive work policy that incorporates the following key elements:</p> <ul style="list-style-type: none"> <li>• Approval process, Option appraisal, Documentation, Safety consideration, Resource allocation transparency, Interdepartmental communication and community engagement, Risk assessment, due diligence etc.</li> <li>• Legally reviewed agreements for any allocation of Council resources to private parties. This policy should prohibit informal arrangements and clearly define terms of use, storage, and potential resale. Communicate the policy's importance to all relevant staff to safeguard resources, ensure transparency, and mitigate risks. There should not be any allocation of public resource or commencement of work involving private parties without a legally binding agreement in place.</li> </ul> <p>b) Retrospectively establish a legally binding agreement with site owner who receive the road planning, clearly defining the intended use, restrictions, maintenance responsibilities, resale obligations, and future site considerations, to safeguard public resources, transparency and provide the Council with necessary oversight.</p>		<p>Following a discussion, a solicitor from Pathfinder Legal Services, we explored the possibility of drafting a retrospective agreement with the landowner who previously used road planings on a public right of way (PROW). It was concluded that there is no legal mechanism to compel the landowner to enter into a retrospective contract for an action that occurred two years ago, and furthermore, the benefit of pursuing such an agreement would be minimal.</p> <p>We also considered the value of preparing a draft contract for potential future scenarios in which the Council might wish to provide road planings or similar materials to landowners for use on PROW surfaces. However, during this discussion, it was suggested that Cambridgeshire County Council (CCC) may wish to adopt a position whereby it no longer provides such materials to landowners for this purpose.</p> <p>If this approach is formally adopted, the need to prepare a draft contract becomes redundant. The recommended next step is to consult with the Council's internal audit team to confirm whether this proposed course of action is appropriate and aligns with governance and risk management expectations.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles: March 2025 – TBC</p>
Case 150- Landbeach Bridlepath	M	Implement a mandatory risk assessment process for all projects involving the disposal or repurposing of Council resources, particularly when private landowners are involved in carrying out works. This process should cover all potential risks, including environmental, safety, and liability concerns.		<p>Document shared with IA on 20/12 to cover the risks / environmental / safety elements. Other elements addressed through POWA QA process.</p> <p>Environmental and safety risks are covered using the standard Pre-Construction Information pack, this is H&amp;S and CDM 2015 compliant and will be used to provide a clear scope to contractors working on our behalf in future across all these types of projects. An example of this document is provided in MS Word doc. This would be used in conjunction with POWA QA.</p>

				<p>Specific risk items and other linked elements will also be picked up within POWA QA with the standardised approach which will be employed going forward. Internal Audit is awaiting evidence to confirm closure</p> <p>The update above is from a previous reporting cycle. No update has been received for this reporting cycle</p> <p>IA remark : In March , IA requested to provide further evidence regarding POWA QA integration for closing this recommendation. IA is awaiting evidence / further update.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> </ul>
Climate Change and Environment Strategy	M	An approach to how emissions are to be reduced should be agreed to, reflecting the Action Plan and the responses outlined in CUSPE’s 2023 report (CCC can take an early rapid reduction response, or “delayed reduction with compensation” response). In consideration of the planned approach to emissions reductions, annual targets should be agreed to which make target 2 (net zero scope 1 and 2 emissions), target 3 (all scope 3 emissions reduced by 50.4% by 2030) and target 5 (net-Zero by 2045 Cambridgeshire carbon emissions) attainable.	01/02/2025	<p>The graph for the targets was supplied within the paper to Board on 14 March 2025 and the methodology agreed. As such, this action can be closed for targets 2 and 3. However, further work is still being undertaken to understand and set the net-Zero by 2045 carbon emission targets. These annual targets will need to be agreed across the whole of Cambridgeshire and Peterborough, and will be subject to further funding and agreement from the Cambridgeshire and Peterborough Combined Authority. On the basis that this may not be achieved until at least March 2026 and approaches are shifting towards carbon budgets instead of set target dates.</p> <p>Based on discussions with the service on May21st, progress has been made on Targets 2 and 3. The methodology and accompanying graph were presented to and approved by the Board on 14th March 2025. However, target 5, which aims for net zero carbon emissions across all of Cambridgeshire by 2045, presents unique challenges. This target requires extensive coordination with multiple authorities and a shift in approach—from fixed target dates to carbon budgets. Targets for achieving target 5 is currently being reevaluated through a</p>

				<p>grant-funded project focused on developing a locally determined contribution. This project is scheduled to conclude by 31st July 2025. Given recent political changes at the Combined Authority level and potential shifts in climate priorities, it has been agreed to revise the target date to 19th September 2025. This extension allows time to incorporate project outcomes and present findings to the Climate Change Board on 12th September 2025.</p> <p>Revised target date: 19 September 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• April 2025 – 19 September 2025</li> <li>• March 2025 – 31 March 2026</li> </ul>
Lessons Learnt North Angle Solar Farm	M	The Capital Programme Board should consider producing a framework for scrutiny according to the financial materiality of proposals. More material proposals, due to value or circumstances, should require further non-financial demonstrations that income objectives are achievable - like project progress/critical path monitoring and risk mitigation milestones - for appropriate assurance for when income can be assumed.	01/02/2025	<p>This has been discussed at Capital Programme Board during February, as part of a broader update on governance processes for capital monitoring and scrutiny. We now expect to conclude this item in April 2025.</p> <p>Head of Audit has agreed that, from April, this action is reassigned to the Finance and Resources Directorate.</p> <p>The update above is from a previous reporting cycle. No update has been received for this reporting cycle.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> </ul>
Lessons Learnt North Angle Solar Farm	M	For projects at the key decision threshold or above, and for other projects identified as financially risky by strategic finance managers or chief officers, Finance should normally attend project board meetings. Overview of financial risk in projects should be maintained through finance attendance at directorate change boards and via	01/02/2025	<p>Finance section of project management framework drafted and sent to the Change Team. Through normal finance business partnering arrangements, there is a named finance business partner for projects. Finance convene and attend Capital Programme Board and this act as an important gateway for financial governance of capital projects.</p>

		<p>the capital programme board. Finance should also liaise with the Head of Change to ensure there is currently Finance Business Partner support assigned to projects on a risk assessed basis.</p> <p>Finance should liaise with the Change board, to include the role of the Finance Business Partner (FBP) in the final phases of a project (Deploy and Discharge phases) in the Project Management Framework. They should include guidance on what finance require from project teams to develop realistic forecasts, and the considerations project teams should make to engage effectively with their FBP. Additionally, Finance should advise on the Council's Business Planning process in the Project Management framework: which projects will feed into Business Planning, how project forecasts feed into the council's overall budgeting, and the requirements of a project once it is in the Business Plan.</p>		<p>Head of Audit has agreed that, from April, this action is reassigned to the Finance and Resources Directorate.</p> <p>The update above is from a previous reporting cycle. No update has been received for this reporting cycle.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> <li>• March 2025 - TBC</li> </ul>
Establishment Control	M	Finance and HR should undertake an annual exercise to identify and delete all unneeded vacant positions within the ERP establishment.	31/03/2025	<p>This exercise will be completed by 31st May 2025</p> <p>Revised target date: 31st May 2025</p> <p>This is the first reporting cycle for which this recommendation has been overdue</p>
Establishment Control	M	<p>The Establishment Control policy should be reviewed to ensure that the actual practices in place match the documented procedures. This should include the processes required for recruitments to go through the Workforce Expenditure Panel</p> <p>The Salary Build Process Notes should be amended to make it explicitly clear to Budget Managers that their Salary Spreadsheets are built based on the positions and associated salary of that position and not the officers currently in those posts.</p> <p>The Establishment Control Policy and Budget Manager Information Pack should be amended to include a clear requirement that, as part of monthly budget monitoring</p>	31/03/2025	<p>Information on the Workforce Expenditure Panel has been added to the Policy which will be published before 30th April. It is not fully incorporated into the procedures as it is not necessarily a permanent part of the process. The guidance on actioning internal movers will be complete by 31st May 2025. The Budget Manager Information Pack has been updated by Finance and will be issued early May.</p> <p>Revised target date: 31st May 2025</p> <p>This is the first reporting cycle for which this recommendation has been overdue</p>

		<p>reviews, Budget Managers must review their ERP Gold establishment and either confirm it as correct or take corrective action – specifically deleting unneeded vacant posts.</p> <p>The Establishment Control Policy and Budget Manager Information Pack should be amended to give clear guidance on the establishment information tab in the budget monitoring spreadsheet and how this should be used to reconcile to the agreed staffing budget.</p> <p>The Establishment Control Policy should be amended to include and give clear guidance on the process for actioning Internal Movers</p>		
IT Overseas Security	M	<p>1a: The ICT Use Policy, the Toolkit and the intranet page should be amended to ensure they give clear and consistent guidance to officers. This should include: a consistent allowed list of countries where it is considered safe to work; a consistent list of blocked countries where officers cannot work; a consistent requirement that Hornbill is the only medium through which a request can be made; and a clear requirement that all requests must be made by line managers on behalf of the officer who wishes to work abroad. The agreement of this consistent list in policies and procedures should be supported by an explanation of the factors that make the risk of working overseas in those countries low enough that they are on the allowed list.</p> <p>1b: The ICT Use Policy should be amended to ensure they specifically state that only council issued devices can be used to access the network when overseas.</p> <p>1c: Procedures should be amended to provide guidance on how to ensure sufficient and secure wi-fi connections will be available, and to confirm that unsecure wi-fi or hot-spots cannot be used to connect to the network.</p> <p>1d: procedures should be amended to make it clear to Heads of Service that:</p> <ul style="list-style-type: none"> <li>• they are responsible for ensuring no officer in their service works more than 4 weeks overseas in a calendar</li> </ul>	31/03/2025	<p>The allowed list is published on the intranet, and whilst it has been stable for a several months it is regularly reviewed by the SecOps team. The blocked list is in the process of being added - update to content management system templates is being developed. The procedures used by the team for assessing destination countries has been updated. The Intranet page has been updated to state that "Council hardware" is to be used to access remotely. Advice and guidance on how to maintain safe and secure Wi-Fi connections is already part of the ICT Use Policy. 1d is explained in the request process and is made clear in the Our ways of working tool kit document from HR. It is individual managers responsibility to ensure compliance. The Hornbill request form also makes this clear. SecOps teams do have and maintain central records of requests logged. Procedure has been updated defining roles, responsibilities and accountabilities. Change to process and procedure relating to 1f is still being explored to assess the implications. The assessment work for 1f is not due to take place until May. 1g has been completed, where all guidance, pages, links steer requests to a single form within Hornbill.</p> <p>Revised target date: TBC</p> <p>This is the first reporting cycle for which this recommendation has been overdue</p>

	<p>year;</p> <ul style="list-style-type: none"> <li>• that they should retain sufficient records to ensure they can review previous overseas working time before submitting any request on behalf of officers; and</li> <li>• that IT advise is on IT security risks and risks of accessing the network only and that IT cannot provide advice on tax implications, personal safety, or any other risks of working overseas.</li> </ul> <p>1e: The toolkit and ICT Use Policy should clearly define the role of IT and the Security Operations Manager. This should include requiring a specific approval/denial from IT in the first instance, taken on the basis of the level of IT security risk, with the line manager then able to give their secondary approval, taken on the basis of business need and any further advice provided by IT. This will ensure that roles and responsibilities are clear and delegated appropriately to officers with relevant expertise. Where travel is not imminent, the procedure should require the manager to seek a confirmation from IT within a set maximum period of time from the proposed travel (e.g. with 2 weeks notice or similar) regarding whether the advice has changed to a point where it is no longer considered feasible or appropriate to access the Council's network from the relevant country. Procedures should make officers aware that the Security Operations Team are the only officers that can review requests and provide advice and therefore requests should be submitted sufficiently in advance of travel to account for annual leave/absence in the Security Operations Team.</p> <p>1f: The ICT Service amend procedures to require all requests to work overseas, even where the country requested is on the allowed list, to be submitted to IT for review and provide appropriate risk based advice.</p> <p>1g: The ICT Use Policy, the Toolkit and the intranet page should be amended to ensure they state that there is a specific Hornbill Form for requesting to work overseas</p>		
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		and that this form is the only method through which a request to work overseas can be made.		
IT Overseas Security	M	<p>2a: In conjunction with recommendation 1b, the ICT Service should implement a monitoring and blocking protocol to prevent any access to the network from non-council issued devices from overseas locations.</p> <p>2b: In conjunction with recommendation 1d, IT should monitor users who are working abroad to check they are only logging in during the dates on the associated request. Any instances where officers have logged in outside of those dates should be reported to the line manager</p> <p>2c: The ICT Service should implement documented procedures governing the process of reviewing requests to work overseas. These should detail:</p> <ul style="list-style-type: none"> <li>• a full list of information sources that should be checked for every request (internal and external sources)</li> <li>• a list of additional information sources that should be checked where the risks profile of a country requires additional scrutiny (internal and external)</li> <li>• guidance on how the information from sources should be interpreted and evaluated</li> <li>• what evidence should be retained to confirm the checks that were undertaken</li> <li>• where this evidence should be retained (for example, attached to the hornbill form used to make the request)</li> </ul> <p>2d: The ICT Service develop and document a process for removing/adding countries from/to the blocked and list. Any such basis should include a clear risk assessment based on specific criteria and information sources.</p> <p>2e: Documented procedures should be developed to govern the monitoring and reporting risks and issues in relation to access to the network from overseas. This should give guidance on assessing the risk and determining what action to take.</p> <p>This should also include a check against the central record recommended in this audit to ascertain whether an officer accessing the network from overseas is doing so in line with an approved request.</p> <p>Procedures should include criteria for reporting any</p>	31/03/2025	<p>The service has reported that all documentation relating to policy and procedure relating to the monitoring of overseas connections have been written or re-written to reflect the new tools we have available and the recommendations from the audit. Evidence in the form of documentation has been sent to Internal audit for confirmation that this action can now be closed.</p> <p>Internal Audit will be liaising with the service regarding the evidence provided before confirming whether this recommendation can be closed – evidence provided to date does not appear sufficient to fully meet the requirements of the recommendation.</p> <p>Revised target date: TBC</p> <p>This is the first reporting cycle for which this recommendation has been overdue</p>

		<p>significant issues and actions taken to senior IT Management.</p> <p>2f: A single complete central record of all requests made, approved, and rejected should be developed and maintained. The record should include details of who made the request, which officer it relates to and their payroll ID, the computer asset number, the requested country, the start and end dates of working overseas, the checks undertaken by the Security Operations Manager, evidence of those checks and the information obtained, and the advice provided by the Security Operations Manager.</p> <p>The introduction of the specific Hornbill form for overseas working requests may mean that the Hornbill system can be used to create this complete single record.</p>		
Mosaic System Audit	M	<p>Cases of delayed notification of leavers by analysed (e.g. by teams and causes) to identify the underlying reasons for late notification of leavers and appropriate action/s developed to address them.</p> <p>Arrangements be put in place to share lessons learnt from cases prolonged delayed in deactivating leavers on Mosaic system with managers and HR to forestall future recurrence.</p>	31/03/2025	<p>It is the responsibility of the user's manager to close down or reassign work before the users last working day. This is regularly highlighted in the Adults Business Systems newsletter.</p> <p>IA note: The progress update indicates that the service is not undertaking the analysis recommended. The audit team are seeking clarity on this. If the analysis is not being undertaken, Internal Audit will discuss this with the Head of Service and Director to ensure the risks are being mitigated by other means</p> <p>Revised target date: TBC</p> <p>This is the first reporting cycle for which this recommendation has been overdue</p>
Mosaic System Audit	M	<p>Periodic monitoring of last Mosaic login dates be introduced with outliers highlighted to service leads to confirm if access for infrequent users is required or be removed.</p>	31/03/2025	<p>We now have a "Last Login" report available. Adults Business Systems run this quarterly and highlight users who have not logged in for 30 days or more. An email is then sent to the user/manager to check that access is still required. If it is not required, then an Update User/Leaver is recommended.</p>

				<p>IA note: Although the progress update indicates that the action has been completed Internal audit has not received any evidence to confirm whether this action can be closed.</p> <p>Revised target date: TBC</p> <p>This is the first reporting cycle for which this recommendation has been overdue</p>
Pensions 2023-24	M	The Pension Team should look into procuring a service to trace and “mortality screen” overseas pensioners as a priority in order to detect if an overseas pensioner passes away. This will eliminate the reliance on proof of existence forms and therefore decrease the risk of fraud. Alternatively, if they are unable to find an appropriate service that will do this, the Pension’s Team should have a video call with the relevant pensioner (via Teams/WhatsApp) in order to verify their identity.	31/03/2025	<p>No update has been received for this reporting cycle</p> <p>Revised target date TBC</p> <p>This is the first reporting cycle for which this recommendation has been overdue</p>

## Global Internal Audit Standards

To: Audit and Accounts Committee

Meeting Date: 4 June 2025

From: Head of Internal Audit & Risk Management

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

Executive Summary: From 1<sup>st</sup> April 2025, Internal Audit services within the UK public sector became subject to new mandatory standards, replacing the old Public Sector Internal Audit Standards (PSIAS). These standards consist of the:

- Global Internal Audit Standards (GIAS) (IIA)
- Application Note: Global Internal Audit Standards in the UK Public Sector (RIASS), and
- Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) (CIPFA)

This report provides Committee with an overview of the Standards and the first internal assessment of the Internal Audit service's conformance with the new standards.

Recommendation: The Audit and Accounts Committee is requested to:

- a) review and approve the proposed Internal Audit Charter, including the Internal Audit Mandate and the Internal Audit Strategy (attached as Annex A).
- b) approve the proposal for an external assessment of conformance with GIAS in the UK Public Sector to take place in 2025/6 (see Section 3).

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# 1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The role of Internal Audit is to provide the Audit Committee and management with 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. As such, the maintenance of an effective system of internal audit contributes to the achievement of all seven of the Council's ambitions.

## 2. Background

- 2.1 The Accounts & Audit (England) Regulations 2015 require that the Council "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance."
- 2.2 The Internal Audit service at Cambridgeshire County Council was previously subject to the mandatory requirements of the UK's Public Sector Internal Audit Standards (PSIAS). From 1<sup>st</sup> April 2025, the service is now required to conform to the new Global Internal Audit Standards in the UK Public Sector. These standards consist of the:
- [Global Internal Audit Standards \(GIAS\) - Annex B](#)
  - [Application Note - Global Internal Audit Standards in the UK Public Sector - Annex C](#) and
  - [Code of Practice for the Governance of Internal Audit in UK Local Government - Annex D](#)
- 2.3 There are aspects of the GIAS where it would be difficult for UK local government audit services to fully conform, due to conflicts with legislation or established practice. To address this, CIPFA published the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code). The Code sets out a route to satisfying the essential conditions in GIAS in the UK public sector, tailored for UK local government.
- 2.4 As with the previous standards regime under PSIAS, each internal audit function must internally assess their conformance with the GIAS in the UK Public Sector annually, and undertake an external assessment at least once every 5 years. This report sets out the work that has been undertaken by the Internal Audit team to implement the requirements of the new standards, the outcomes of the first annual assessment against GIAS (at Section 4, below), and presents the Audit Charter (at Annex A) which has been updated to reflect the GIAS in the UK public sector.

## 3. Work to implement UK Public Sector GIAS:

- 3.1 In order to demonstrate compliance with the requirements of the new GIAS, the Application Note and the Code, Cambridgeshire's Internal Audit team has:

- fully refreshed and updated the Internal Audit Charter and supporting documents. This has been undertaken with reference to the Institute for Internal Auditors Model Charter for Audit in the Public Sector. In particular, key updates have included:
  - explicitly documenting the Internal Audit Mandate as part of the Internal Audit Charter. This is required to be approved by the Audit & Accounts Committee; it sets out the authority, role, responsibilities, scope and types of services provided by the Internal Audit team and how organisational independence is safeguarded.
  - documenting an Internal Audit Strategy, a new requirement under GIAS.
  - formally documenting in detail the existing communication and reporting arrangements between the Internal Audit team, senior management and the Audit & Accounts Committee, in respect of both individual audit engagements and the wider strategic reporting of the team.
  - expanding detail on the respective roles and responsibilities of the Head of Internal Audit, members of the Internal Audit team, the Audit & Accounts Committee, and senior management.
  - replacing reference to the Code of Ethics which formerly applied under PSAIS with appropriate reference to the new Ethics & Professionalism domain of GIAS, and updating the annual ethics declaration made by colleagues accordingly.
- reviewed and updated key Internal Audit template documents, including our Terms of Reference template and Work Programme template, to demonstrate alignment with GIAS in the Public Sector and to provide greater guidance to officers in completing these templates.
- reviewed and updated the team's Quality Assurance & Improvement Programme to ensure that this fully aligns with GIAS.
- developed a new Skills Matrix for Internal Auditors and an annual training plan for the team, to provide greater assurance that team members are confident in applying the requirements of GIAS.

#### 4. Self-Assessment of Conformance:

- 4.1 Overall, the self-assessment found that the service **generally conforms** to the new GIAS in the UK public sector, taking into account the updates to key service documentation and processes that have been made, as noted at Section 3, above.
- 4.2 Out of the 52 standards in the GIAS, taking into account the interpretations for the UK Public Sector set out within the Code and the Application note, the self-assessment concluded that the Cambridgeshire Internal Audit team generally conformed with 49 standards (94%), and partially conformed with 3 standards (6%) as per Table 1, below:

**Table 1: Outcomes of Internal Audit Self-Assessment of Conformance with GIAS:**

Domains	GC	PC	DNC	N/A
I - Purpose of Internal Auditing				-
II - Ethics and Professionalism	13	-	-	-
III - Governing the Internal Audit Function	8	1	-	-
IV - Managing the Internal Audit Function	14	2	-	-
V - Performing Internal Audit Services	14	-	-	-
	<b>49</b>	<b>3</b>	<b>0</b>	<b>0</b>

(GC = “generally conforms”, PC = “partially conforms”, DNC = “does not conform”, N/A = not applicable)

4.3 In the context of the GIAS, "generally conforms" means that the assessment has concluded that the internal audit activity's structures, policies, and procedures comply with the requirements of the individual standards or elements of the Code of Ethics in material respects.

4.4 The three areas of partial conformance relate to:

- **Standard 8.4: External Quality Assessment:** An external assessment of the team’s conformance with GIAS in the UK Public Sector must be performed at least once every five years by a qualified, independent assessor or assessment team. An opinion of partial conformance has been given on this standard until an external quality assessment under the new Standards can be arranged; this is proposed to take place in the current financial year (see Section 5, below).
- **Standard 9.5: Coordination and Resilience:** This standard requires that chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. The CIPFA Code recognises that, in the UK Public Sector: “there are various relevant outside assurance providers whose authority flows from separate legal or regulatory sources beyond the control or influence of the chief audit executive. The chief audit executive may not have any ability to access the work or conclusions of those assurance providers or gain insight into the scope and timing of their work. Under these circumstances the chief audit executive must consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, they must set out to the board the barriers to being able to achieve effective co-ordination”.

Existing practice within the Cambridgeshire Internal Audit team is that the team do already consider and seek to place reliance on the work of other providers of assurance (for example, External Audit, Ofsted etc.). However, given the number and complexity of internal and external assurance providers at Cambridgeshire, it is considered that further mapping of these other assurance providers is required before the service can demonstrate that it has fully sought to co-ordinate in line with this standard or has reported to the Audit & Accounts Committee where this

has not been possible. As such, an opinion of partial conformance has been given.

- Standard 9.5: Coordination and Resilience:** This standard requires that chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management. As this is a new requirement under GIAS, it is considered that further work to evaluate the use of technology by the Internal Audit service is required to conform with this standard. As such, an opinion of partial conformance has been given and this is an area that will be explored in more depth as part of the Internal Audit Strategy.

4.5 The action plan to address these areas of partial conformance and to improve awareness of and conformance with the standards is set out below:

**Table 2: GIAS Self-Assessment Key Actions:**

Action	Due By:
The Head of Internal Audit will discuss the requirements of Domain III “Governing the Internal Audit Function” with the Audit & Accounts Committee as part of the induction training for the new Committee.	Sept 2025
External Quality Assessment to be completed in 2025/6 (see Section 5, below)	March 2026
The Head of Internal Audit to undertake further mapping of other internal and external providers of assurance to support greater compliance with the requirements around co-ordination with other providers of assurance.	March 2026
As part of the Internal Audit Strategy, the Internal Audit team to conduct a review of technology in use by the service.	June 2026

4.6 In addition to these formal elements of the action plan, the team will undertake internal training sessions to strengthen understanding of the new standards.

4.7 The proposed Quality Assurance & Improvement Programme (QAIP) for the Internal Audit service in 2025/6 is set out below, identifying the key components of the team’s work to ensure both ongoing conformance with GIAS and continuous service improvement. This includes continuous monitoring and reporting of our core Key Performance Indicators within the team, maintenance of key service controls such as our file and report review process as set out in the Audit Charter, delivery of our Training Plan and completion of annual assessments of conformance with GIAS:

**Table 3: Quality Assurance & Improvement Programme 2025/6:**

REF	Theme	QAIP Components
<b>Key Performance Indicators</b>		
0.1	Staff	All staff to have had a Post Audit Assessment completed within the last 3 months

REF	Theme	QAIP Components
		% staff professionally qualified; part-qualified; or working towards professional qualification
0.2	Customer Satisfaction	All audits completed in year to have a Feedback Survey issued
0.3		Average rating of 3.5 on Customer Feedback Surveys
0.4	Productivity & Audit Plan Completion	Team Productivity (target: 85%)
0.5		Productive days input to CCC Audit Plan
0.6		Audit Plan % Completion by no. of audits
0.7		Committee Reports on Time (target: 75%)
<b>Team Development</b>		
1.1	Staff Development	Complete Skills Mapping Exercise for all colleagues
1.2		Completion of Internal Audit team training plan and corporate Essential Learning for all colleagues
<b>Quality Development</b>		
2.1	Quality Development	File and report reviews completed for all audits by supervisor and Head of Internal Audit, in line with Charter
2.2		Develop and launch Contract Management Audit Templates & Guidance Notes
2.3		Management Team to undertake assurance mapping of internal and external providers
2.4		Management Team to review Key Performance Indicators
<b>Technology &amp; Resources</b>		
3.1	Audit Technology	Review technology in use by the Internal Audit service and identify scope for improvements.
3.2	Artificial Intelligence	Explore the use of AI (inc. free CoPilot functionality) and how we can expand this effectively as a team
<b>GIAS Outcomes</b>		
4.1	GIAS	Annual GIAS Internal Assessment review complete
4.2		GIAS External Assessment review complete in 2025/6

## 5. External Quality Assessment 2025/26

- 5.1 Under GIAS Standard 8.4, an external quality assessment of conformance with GIAS must be performed at least once every five years by a qualified, independent assessor or assessment team. Given that the implementation of the new GIAS has taken place in 2024/25, the Head of Internal Audit is proposing that an external quality assessment be commissioned for the 2025/26 financial year, to provide independent assurance over compliance with the new standards.
- 5.2 It is proposed that the Internal Audit team will seek to arrange an external assessment, with the assessment to take place in Q4 of the financial year to allow the new processes sufficient time to embed. The external assessment may either be:
- conducted by a Head of Internal Audit of another local authority. This is permitted under GIAS in the UK public sector, providing the arrangement is not reciprocal (i.e. two Heads of Internal Audit cannot agree to assess one another's services).

This option has several benefits, including ensuring the assessor is highly experienced in public sector internal audit, and is likely to be most cost-effective. Where a group of Heads of Internal Audit can agree to complete an assessment and receive an assessment from within the group, this may be arranged without fees being required. In order to ensure independence, it is proposed that Cambridgeshire will seek to identify a suitable assessor from another authority outside the Cambridgeshire and Peterborough region, from an authority which has no existing relationship with the Cambridgeshire Internal Audit team.

- if it does not prove possible to identify a suitable assessor meeting the above criteria, the team will instead seek to procure an external assessor, in line with the Council's Contract Procedure Rules. This would likely be from a large external firm or from the Chartered Institute of Public Finance & Accountancy/Chartered Institute of Internal Auditors as the relevant professional bodies. This option will come with a cost, but the scale of likely fees is not yet known; this would be explored if/when the first option is not successful.

5.3 The Audit and Accounts Committee will receive the full results of the assessment and the team's action plan to address any recommendations. Progress in implementing any actions will then be reported periodically to the Committee.

## 4. Significant Implications

### 4.1 Finance Implications

Funding for external assessments of compliance with GIAS is not included within the existing Internal Audit budget and, if required, will need to be met through use of team vacancy savings.

### 4.2 Legal Implications

Effective Internal Audit planning supports the Council's compliance with its obligations under the Accounts & Audit (England) Regulations 2015 and Global Internal Audit Standards.

### 4.3 Risk Implications

Effective Internal Audit planning is risk-based, and should provide the Audit & Accounts Committee and management with an assurance over the effectiveness of risk management at the Council.

### 4.4 Equality and Diversity Implications

N/A

## 5. Source Documents

5.1 This report draws on the following key source documents which are provided as annexes to the report:

- Internal Audit Charter and supporting documents – Annex A
- [Global Internal Audit Standards \(GIAS\) - Annex B](#)
- [Application Note - Global Internal Audit Standards in the UK Public Sector - Annex C](#)
- [Code of Practice for the Governance of Internal Audit in UK Local Government - Annex D](#)

# **Cambridgeshire County Council Internal Audit Charter**

**The Internal Audit Charter defines the purpose, authority and responsibility of Cambridgeshire County Council's Internal Audit service. It establishes the scope of the Internal Audit service and outlines how the service complies with statutory requirements and professional standards.**

The key principles of Cambridgeshire County Council's Internal Audit service are as follows:

- Internal Audit will provide an Annual Internal Audit Opinion based on an objective and comprehensive assessment of the Council's framework of governance, risk management and control.
- Internal Audit will also provide advice and consultancy services with the aim of adding value and improving organisational governance, risk management and control.
- All the Council's activities fall within the scope of Internal Audit, and the Internal Audit service has a complete right of access to all records and property held by Cambridgeshire County Council and to all officers of the Council.
- Internal Audit operates in compliance with Global Internal Audit Standards (GIAS) in the UK Public Sector and the Ethics and Professionalism domain of the GIAS.
- Internal Audit is independent and may report directly to the Chief Executive and the Chair of the Audit & Accounts Committee. Regular reporting on audit activity is provided to the Section 151 Officer, CLT and the Audit & Accounts Committee.
- Internal Audit colleagues are qualified and part-qualified professionals in assurance and accounting. The service is committed to professional development and continuous quality assurance and improvement.
- Internal Audit have a professional duty to operate in ethical way; be honest; and demonstrate integrity at all times, working in line with the Council's Code of Conduct.

The Internal Audit Charter is regularly reviewed and approved by Cambridgeshire County Council's Audit & Accounts Committee and senior management.

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**Internal Audit  
Charter**



## 1. INTERNAL AUDIT MANDATE

### 1.1 What is Internal Auditing?

1.1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### 1.2 Authority of the Internal Audit service

1.2.1 Cambridgeshire County Council's internal audit function's mandate is found in the *Accounts & Audit Regulations (2015)*, which state:

*"5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*

*(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—*

*(a) make available such documents and records; and*

*(b) supply such information and explanations;*

*as are considered necessary by those conducting the internal audit.*

*(3) In this regulation "documents and records" includes information recorded in an electronic form."*

1.2.2 The internal audit function's authority is created by its direct reporting relationship to the Audit & Accounts Committee. Such authority allows for unrestricted access to the Audit & Accounts Committee. The Audit & Accounts Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives in line with Global Internal Audit Standards.
- Obtain assistance from the personnel of Cambridgeshire County Council and other specialized services from within or outside the Council to complete internal audit services.

## **1.3 Organisational Position & Independence**

- 1.3.1 The Head of Internal Audit is positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.
- 1.3.2 The Head of Internal Audit will report functionally to the Audit & Accounts Committee and administratively (for example, day-to-day operations) to the Monitoring Officer. The Head of Internal Audit will also have regular, one-to-one meetings with the Chief Executive. This arrangement provides the authority and ability to bring matters directly to senior management and escalate matters to the Audit & Accounts Committee, when necessary, without interference. It also supports internal auditors' ability to maintain objectivity.
- 1.3.3 The Head of Internal Audit will confirm to the Audit & Accounts Committee at least annually, the organizational independence of the Internal Audit function. If the governance structure does not support organizational independence, the Head of Internal Audit will document the characteristics of the governance structure which limit independence, and any safeguards employed to achieve the principle of independence. The Head of Internal Audit will disclose to the Audit & Accounts Committee any interference encountered related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of any interference on the Internal Audit function's effectiveness and ability to fulfil its mandate.

## **1.4 What is the Internal Audit service here for?**

- 1.4.1 The scope of internal audit activities encompasses (but is not limited to) objective examinations of evidence to provide independent assurance and advisory services to the Audit & Accounts Committee and management on the adequacy and

effectiveness of governance, risk management, and control processes for Cambridgeshire County Council. The scope of Internal Audit services covers the entire breadth of the organisation, including all of Cambridgeshire County Council's activities, assets, and personnel.

1.4.2 Internal Audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. At Cambridgeshire County Council that means:

- Developing a forward plan of audit work (the Internal Audit Plan) which identifies and assesses key risk areas for the Council, in order to allocate Internal Audit resource to provide independent and objective assurance over the most high-risk areas.
- Updating the Audit Plan on a regular basis as the risk environment changes, taking into account the views of senior management, Councillors and the Audit & Accounts Committee.
- Supporting senior management in identifying opportunities for improving value for money and effective governance and control. Agreeing recommended actions to be taken after each audit. Looking beyond financial issues to consider wider issues such as the organisation's operations, reputation, growth, its impact on the environment and the way it treats its employees.
- Reporting on the outcomes of individual pieces of Internal Audit work, and the implementation of recommended actions, to senior management and the Audit & Accounts Committee.
- Drawing on the results of audit work undertaken throughout the year to provide a comprehensive, independent Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, control environment and risk management.

## 1.5 Compliance with Global Internal Audit Standards (GIAS)

1.5.1 Internal Audit will govern itself by adherence to the mandatory elements of the Chartered Institute of Internal Auditor's (IIA) International Professional Practices Framework, which are the Global Internal Audit Standards (GIAS) and the Topical Requirements, subject to the interpretations and additional requirements set out in

the *Application Note on Global Internal Audit Standards in the UK Public Sector* issued by the Relevant Internal Audit Standard Setters (RIASS) and the *CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government*. Through this, Internal Audit will provide a robust, high-quality audit service that delivers honest, evidenced assurance.

1.5.2 An internal self-assessment of compliance with GIAS is conducted annually by the team, with an external review at least once every five years by a qualified, independent assessor or assessment team from outside Cambridgeshire County Council. Any non-conformance with GIAS identified by this review, or at any other time, will be reported to the Audit & Accounts Committee.

1.5.3 The Head of Internal Audit will report at least annually to the Audit & Accounts Committee and senior management regarding the Internal Audit function's conformance with the Standards, including the outcomes of the annual self-assessment and any external assessments, and the results of the Quality Assurance and Improvement Programme.

## **1.6 Changes to the Mandate & Charter**

1.6.1 Circumstances may justify a follow-up discussion between the Head of Internal Audit, Audit & Accounts Committee and senior management on the Internal Audit Mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards, or new laws or regulations that may affect the nature and/or scope of internal audit services.
- Significant reorganisation within the Council, or changes in the Head of Internal Audit, Audit & Accounts Committee, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.

1.6.2 In the absence of specific circumstances prompting updates to the document, the Internal Audit Mandate & Charter will be re-presented to the Audit & Accounts Committee for review at least once every three years.

## 2 CULTURE AND WORKING PRACTICES

### 2.1 Our Team Culture

2.1.1. The Internal Audit service will create a culture of support for all its employees. We will be supportive to all team members, and management will be approachable and open. We will:

- Be professional and provide a safe and enjoyable environment to work and develop.
- Invest in professional qualifications, workplace training and professional development.
- Recognise areas for personal and service development, and learn from our mistakes.
- Celebrate success and where things have gone well, recognising hard work and improvement.
- Demonstrate integrity, act lawfully at all times, and comply with Council policies and procedures and the Ethics and Professionalism domain of the GIAS.

2.1.2 We also be understanding of the pressures and challenges faced by services and colleagues who are subject to Internal Audit review, and will take this into account when undertaking audit work wherever possible. We will treat everyone with respect and without prejudice. If we identify any concerns about the wellbeing of colleagues during the course of a review, we will discuss these concerns with HR and the relevant line manager.

2.1.3 Independence is also essential to the effectiveness of the Internal Audit service; so it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing or report content.

2.1.4 Details of the Internal Audit Team Working Practices are provided at Appendix B.

### 2.2 Internal Audit and Risk Management

2.2.1 The Head of Internal Audit at Cambridgeshire County Council has a role encompassing Internal Audit and Risk Management support. Responsibility for implementing risk management activity is retained by the relevant officers at Cambridgeshire County Council, and the role of Internal Audit is to provide advice,

support and facilitation for this process rather than to undertake risk management activity directly. Internal Audit reviews of risk management focus on actual risk management activity undertaken by management, not the facilitation work of the Internal Audit team, thus avoiding potential conflicts of interest.

- 2.2.2 This ensures that there is no impairment to Internal Audit's independence and objectivity, as well as ensuring that Internal Auditors have a high degree of familiarity with the principles of risk management within the organisation to inform their assurance work. This approach is in line with the Institute for Internal Auditors (IIA) Position Paper on The Role of Internal Auditing in Enterprise-wide Risk Management.

## **2.3 Internal Audit, Counter Fraud & Whistleblowing**

- 2.3.1 The Internal Audit service has responsibility for the following corporate policies relating to counter-fraud and whistleblowing:

- Whistleblowing Policy
- Anti-Fraud & Corruption Policy
- Anti-Money Laundering Policy

- 2.3.2 These policies are regularly reviewed and updated by the Internal Audit service. To safeguard independence, drafts of the policies are presented to relevant key officers in Finance and HR as well as the Monitoring Officer for input, as well as to trade unions. Third-party input is also sought in reviewing the effectiveness of these policies (for example, the whistleblowing benchmark service from whistleblowing charity Protect is used to assess the Whistleblowing Policy). Final drafts are presented to CLT and the Audit & Accounts Committee for input and approval.

- 2.3.3 Internal Audit also manage the corporate [whistleblowing@cambridgeshire.gov.uk](mailto:whistleblowing@cambridgeshire.gov.uk) email address and triage any referrals made to this address, to ensure that they are forwarded for consideration via the appropriate process. Internal Audit lead on investigating all whistleblowing referrals relating to fraud and corruption, and financial impropriety. This aligns with the existing role of Internal Audit in providing assurance over the financial control environment and compliance with controls, and ensures that the implementation of any recommended actions for improvement will be followed up through the usual Internal Audit process.

2.3.4 The Internal Audit team will also lead on co-ordinating the response to the National Fraud Initiative for Cambridgeshire County Council, but the responsibility for gathering and submitting data and investigating matches remains with service management.

## 2.4 Third Party Services

2.4.1 Internal Audit will on occasion be requested to complete work for third parties, and the principles outlined in this Charter will apply to any such work completed.

## 3. ROLES AND RESPONSIBILITIES

### 3.1 The Head of Internal Audit

3.1.1 The Head of Internal Audit has responsibility for the operation and delivery of all aspects of the Internal Audit function, including the production and execution of the audit plan and subsequent audit activities, and issuing an annual audit opinion on the effectiveness of the organisation's control environment. In line with the GIAS Application Note for the UK Public Sector, the Head of Internal Audit at Cambridgeshire County Council will hold a CMIIA or CCAB qualification as well as suitable internal audit experience.

#### *Internal Audit Planning:*

3.1.2 The Head of Internal Audit has the responsibility to develop a risk-based Internal Audit Plan at least annually, considering the input of the Audit & Accounts Committee and senior management. The Head of Internal Audit will:

- Submit the Plan to the Audit & Accounts Committee for review and approval;
- Regularly review and adjust the Plan as necessary, in response to changes in Cambridgeshire County Council's risks, objectives, operations, programmes, systems and controls. The Head of Internal Audit will identify and consider trends and emerging issues that could impact Cambridgeshire County Council and communicate these to the Audit & Accounts Committee and senior management as appropriate.

- Communicate with the Audit & Accounts Committee and senior management if there are significant interim changes to the Internal Audit Plan.
  - Communicate the impact of resource limitations on the Internal Audit Plan to the Audit & Accounts Committee and senior management.
- 3.1.3 The Head of Internal Audit will ensure that engagement findings are followed up, and confirm the implementation of recommendations and communicate the results of internal audit services to the Audit & Accounts Committee and senior management at least four times per year, and for each engagement as appropriate.

#### *Operation of Internal Audit:*

- 3.1.4 The Head of Internal Audit will ensure that Internal Auditors operate in accordance with their responsibilities under this Charter (see Section 3.2, below) and that the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the Internal Audit Mandate.
- 3.1.5 The Head of Internal Audit will consider emerging trends and successful practices in internal auditing. They will ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations, and will establish and adherence to methodologies designed to guide the internal audit function.
- 3.1.6 The Head of Internal Audit will ensure the Internal Audit function remains free from all conditions that could threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties in line with the principles of GIAS Standard 2.3.
- 3.1.7 The Head of Internal Audit will ensure adherence to Cambridgeshire County Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit & Accounts Committee and senior management.

#### *Communication & Reporting*

3.1.8 The Head of Internal Audit has direct and unfettered access to those charged with governance, including the Audit & Accounts Committee and its Chair, the Chief Executive, S151 Officer, Monitoring Officer and Cambridgeshire Leadership Team.

3.1.9 The Head of Internal Audit attends regular meetings of the Audit & Accounts Committee, and provides Progress Reports at least four times annually to CLT and the Audit & Accounts Committee which cover:

- The Internal Audit Plan; any significant revisions to the Plan; and the service's performance relative to the Plan.
- Results of assurance and advisory services.
- Significant risk exposures and control issues, including fraud risks, governance issues, and any other areas of focus for the Audit & Accounts Committee that could interfere with the achievement of the Council's strategic objectives.

3.1.10 The Head of Internal Audit will also provide reports at least annually to CLT and the Audit & Accounts Committee which cover:

- The Internal Audit Mandate.
- Internal Audit budget and any significant revisions to the budget, and the service's resource requirements.
- Any potential impairments to independence, including relevant disclosures as applicable.
- Results from the Quality Assurance and Improvement Programme, which include the Internal Audit function's conformance with The IIA's Global Internal Audit Standards and any action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond Cambridgeshire County Council's risk appetite. This includes any instances where funding

restrictions impact management's ability to respond to risks toward strategic objectives.

- 3.1.11 A communications matrix showing how key information is communicated from the Internal Audit team to senior management and the Board is provided at Appendix F (section 4) of this charter.

#### *Internal Audit Resourcing & Performance*

- 3.1.12 The Head of Internal Audit assesses team resources on an ongoing basis and formally within the Annual Audit Report. Where there is a shortfall in resources, amendments to the forward plan will be considered on the basis of risk and presented to the Audit & Accounts Committee for approval. Additional resource may be procured if and when necessary, such as for technical IT audits or if significant resource is diverted through unplanned high-priority work.
- 3.1.13 The Head of Internal Audit will consider relying upon the work of other internal and external providers of assurance and advisory services. If the appropriate level of co-ordination with other services cannot be achieved, the issue must be communicated to senior management and if necessary escalated to the Audit & Accounts Committee.
- 3.1.14 The Head of Internal Audit will develop, implement and maintain a Quality Assurance and Improvement Programme that covers all aspects of the Internal Audit function. This will include internal and external assessments of conformance with the Global Internal Audit Standards (GIAS); performance indicators to assess the performance of the internal audit service on an ongoing basis; promotion of continuous improvement; and if applicable, plans to address any areas of weakness or opportunities for improvement. Performance is reported to CLT and the Audit & Accounts Committee.

## **3.2 Members of the Internal Audit Team**

- 3.2.1 Members of the Internal Audit team will operate in accordance with this Charter; all supporting Internal Audit policies and procedures; Global Internal Audit Standards; the requirements of their professional body; Cambridgeshire County Council's policies and procedures; and the law, at all times.

#### *Ethical Expectations:*

2.1.5 Internal Auditors will understand, respect, meet and contribute to the legitimate and ethical expectations of Cambridgeshire County Council; and will conform with the principles of Ethics & Professionalism (integrity, objectivity, competency, due professional care, and confidentiality) as well as any ethical code set by their own professional body. Auditors will be able to recognise and report individual conduct or organisational behaviour that is contrary to those expectations, and will encourage and promote an ethics-based culture at Cambridgeshire.

2.1.6 A copy of the principles and standards in the Ethics and Professionalism domain of the GIAS is included on the GIAS Declaration forms (see Appendix C), and in signing the form, auditors acknowledge that they have read and will abide by these principles and standards.

*Independence & Objectivity:*

3.2.2 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

3.2.3 Internal auditors will have no direct operational responsibility or authority over any of the activities they review, and will not assess specific operations for which they had responsibility within the previous 12 months. Accordingly, internal auditors will not implement internal controls; install systems; perform operational duties; initiate or approve transactions external to the Internal Audit function; direct Cambridgeshire County Council employees that are not employed by the Internal Audit function; or engage in other activities that may impair their judgment.

3.2.4 Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties. All new team members, including trainees, are required to sign the GIAS Declaration form (see Appendix C), which includes declaring any circumstances that could impact on professional objectivity. GIAS Declaration forms are also completed annually by all team members. These are subject to management approval and taken into consideration when allocating work, to ensure professional objectivity is maintained.

- Exhibit the highest levels of professional objectivity in gathering, evaluating, and communicating information; and make balanced assessments of all available and relevant facts and circumstances when conducting audit work.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### *Professional Competence & Care:*

- 3.2.5 Internal Audit team members are professionally qualified or are working towards an appropriate professional qualification. The Internal Audit service is committed to investment in continuing professional development and maintains a graduate trainee Apprenticeship scheme in conjunction with the Council's Finance service.
- 3.2.6 Further training and development needs are identified through ongoing day-to-day supervision; through the Council's Our Conversations process; and through Post-Audit Assessments. Continuing professional development is a standing appraisal objective for all Internal Audit colleagues.
- 3.2.7 The Internal Audit Charter and extensive supporting team policies and procedures are stored in the team's record management solution. Internal Auditors are expected to familiarise themselves with its content and follow team policies and procedures at all times, to ensure assignments are delivered with due professional care and proficiency. All work is subject to appropriate supervision, review and approval to continually monitor and control the quality of internal audit work.
- 3.2.8 Internal Audit colleagues will be professional, polite and approachable, aiming to maintain good communication with auditees throughout the course of reviews and to build positive working relationships. Auditors will always seek to add value and ensure recommendations are pragmatic and proportionate to risk.
- 3.2.9 All new team members are required to sign a confidentiality agreement. Internal Auditors do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. Internal Auditors comply with data protection legislation at all times, and with the service's Records Retention Policy.

## **3.3 The Organisation**

- 3.3.1 Internal Audit's authority is documented and defined within the Council's Constitution and Financial Regulations. Internal Audit has a right of unrestricted access to all Council and partner records and information, officers, cash, stores and other property it considers necessary to fulfil its responsibilities. Internal Audit has unrestricted access to enter Council property at all locations and officers without prior notice if necessary.
- 3.3.2 All employees are required to assist Internal Audit in fulfilling its roles and responsibilities, and to provide requested information in a timely fashion. If Internal Audit do not receive timely responses to audit requests, this will be escalated to officers' line managers and/or Directors, depending on the nature and urgency of the request.
- 3.3.3 All Council contracts and partnerships shall contain similar provision for Internal Audit to access records pertaining to the Council's business held by contractors or partners.

## **3.4 Senior Management**

- 3.4.1 Internal Audit is not responsible for the control systems it audits. Responsibility for effective internal control rests with the management of the Council. Directors and Heads of Service are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve their objectives.
- 3.4.2 Senior management is also responsible for supporting the internal audit mandate throughout the authority and with partner organisations, and promoting the authority granted to the internal audit function. Senior Management have a responsibility to engage constructively with internal audit's findings, opinions and advice.

## **3.5 The Audit & Accounts Committee**

- 3.4.1 The Council's Audit & Accounts Committee functions as the 'Board' as defined by GIAS, and is the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.
- 3.4.2 In order to ensure that Cambridgeshire County Council's Internal Audit function has sufficient authority to fulfil its duties, the Audit & Accounts Committee will:

- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function, and the Internal Audit Charter.
- Review and approve the Internal Audit Charter, which includes the Internal Audit Mandate and the scope and types of internal audit services.
- Participate in discussions with the Head of Internal Audit and senior management about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective Internal Audit function.
- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with the Audit & Accounts Committee, including in private meetings without senior management present. The Head of Internal Audit has the right of access to the Chair of the Committee at any time.
- Approve, but not direct, Internal Audit’s risk-based annual plan of work and changes to that plan (including any significant consulting activity); receive communications from the Head of Internal Audit about the Internal Audit function, including its performance relative to its plan; monitor unscheduled work that could potentially divert audit resources away from the plan; and make appropriate inquiries of senior management and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.
- Consider the Annual Internal Audit Report and the opinion of the Head of Internal Audit on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.
- Ensure a quality assurance and improvement programme has been established and review the results of the quality assurance and improvement programme and the annual review of effectiveness of the system of internal audit annually.
- Be informed of any instances of non-conformance with the Global Internal Audit Standards in the UK Public Sector (GIAS), or any restriction placed on the operation of the Internal Audit service which conflicts with this charter or the GIAS.

- Review the effectiveness of safeguards to the independence of the Internal Audit service on an annual basis. The Committee can escalate any concerns about Internal Audit independence to Full Council.
- Where there is disagreement about the management of risks or agreed audit actions between Internal Audit and senior management, the Audit & Accounts Committee must review and make their recommendation to either management or Full Council.
- Finally, the Committee must satisfy itself on the effectiveness of internal audit. To do so, they should take into account conformance with the standards, interactions with the Committee, performance and feedback from senior management. Their conclusions should be reported to Full Council, as part of the Audit & Accounts Committee's annual report.

3.4.3 The CIPFA *Code of Practice for the Governance of Internal Audit in UK Local Government* recognises that, in local government, matters around the appointment, removal, remuneration and performance evaluation of the Head of Internal Audit will be undertaken by senior management, but these arrangements must not be used to undermine the independence of internal audit. In line with the Code, the Audit & Accounts Committee should provide feedback on the proposed job description and the performance evaluation of the Head of Internal Audit should include feedback from the Chair of the Audit & Accounts Committee.

## 4. INTERNAL AUDIT PROCEDURES

### 4.1 Internal Audit Planning

4.1.1 Details of the Internal Audit Planning process in use at Cambridgeshire can be found at Appendix D. The Audit Planning process seeks to take into account the Council's strategy and objectives; the risks to the achievement of these objectives and their relative materiality and complexity (including the risk of fraud, error or non-compliance); and the extent of work and audit resource required to provide assurance over the adequacy and effectiveness of governance, risk and control processes at Cambridgeshire.

4.1.2 A report on the Internal Audit Plan and the planning process is presented annually to Audit & Accounts Committee for approval prior to each financial year, and gives more detail on how the draft Plan is aligned to 'assurance blocks' that each provides an opinion over key risk areas of the control environment, to ensure that a cross-cutting assurance across the whole Council can be provided on an annual basis by the Head of Internal Audit.

## 4.2 Internal Audit Engagements

4.2.1 All Internal Audit work is undertaken to assist management fulfil their objectives of delivering services and contributing to the overall objectives of the Council. Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Cambridgeshire County Council's strategic objectives are appropriately identified and managed.
- The actions of Cambridgeshire's officers, directors, management, employees, and contractors or other relevant parties comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- Operations and programmes are being carried out effectively, efficiently, ethically, and equitably; and/or that their results are consistent with established goals and objectives.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

4.2.2 Outputs from audit work range from informal advice to grant certifications, to formal written reports. Details of the Internal Audit workflow process are set out at Appendix E, including the process of management supervision and approval which ensures quality assurance of all Internal Audit-issued documents and reports.

- 4.2.3 Internal Audit reports include a formal assurance opinion for each review undertaken, covering the control environment and/or compliance with controls, and the organisational impact of audit findings. Details of the assurance opinions awarded are set out at Appendix F.
- 4.2.4 A core principle of the Internal Audit reporting process is that auditee management has the opportunity to review reports at draft stage, to agree the factual accuracy of report content (or provide additional evidence to Internal Audit regarding any areas of disagreement) and to discuss and agree any recommended actions. This is normally facilitated through a 'clearance meeting' with key officers engaged in the audit. Management are welcome to propose alternative actions to those initially recommended by Internal Audit, and these will be accepted providing it can be demonstrated that they will also be effective in mitigating risk to an acceptable level. Draft reports must therefore not be shared beyond the distribution list agreed by the Head of Internal Audit, as the contents of reports are subject to change until they are finalised.
- 4.2.5 If there is a difference of opinion regarding the findings or conclusions of the audit which cannot be resolved, this will initially be escalated to the Head of Internal Audit. If the difference still cannot be resolved, in line with GIAS, management are able to express their position regarding the content of the final report and the reasons for any differences of opinion regarding the engagement results as part of the Management Action Plan. Once this process is complete, a final report is issued to management.
- 4.2.6 If for any reason, an audit team engagement is not conducted in conformance with GIAS, the final report (or equivalent) will note the GIAS standard(s) with which conformance was not achieved, the reasons for this, and the impact of nonconformance on the engagement findings and conclusions.

## **4.3 Releasing Audit Reports and Findings**

- 4.3.1 Final audit reports are released to an agreed distribution list, which will include at least one member of CLT. The assurance outcomes of all audits are reported in the next Audit Progress Report to CLT and Audit & Accounts Committee. Where assurance is 'limited' or less, reporting includes a summary of the key issues identified and agreed recommendations. The full text of every report is not sent to Audit & Accounts Committee, due to the volume of reporting this would produce; however copies of the full text are available to all Committee members via a Microsoft Teams site.

- 4.3.2 Internal Audit reports will also be provided to CLT members or the Council's external auditors on request. With regards to any further distribution, audit reports, once final, are owned by the service to which they are released. Senior officers within the service are therefore responsible for any further dissemination of the report, although it is recommended that prior to releasing copies of the report or its results more widely, the Monitoring Officer and Data Protection Officer should be consulted to decide how this should be managed.

## **4.4 Implementation of Audit Recommendations**

- 4.4.1 Where recommended actions are agreed as part of an Internal Audit report, the Internal Audit service will follow-up on the implementation of actions in line with agreed timescales, for all recommendations with a risk rating of 'Medium' or higher. See Appendix F for details of the risk ratings for recommendations.
- 4.4.2 Recommendations due are followed up on a quarterly basis, and the results of this follow up process are reported to CLT and Audit & Accounts Committee in the Internal Audit Progress reports. This includes detailing any recommendations overdue for implementation; advising whether recommendations are still relevant or should be closed; information on any areas where senior management has accepted the risk of not taking action; and information on any areas where senior management, by delay or inaction, has accepted a risk that exceeds the risk tolerance.

## Internal Audit Charter Definitions

To provide greater clarity over compliance with Global Internal Audit Standards in the UK Public Sector (GIAS), the following definitions are noted to apply throughout this Internal Audit Charter:

**Assurance Services** – an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council. Examples include financial and compliance assurance.

**Audit & Accounts Committee** – acts as the GIAS ‘Board’.

**Consulting Services** – Advisory and related client activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisations governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include informal advice, delivery of training, or Internal Audit attendance on management boards.

**Corporate Leadership Team (CLT)** – is the GIAS ‘senior management’ team.

**Head of Internal Audit & Risk Management** – acts as the GIAS ‘Chief Audit Executive’.

**Internal Audit** – is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

**Full Council** – acts as the GIAS ‘those charged with governance’.

# Internal Audit Working Practices

This appendix details the core working practices of Cambridgeshire County Council's Internal Audit Team and serves as the 'Team Charter' setting out how, where and when we work to maximise our team performance.

## 1. How We Work

### *The Systems We Use*

- 1.1 Internal Audit's primary document storage system is our SharePoint site. All audit documents and evidence must be saved to SharePoint at the point of receipt, filed appropriately and cross-referenced. The most up-to-date versions of all working papers, Terms of References, and drafts and final reports must be kept on SharePoint and officers should not save 'local' versions of these documents to their desktops. This is to ensure that audit evidence is always available to other team members when required.
- 1.2 The Internal Audit team communicate and share information via email, SharePoint and Microsoft Teams in addition to face-to-face meetings. The use of cameras on Teams meetings is a personal choice, but it is recommended and preferable for one-to-one or mentoring meetings.
- 1.3 The Internal Audit team has a shared Outlook mailbox and calendar. This is used to keep track of team members' leave arrangements and working locations. All colleagues must ensure that the calendar is kept up-to-date.

### *The Processes We Follow*

- 1.4 The Internal Audit Process Flow Chart gives details of the process by which audit work is conducted, supervised and approved. Team members must follow this process for all audit work. A separate flow chart is in place for whistleblowing investigations.
- 1.5 Internal Auditors who are supervising other colleagues on audit work should ensure they conduct a 1:1 meeting either face to face or via Microsoft Teams at least once a week during the course of the audit, to ensure an appropriate level of supervision, training and development. It is the responsibility of the supervisor to verify that work

programmes are complete, and confirm engagement workpapers adequately support findings, conclusions, and recommendations. The Head of Internal Audit will also review and approve Terms of References, workpapers and draft reports to verify that engagements are performed in conformance with GIAS and the internal audit team's methodologies.

- 1.6 Progress with work must be updated on the Internal Audit Plan Monitoring Spreadsheet on at least a weekly basis, including the current progress status of each job; estimated time to finish each job; explanations for any significant overspends; and the projected date to Audit & Accounts Committee. This spreadsheet will be regularly reviewed by the management team and used in team and corporate performance reporting.
- 1.7 Internal Audit maintains a team Records Retention Policy reflecting legal and corporate requirements for the custody, retention and disposal of all records held by the service, which must be followed in the storage of electronic and paper documents.
- 1.8 Internal Auditors must always be mindful of data security and ensure that information is shared and stored securely, demonstrating respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services. Internal Auditors must ensure they are aware of and comply with the Council's information management and data security policies, including completing essential eLearning. Requests for public disclosure of audit records will be considered in line with relevant Council policy and on receipt of advice from the Data Protection Officer.
- 1.9 A number of further guidance documents and audit resources are available on the team SharePoint site, in the Key Documents folder. Internal Auditors should ensure they are familiar with team policies and processes, and that they are adhered to. Where there are queries about the application of any policy, or suggestions for changes, this should be raised with a member of the Internal Audit management team.

### ***How We Manage Workloads***

- 1.10 Work is allocated to individual supervisors and auditors from the Internal Audit Plan on an ongoing basis, through discussion and agreement of the Internal Audit management team. Auditors are expected to provide a summary of their workload at the start of each week to their supervisor, to allow management oversight and to ensure an even spread of available work.

- 1.11 Internal Auditors should deliver allocated work within the time budget allotted.

### ***How We Support Professional Development***

- 1.12 All colleagues should ensure that they complete a 'Post Audit Assessment' with their supervisor for each piece of audit work they complete. This will support professional development by identifying development objectives and any training needs, linked to the corporate 'Our Conversations' process.
- 1.13 Ongoing professional development and training are also delivered through Internal Audit team meetings.

## **2. Where We Work**

- 2.1 Internal Auditors work flexibly to ensure the best service delivery to our clients. Internal Auditors can work from home; from our office base at Alconbury, or from other area offices in order to co-locate with teams we are reviewing.
- 2.2 The proportion of time worked from home each week will be determined by the Head of Internal Audit on an ongoing basis. This will take into consideration limited office capacity, operational priorities, and colleague wellbeing. Officers may be required to visit specific locations in the course of their duties, or to co-locate with other teams in order to complete specific pieces of work or deliver training and supervision. Associate Auditors on the trainee scheme will be expected to attend the office in line with the requirements of the scheme, as set out in their Training Manual.
- 2.3 The Internal Audit team will aim to hold regular team meetings at our office base to discuss work, service development and changes in the wider Council. In determining plans for office attendance, Audit team will work within the broader arrangements agreed for the Strategy & Partnerships Directorate.
- 2.4 Internal Auditors should seek to manage their working time efficiently to minimise the time spent travelling from one location to another.

### 3. When We Work

- 3.1 Internal Auditors are required to record all working time on the Internal Audit time management system. Time spent on audits and projects should be recorded on the system. We will also log our overall working hours using the time recording spreadsheet which we will store on our SharePoint site. Both of these time recording practices should be done on at least a weekly basis.
- 3.2 Internal Auditors should follow the team Working Time Recording guidance on SharePoint, which gives more detail on use of the system and sets out requirements for the authorisation of leave; non-audit working time; and working from home. In general, the service will aim to ensure at least one member of the Management Team normally available. As such, arrangements for Christmas and any other peak periods will be agreed by the management team.
- 3.3 Attendance at weekly virtual team catch-up meetings is strongly encouraged to enable the team to foster good working relationships.

## Internal Audit GIAS Declaration Form

As at [DATE]

*(This form must be completed by new team members on joining and by all team members annually)*

<b>Name</b>	
<b>Position</b>	
<b>Date Appointed</b>	

Internal Audit is required to comply with Global Internal Audit Standards in the UK Public Sector (GIAS). This form is completed annually to ensure compliance with the key standards listed below, and to ensure that all Internal Audit team members are aware of their responsibilities under the Ethics and Professionalism domain of the GIAS. Please ensure that you read and understand the principles and standards below; if there is anything you do not understand, it is your responsibility to discuss this with your supervisor before signing this form.

### **Global Internal Audit Standards: Domain II: Ethics & Professionalism:**

*The principles and standards in the Ethics and Professionalism domain of the Global Internal Audit Standards outline the behavioural expectations for professional internal auditors. They apply to both individuals and CCC Internal Audit as an entity, and aim to ensure high standards of behaviour that do not discredit the team. Conformance with these principles and standards instils trust in the profession of internal auditing, creates an ethical culture within the internal audit function, and provides the basis for reliance on internal auditors' work and judgment.*

*All internal auditors are required to conform with the standards of ethics and professionalism. The fact that a particular behaviour is not mentioned in these principles and standards does not preclude it from being considered unacceptable or discreditable. All members of the Internal Audit team are required to sign a declaration of interest that they have read, understood and will comply with these principles and standards.*

*While internal auditors are responsible for their own conformance, the Head of Internal Audit is expected to support and promote conformance with the principles and standards in the Ethics and Professionalism domain by providing opportunities for training and guidance. Any disclosures regarding breaches of these requirements should be made to the Head of Internal Audit, who will consider breaches on a case-by-case basis and take any action deemed necessary.*

***Principle 1 Demonstrate Integrity: Internal auditors demonstrate integrity in their work and behaviour.***

### **Standard 1.1: Honesty and Professional Courage**

Internal auditors must perform their work with honesty and professional courage. Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing scepticism or offering an opposing viewpoint. Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions. Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations. The chief audit executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favourable or unfavourable.

### **Standard 1.2: Organisation's Ethical Expectations**

Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognize conduct that is contrary to those expectations. Internal auditors must encourage and promote an ethics-based culture in the organization. If internal auditors identify behaviour within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures.

### **Standard 1.3: Legal and Ethical Behaviour**

Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organization or the profession of internal auditing or that may harm the organization or its employees. Internal auditors must understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organization operates, including making disclosures as required. If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.

***Principle 2 Maintain Objectivity: Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.***

### **Standard 2.1: Individual Objectivity**

Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases.

### **Standard 2.2: Safeguarding Objectivity**

Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity. Internal auditors must not accept any tangible or intangible item, such as a gift, reward, or favour, that may impair or be presumed to impair objectivity. Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others, including senior management or others in a position of authority, or by the political environment or other aspects of their surroundings.

When performing internal audit services:

- Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous 12 months.
- If the internal audit function is to provide assurance services where it had previously performed advisory services, the chief audit executive must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed. Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by an independent party outside the internal audit function.
- If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement.

The chief audit executive must establish methodologies to address impairments to objectivity. Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.

### **Standard 2.3: Disclosing Impairments to Objectivity:**

If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties. If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the chief audit executive or a designated supervisor. If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit executive must discuss the impairment with the management of the activity under review, the board, and/or senior management and determine the appropriate actions to resolve the situation. If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the chief audit executive must discuss the concern with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situation. (See also Standard 11.4 Errors and Omissions.)

If the objectivity of the chief audit executive is impaired in fact or appearance, the chief audit executive must disclose the impairment to the board. (See also Standard 7.1 Organizational Independence.)

***Principle 3 Demonstrate Competency: Internal auditors apply the knowledge, skills, and abilities to fulfil their roles and responsibilities successfully.***

### **Standard 3.1: Competency**

Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards. Internal auditors must engage only in those services for which they have or can attain the necessary competencies. Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfil their professional responsibilities. Additionally, the chief audit executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies. (See also Standards 7.2 Chief Audit Executive Qualifications and 10.2 Human Resources Management.)

### **Standard 3.2: Continuing Professional Development:**

Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfil the requirements applicable to their certifications.

***Principle 4 Exercise Due Professional Care: Internal auditors apply due professional care in planning and performing internal audit services.***

### **Standard 4.1: Conformance with GIAS:**

Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards. The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results. If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate. If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.

When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing

nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.

### **Standard 4.2: Due Professional Care:**

Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:

- The organization's strategy and objectives.
- The interests of those for whom internal audit services are provided and the interests of other stakeholders.
- Adequacy and effectiveness of governance, risk management, and control processes.
- Cost relative to potential benefits of the internal audit services to be performed.
- Extent and timeliness of work needed to achieve the engagement's objectives.
- Relative complexity, materiality, or significance of risks to the activity under review.
- Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources.
- Use of appropriate techniques, tools, and technology.

### **Standard 4.3: Professional Scepticism:**

Internal auditors must exercise professional scepticism when planning and performing internal audit services. To exercise professional scepticism, internal auditors must:

- Maintain an attitude that includes inquisitiveness.
- Critically assess the reliability of information.
- Be straightforward and honest when raising concerns and asking questions about inconsistent information.
- Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading.

***Principle 5 Maintain Confidentiality: Internal auditors use and protect information appropriately.***

### **Standard 5.1: Use of Information:**

Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives.

### **Standard 5.2: Protection of Information:**

Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships. Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organization

and internal audit function. Considerations specifically relevant to the internal audit function include:

- Custody, retention, and disposal of engagement records.
- Release of engagement records to internal and external parties.
- Handling of, access to, or copies of confidential information when it is no longer needed.

Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so. Internal auditors must manage the risk of exposing or disclosing information inadvertently. The chief audit executive must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.

<p><b>Previous Places of Employment</b> (Including within CCC)</p> <p>For the last 2 years – please include job title and a brief summary of your role (It is not necessary to complete this if you have not worked outside of CCC Internal Audit in the last 2 years)</p>	
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Potential Areas of Conflict of Interest	
<p><b>Financial Interests:</b></p> <p>Do you have any personal financial interests which could have the potential to create a potential conflict of interest for your work in Internal Audit, such as a financial interest in a local company or one which the Council does business.</p>	
<p><b>Non-Financial Interests (External):</b></p> <p>Do you have any external non-financial interests which could have the potential to create a conflict of interest for your work in Internal Audit? For instance, are you or a close relative, partner or friend:</p> <ul style="list-style-type: none"> <li>• A school governor?</li> <li>• A local charity trustee?</li> <li>• Undertaking any other governance role on a public sector body?</li> </ul>	

Potential Areas of Conflict of Interest	
<p><b>Non-Financial Interests (Internal):</b></p> <p>Do you have any internal non-financial interests which could have the potential to create a conflict of interest for your work in Internal Audit? For instance:</p> <ul style="list-style-type: none"> <li>• Have you previously worked in another department?</li> <li>• Do you or a close relative have a close relationship with another employee?</li> <li>• Do you or a close relative have a close relationship with an elected Councillor (past or present)?</li> </ul>	
<p><b>Any other areas:</b></p> <p>Please look at the audit plan for the upcoming financial year and determine whether you feel there could be any other actual or perceived conflicts of interest not otherwise disclosed.</p>	

I have read, understood and will comply with the principles and standards of the Ethics & Professionalism domain of the Global Internal Audit Standards. I am aware of the Nolan Principles of Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership) and that these must be applied alongside all other relevant ethical frameworks by internal auditors working in the UK public sector.

I understand the need for independence when auditing activities, therefore if my circumstances change, or I am asked to complete a piece of work that I am not independent from, I will immediately complete a new declaration of interest form and inform my line manager.

I am familiar with the Council's Code of Conduct and Gifts and Hospitality processes. I will not accept any tangible or intangible item (e.g. a gift, reward, or favour) that may impair or be perceived to impair my objectivity.

I understand that work undertaken by Internal Audit is often of a highly confidential nature. I will not disclose to any unauthorised persons, any potentially sensitive information which I may acquire during my placement within the Internal Audit service, and I will handle all information in line with the Council's Information Security policies and procedures.

The information given on this document is a true reflection of my current situation, to the best of my knowledge at this point in time.

# Internal Audit Charter

## Appendix C



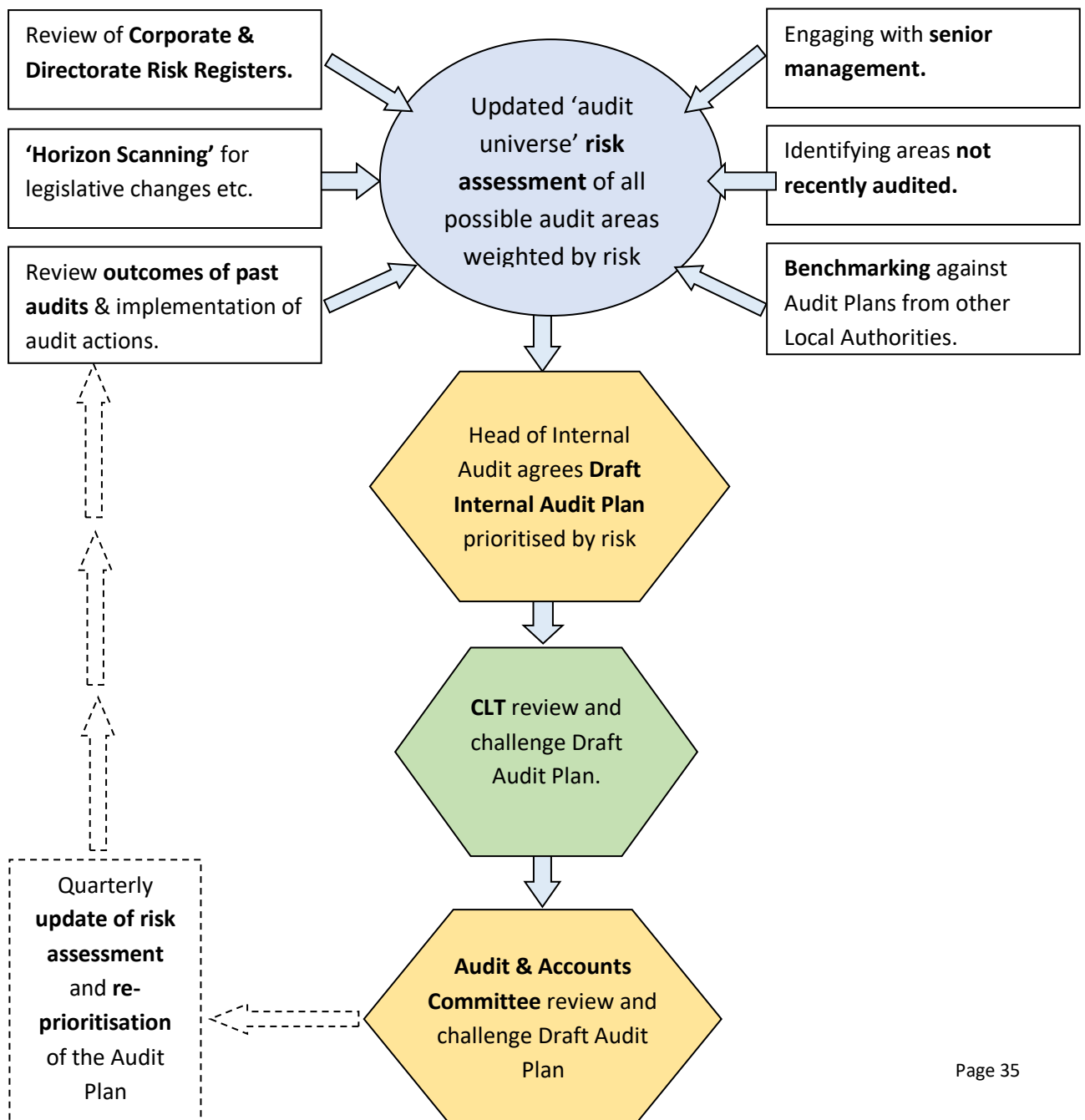
Cambridgeshire  
County Council

<b>Auditor Signature</b>	
<b>Date</b>	
<b>Line Manager's Signature</b>	
<b>Date</b>	

<b>Line Manager:</b> Any further information / comments regarding audits not to be involved with.	
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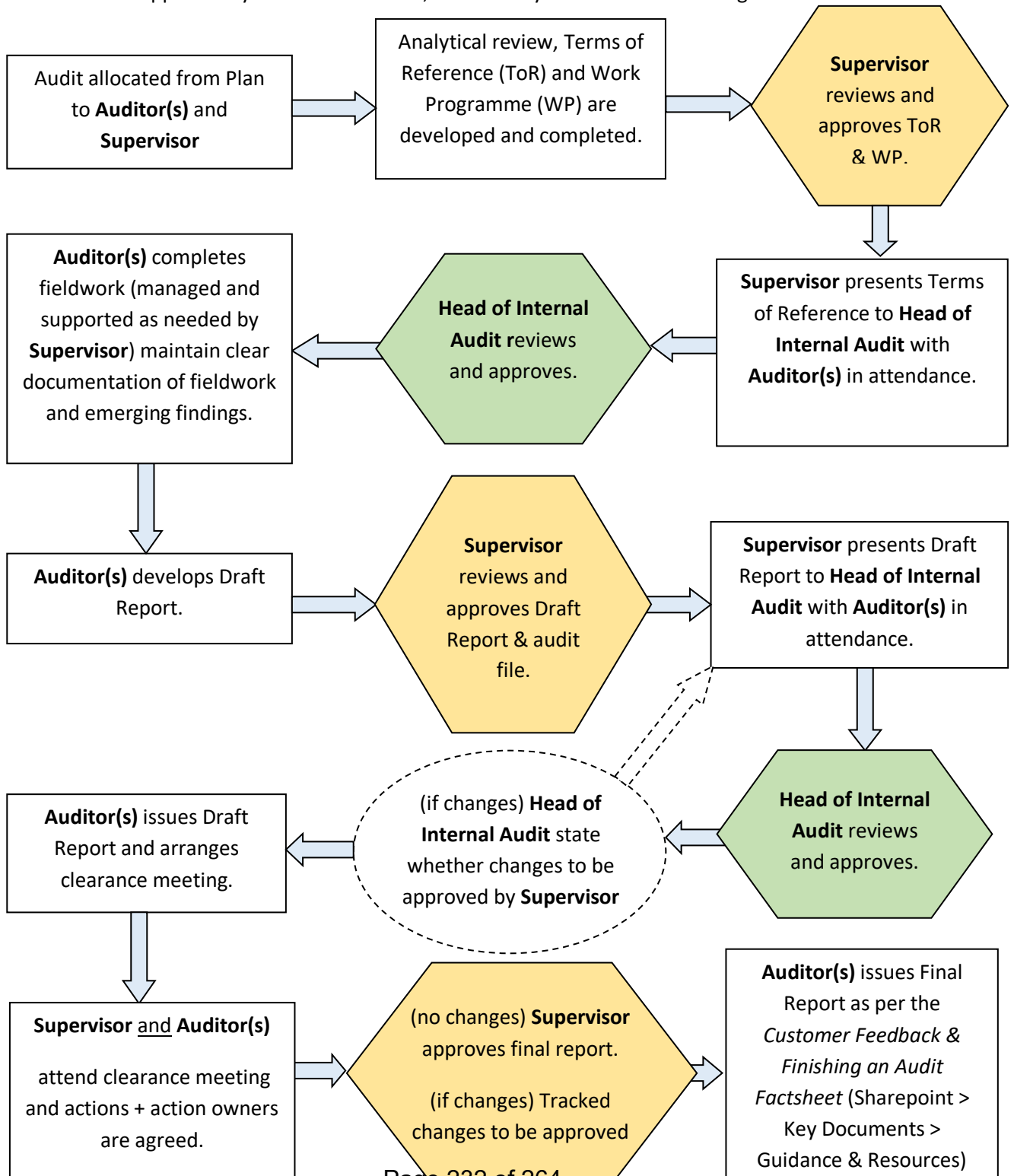
### Audit Planning Flow Chart

Internal Audit at Cambridgeshire maintains a dynamic Audit Plan, to allow regular re-prioritisation of resources towards the areas of highest risk. The Plan is split into two parts: the 'core' which remains largely unchanged from year-to-year, comprising key areas of assurance such as Key Financial Systems and core governance reviews; and the 'flexible' plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. The 'core' plan is set on an annual basis, while CLT and the Audit & Accounts Committee are asked each quarter to approve the next quarter's 'flexible' plan, and are provided with a current draft of the audits that are likely to be included in the following four quarters after that i.e. a full-year forecast of upcoming audits based on the current risk assessment, for review and challenge.



### Internal Audit Cambridgeshire Team Process

For the purposes of this diagram, the **Supervisor** is the accountable officer for ensuring that the audit file and report is accurate, up-to-date and delivered in line with GIAS. In practice, one or more **Auditors** will support the supervisor in delivering the audit. Ordinarily the Supervisor will be a Principal Manager or above. Queries should be directed through the Supervisor. Every Terms of Reference and Draft Report must go to **Head of Internal Audit**, at a point when the Supervisor is satisfied that the document is supported by available evidence, and is ready to be issued to management.



## How Assurance Is Provided & Communicated

### 1 Internal Audit Risk Ratings

- 1.1 As part of every piece of audit work, Internal Audit seeks to identify actions that can be taken to mitigate risk, improve efficiency and maximise value. These recommended actions are discussed and agreed with management to develop a formal 'management action plan', incorporated into every Internal Audit report.
- 1.2 Every agreed action is given a risk rating in the management action plan, to make it clear how important it is for the action to be implemented. The risk ratings in use are:
- **Essential** – Action is imperative to avoid exposure to a significant organisational risk. Maximum 2 months to implement remedial action.
  - **High** – Action is imperative to avoid exposure to a significant risk to the service area. 3 months to implement remedial action.
  - **Medium** – Action is required to avoid exposure to a risk to the service area. 6 months to implement remedial action.
  - **Advisory** – This captures consultancy recommendations which are intended to improve operational efficiency or enhance value. Implementation is not followed up by Internal Audit.
- 1.3 The standard implementation timescales ordinarily apply to all actions at the relevant risk rating, although services can request an adjustment in exceptional circumstances (for instance, if a major procurement was required to remediate a high risk and it would not be possible to complete this within three months).

### 2. Internal Audit Assurance Ratings

- 2.1 Every Internal Audit review has three key elements:
- Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.

- However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.

2.2 Three assurance ratings are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact.

2.3 Currently the following definitions of audit assurance ratings are used for reporting control environment and compliance assurance opinions:

	<b>Compliance Assurance</b>	<b>Control Environment Assurance</b>
<b>Substantial Assurance</b>	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment
<b>Good Assurance</b>	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
<b>Moderate Assurance</b>	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
<b>Limited Assurance</b>	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
<b>No Assurance</b>	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it

		has not been possible for Internal Audit to provide assurance.
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2.4 The following definitions of assurance ratings are currently used for organisational impact assurance opinions:

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

### 3. Standard Engagement Communications Protocol

3.1 Individual audit engagement will be subject to the communications protocol set out below. This sets out the 'standard' audit approach to communicating with services during the course of an audit, at Executive Director, Service Director/Head of Service, and operational management levels; however it should be noted that Executive Directors who wish to receive sight of reports at draft stage or attend clearance meetings will be welcome to do so:

Engagement Communication from Internal Audit	Exec. Director	Service Dir. &/or HoS	Operational Managers
<b>Terms of Reference:</b> A draft Terms of Reference setting out the objectives, scope and timing of the proposed audit work will be shared by the Internal Auditor for input and comment prior to the commencement of audit work. The Internal Auditor will offer to meet with the Executive Director/Service Director/Head of Service to discuss in detail, if desired.	Y	Y	<i>(depending on steer from Exec. Director)</i>

Engagement Communication from Internal Audit	Exec. Director	Service Dir. &/or HoS	Operational Managers
Any subsequent changes to the scope, objectives or timing of the proposed audit work.	Y	Y	N
Ongoing requests for information, records, access etc. to enable the completion of the agreed audit fieldwork.	N	Y	Y
<b>Draft Report:</b> Draft reports are circulated to key officers involved in the audit. The purpose of this process is to ensure that managers can agree the factual accuracy of report content, and review any recommended actions.	N	Y	<i>(depending on steer from Exec. Director)</i>
<b>Clearance Meeting:</b> A 'clearance meeting' will be held to discuss the findings of the audit, the draft report and the recommended actions. The aim of the meeting is to reach a mutual understanding and agreement on the findings and actions, prior to issue of the final report.	N	Y	N
<b>Final Report:</b> The final report capturing audit finding and agreed actions is circulated to the relevant Executive Director(s). Audit & Accounts Committee can also access copies of final reports via the Committee Teams site.	Y	Y	N

3.2 In line with Global Internal Audit Standards, if the Head of Internal Audit concludes that management has accepted a level of risk that exceeds the organisation's risk appetite or risk tolerance, the matter must be discussed with senior management. If the Head of Internal Audit determines that the matter has not been resolved by senior management, the matter must be escalated to the Audit & Accounts Committee. It is not the responsibility of the Head of Internal Audit to resolve the risk.

## 4. Strategic Communications Matrix

4.1 The below table outlines the Cambridgeshire Internal Audit team's approach to, and frequency of, key Internal Audit communications with senior management (Corporate Leadership Team or "CLT") and the Audit & Accounts Committee ("AAC"):

Communication from Internal Audit	Frequency	AAC	CLT	Chief Executive
<b>Internal Audit Progress Reports</b> , including (but not limited to): <ul style="list-style-type: none"> <li>The Internal Audit Plan; any significant revisions to the Plan; any resource limitations; and the service's performance relative to the Plan.</li> <li>Results of assurance and advisory services, including conclusions, themes, assurance,</li> </ul>	Quarterly	Y	Y	Y <i>(as part of CLT)</i>

Communication from Internal Audit	Frequency	AAC	CLT	Chief Executive
<p>advice, insights, and monitoring results, and information on the implementation of audit agreed actions.</p> <ul style="list-style-type: none"> <li>Significant risk exposures and control issues, including fraud risks, governance issues, and any other areas of focus for the Audit &amp; Accounts Committee that could interfere with the achievement of the Council's strategic objectives.</li> </ul>				
<p><b>Annual Internal Audit Report &amp; Head of Internal Audit Opinion</b>, including:</p> <ul style="list-style-type: none"> <li>Confirmation of independence and any potential impairments to independence, including relevant disclosures as applicable.</li> <li>Results from the Quality Assurance and Improvement Programme, which include the Internal Audit function's conformance with The IIA's Global Internal Audit Standards and any action plans to address the internal audit function's deficiencies and opportunities for improvement</li> <li>Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond Cambridgeshire County Council's risk appetite. This includes any instances where funding restrictions impact management's ability to respond to risks toward strategic objectives.</li> <li>The sufficiency, both in numbers and capabilities, of internal audit resources (including financial, technological and human resources) to fulfil the internal audit mandate and achieve the internal audit plan.</li> <li>The annual conclusion on governance, risk management and control, and internal audit's performance against its objectives.</li> </ul>	Annual (May/June)	Y	Y	Y (as part of CLT)
<p><b>Annual Internal Audit Plan Report</b> (<i>n.b. updates to the Plan throughout the year are reported in the Progress Reports</i>), including:</p> <ul style="list-style-type: none"> <li>The Internal Audit Mandate.</li> <li>The Internal Audit Strategy.</li> <li>Internal Audit budget and any significant revisions to the budget, and the service's</li> </ul>	Annual (March)	Y	Y	Y (as part of CLT)

Communication from Internal Audit	Frequency	AAC	CLT	Chief Executive
resource requirements. <ul style="list-style-type: none"> <li>Proposed Internal Audit Plan and resourcing for the coming financial year demonstrating how this will be sufficient to fulfil the mandate and deliver an annual conclusion.</li> </ul>				
Scheduled private 1:1 Meetings with the Head of Internal Audit	Variable	Y <i>(at least annually)</i>	N	Y <i>(monthly)</i>
<b>Annual Assessment of Conformance against GIAS</b> , including: <ul style="list-style-type: none"> <li>Action Plan (where applicable)</li> <li>Full detailed assessment of conformance</li> </ul>	Annual	Y	Y	Y <i>(as part of CLT)</i>
<b>Full Internal Audit Charter</b>	Every 3 years <i>(or more frequent if changes)</i>	Y	Y	Y <i>(as part of CLT)</i>

## 5. Other Key Audit Communications

### Ethics-Related Communications:

- 5.1 If internal auditors identify behaviour within the organization that is inconsistent with the organization's ethical expectations, or any legal or regulatory violation, they must report this to the Head of Internal Audit. The Head of Internal Audit will then identify the appropriate route to formally report the concerns further, according to applicable policies and procedures and/or legislation. For example, this may include reporting concerns via the processes within the Officers and Members Codes of Conduct, reporting to professional bodies or external regulators, etc.
- 5.2 In line with the requirements of Global Internal Audit Standards, if internal auditors determine that a member of senior management has behaved in a manner that is inconsistent with the organization's ethical expectations, the Head of Internal Audit should report the violation to the Audit & Accounts Committee. If an ethics-related concern involves the Chair of the Audit & Accounts Committee, the concern will be reported to the entire board. The Internal Audit team will follow up on any ethics-related issues involving the Audit & Accounts Committee or senior management, and validate that appropriate actions were taken to address the concern.

### Errors or Omissions:

- 5.3 In line with the requirements of Global Internal Audit Standards, if a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication.
- 5.4 For the purposes of this requirement, a 'significant' error or omission is defined as one which has a material impact on the level of assurance provided i.e. had the error or omission not occurred, the assurance opinion given by Internal Audit would have been different.
- 5.5 If a minor error or omission is detected in a final report, the Head of Internal Audit has discretion to re-issue a corrected version of the report where appropriate.

## **6. Access to Internal Audit Reports & Records**

- 6.1 Internal Audit files and records are held electronically in line with the team's Records Retention Schedule. Only members of the Internal Audit team have access to these files.
- 6.2 All final Internal Audit Reports are saved to a Microsoft Teams site which can be accessed by members of the Audit & Accounts Committee. This ensures that members of the Committee can access the detail of all Internal Audit reports. Members of the Committee should not share these reports further.
- 6.3 When final audit reports are issued to a Council service, the relevant Executive Director holds responsibility for any further dissemination of the report outside the group of officers who received the original version. As such, if a request to access the report is made by another service or received via Freedom of Information etc., the Executive Director will be notified and consulted on the release of the report, with guidance sought from the Data Protection Officer where appropriate. If a service loses their copy of an historic audit report on their service area, a further copy of the final report can be supplied by Internal Audit on request.
- 6.4 Final Internal Audit reports and supporting evidence will be shared with the Council's External Auditors on request.

## Internal Audit Strategy

### 1. Introduction

- 1.1 In line with Global Internal Audit Standards (GIAS), the Internal Audit service is required to develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders. The Strategy is defined in GIAS as “a plan of action designed to achieve a long-term or overall objective”.
- 1.2 For the purpose of GIAS, the Internal Audit Strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. The Internal Audit Strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate, and it complements the Internal Audit Charter and annual Internal Audit Plan.
- 1.3 This document sets out the Internal Audit Strategy for Cambridgeshire County Council for the financial years 2025/6 to 2027/8. It is a high-level document, which sets out how the Internal Audit service will be delivered and developed over this three year period. The Internal Audit Plan then demonstrates how this Strategy translates into a detailed workplan, and is continuously updated and presented to the Audit Committee quarterly for review.

### 2. Internal Audit Mission & Vision

- 2.1 At Cambridgeshire County Council, Internal Audit’s mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Our vision is to provide a top-quality, trusted professional service which is continually improving and which operates in compliance with GIAS.
- 2.2 Through delivering on this strategy, Internal Audit will help to enhance the Council’s governance, risk management and control framework, which in turn will ultimately contribute to the achievement of the Council’s corporate priorities and objectives.

### 3. Internal Audit Strategic Objectives

- 3.1 In order to deliver our mission and vision, the Internal Audit service has defined the following strategic objectives:

- **Fulfil the Internal Audit mandate and deliver the Annual Internal Audit Plan and independent Annual Opinion** on the adequacy and effectiveness of the Council's framework of governance, control environment and risk management.
- **Operate in conformance with our Internal Audit Charter and with GIAS**, subject to the interpretations and additional requirements set out in the *Application Note on Global Internal Audit Standards in the UK Public Sector* issued by the Relevant Internal Audit Standard Setters (RIASS) and the CIPFA *Code of Practice for the Governance of Internal Audit in UK Local Government*.

## 4. Internal Audit Supporting Initiatives

4.1 To support the delivery of the team's strategic objectives as set out above, in addition to the 'business-as-usual' work of the Internal Audit team outlined in the Internal Audit Charter and aligned to the GIAS, the following initiatives have been identified as priorities for the team over the financial years 2025/6 to 2027/8:

- **Embedding GIAS & External Quality Assessment:** The introduction of GIAS in the 2024/5 financial year will need to be embedded in team systems and processes and the commissioning of an external quality assessment is a priority for 2025/6 to provide assurance over the team's conformance with GIAS and identify any areas for improvement. The overall objective of this initiative will be to ensure full conformance with GIAS.
- **Implementation of Follow-Up Actions:** The Internal Audit team will continue to work closely with senior management and the Performance team to develop and enhance systems to give increased oversight of the implementation of agreed audit actions. The Internal Audit team will also work to identify approaches to encourage services to implement actions in a timely way. The overall objective of this initiative will be to increase the proportion of agreed audit actions which are implemented by their initial agreed target date, year-on-year.
- **Enhance Team Resourcing:** Developing the approach to ongoing effective resourcing of the Internal Audit team will continue to be a focus. In particular this will include developing a more structured in-house training plan, continuing to support our ongoing CIPFA training programme with colleagues in Finance, and increasing the breadth of qualifications across the Internal Audit team, with a particular focus on counter-fraud qualifications. The overall objective of this initiative will be to ensure that Internal Audit maintains sufficient resourcing to successfully deliver the Internal Audit Plan.

- **Local Government Reorganisation:** Planned Local Government Reorganisation (LGR) will result in a change from two-tier local authorities across Cambridgeshire, to unitary council(s). Change of this scale will have a significant impact on the Council's risk profile and there will be a period of transition for Internal Audit Teams. The Head of Internal Audit at Cambridgeshire will maintain membership of the Local Authority Chief Auditors Network LGR working group to access guidance and best practice on managing Internal Audit through this major transition, and the Council's Corporate Risk Manager will provide support and guidance regarding risk management approaches for the LGR transformation. The overall objective of this initiative will be to support a safe and compliant transition into the new authorities, with effective and compliant Internal Audit arrangements in place throughout the transition.
- **Review of Internal Audit Technology and Systems:** Internal Audit will conduct a review and benchmarking exercise looking at the team's use of ICT systems, with a particular focus on the use of AI, document storage and filing systems, and time recording and quality management systems. The overall objective of this initiative will be to identify any areas where systems could be improved or enhanced to better support delivery of effective Internal Audit services, and this will also be helpful to inform the future shape of services following LGR.
- **Failure to Prevent Fraud Duty:** The Economic Crime & Corporate Transparency Act 2023 has introduced a new corporate criminal offence for organisations that fail to prevent fraud committed by their employees, agents, subsidiaries, or other associated persons intended to benefit the organization. This new offence comes into force on the 1<sup>st</sup> September 2025, and therefore the overall objective of this initiative will be for the service will be to conduct a risk assessment to provide assurance over the Council's compliance with the duty to prevent fraud, and to develop an Anti-Fraud and Corruption Strategy to further strengthen the Council's anti-fraud controls.

## 5. Review and Update of the Strategy

- 5.1 In line with GIAS, the Head of Internal Audit must review the Internal Audit Strategy with the Audit & Accounts Committee and senior management periodically. In practice this will take place on an annual basis, aligned to the Internal Audit Plan report.

## Debt Management Update

To: Audit and Accounts Committee

Meeting Date: 4 June 2025

From: Executive Director of Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

Executive Summary: The Committee is updated on the Council's debt management performance. Overall debt (excluding NHS funding) has decreased by £4.1m compared to 12 months ago, whereas amounts owed as adult social care client contributions have increased by £0.56m over the same period. The context of a reduced backlog of financial assessment and much-increased levels of billing to adult social care clients is explained. The report sets out the range of improvements the Council has implemented or is planning across systems and digital, workforce and performance, processes, procedures and workflow and utilisation of specialists to maintain the improvements seen during 2024-25 into future periods.

Recommendation: The Committee is asked to note the actions and approach being taken to manage income collection and debt recovery.

### Officer contact:

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## 1. Background

- 1.1 The purpose of this report is to provide an update on current debt management position following on from the previous report submitted to this committee in October 2024.
- 1.2 The balance sheet health metrics, that are reported in the Integrated Finance Monitoring Report at each meeting of the Strategy, Resources and Performance Committee record that there is a significant exception with the level of debt outstanding (91 days+) for Adult Social Care (client contributions to care costs). The absolute amount of overdue debt for Adult Social Care has risen by approximately £555k over the last 12 months. This reflects the rising levels of client contributions billed by the Council from £52.5m (2023/24) to £60.4m (2024/25), the billing includes increased revenue through clearing the backlog in financial assessment (the process by which means-tested contributions to adult social care are calculated) which led to £6.4m of back dated charges being raised during 2024/25.
- 1.3 It is positive that overall, more income is being collected due to increases in billing, however a part of the increase relates to retrospective back dated charges as a result of clients being charged a provisional amount for an extended period of time. This follows significant progress with reducing the backlog of financial assessments over the last 18 months. Delayed billing can lead to debt building for clients, which can prove more difficult to collect, especially where clients have become used to paying a lower provisional charge over a prolonged period, or where charges are billed after death and the estate has been distributed.

## 2. Overall Debt position

- 2.1 The current total overall debt position (all age buckets) is £27.3m (excluding NHS ICB debt), which represents an overall decrease of £4.1m when comparing to the same period in 2024/25.
- 2.2 The tables below break down debt by Directorate and Debt Status:

### Overall Age Debt Position - By Directorate [Include monthly / Annual Trent Analysis - Movement on Overdue]

Directorate	Current and Overdue	Overdue			Trend Performance	
		Current Month	Previous Month	Last Year	Monthly	Yearly
Finance and Resources	£2,284,772	£1,133,764	£968,625	£1,197,380	17%	-5%
Adults, Health & Commissioning	£25,318,753	£21,073,877	£21,009,440	£20,518,966	0%	3%
Children, Education & Families	£3,881,586	£2,781,866	£1,460,623	£2,568,475	90%	8%
Place and Sustainability	£8,716,952	£2,759,827	£3,087,071	£7,495,654	-11%	-63%
Public Health	£106,888	£67,666	£29,538	£611,369	129%	-89%
Strategy and Partnerships	£279,962	£157,367	£8,728	£349,830	1703%	-55%
Unapplied	-£586,165	-£644,506	-£672,222	-£1,312,350	-4%	-51%
<b>Total</b>	<b>£40,002,748</b>	<b>£27,329,860</b>	<b>£25,891,802</b>	<b>£31,429,324</b>	<b>6%</b>	<b>-13%</b>
NHS Services	£18,668,345	£18,375,093	£17,453,979	£13,596,928	5%	35%
<b>Grand Total</b>	<b>£58,671,092</b>	<b>£45,704,953</b>	<b>£43,345,781</b>	<b>£45,026,252</b>	<b>5%</b>	<b>2%</b>

Note: See Appendix I for age analysis by Debt Status or Appendix II for Debt Status by Service Area.

- 2.2.1 Year on Year reductions have been seen in the following Services:

- £4.7m Place & Sustainability
- £544k Public Health

- £192k Strategy & Partnerships
- £65k Finance & Resources

*Note: There has also been a reduction in unapplied credits following improvements made as part of the Debt Improvement Project.*

#### 2.2.2 Year on Year Increases within the following Services:

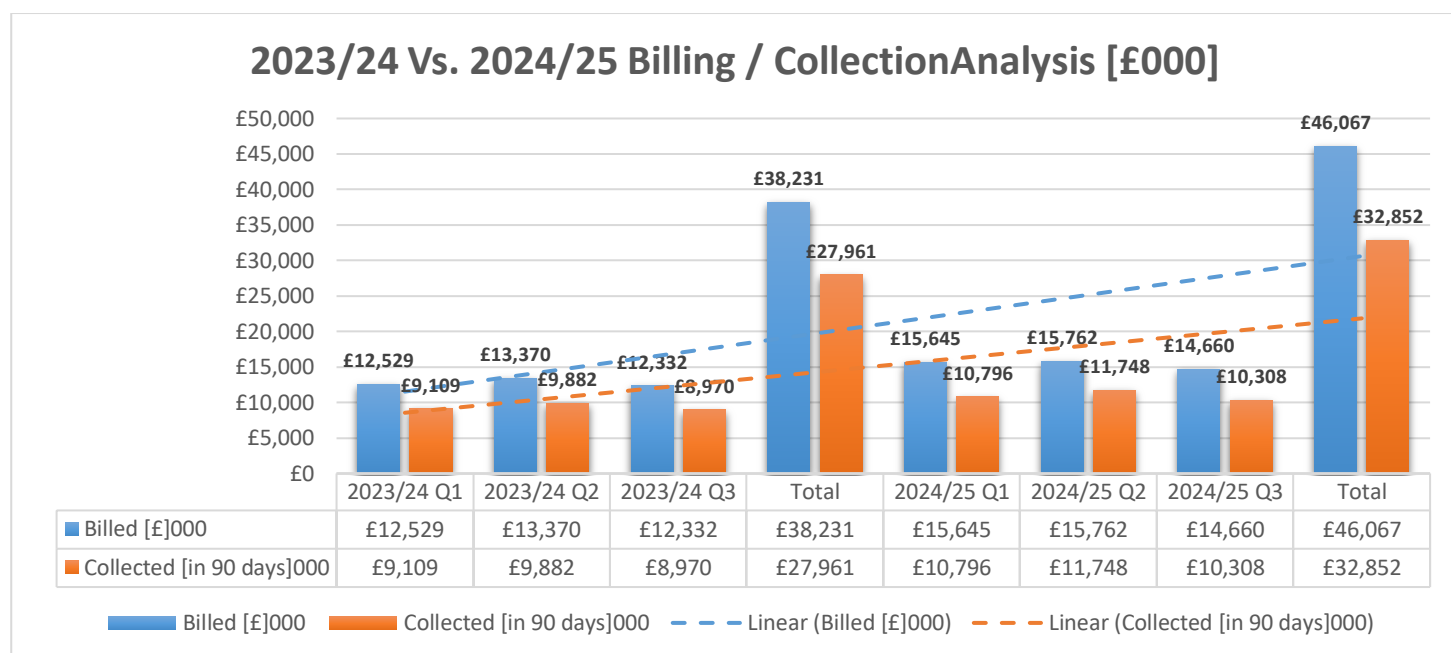
- £5.1m NHS / Integrated Care Board Services. (The Council and ICB have changed their commissioning approach to learning disability services from April 2025. During 2024/25 there was a dispute around the level of NHS funding for the pooled budget delaying payments to the Council. Significant recent progress has been made in agreeing the appropriate level of funding in 2024/25, and the Council anticipates confirming the finalised position in the 2024/25 outturn financial monitoring report at the June Strategy, Resources and Performance Committee.)
- £555k within Adults, Health & Commissioning (ASC Age Debt Analysis shown below in section 2.3)
- £213k Children, Education & Families

#### 2.3 Adults Social Care (ASC) Aged Debt Analysis – Headlines

- ASC Debt increase has slowed, and aged debt (debts 1 Year+) have reduced by £138k over the last twelve months.
- Revenue raised is much higher than 2023/24 forecast which is positive from an income perspective but has resulted in increased debt where payment not fully collected. Revenue raised in 2024/25 was £7.8m higher than the previous year
- ASC Overdue debt percentage compared to twelve months review has improved from 36.8% to 33.9%, circa 2.9 percentage point improvement.
- Backlog in financial assessments has been resolved and is operating within business-as-usual levels. Clearing the backlog has generated £11.9m in back dated charges over two years, with some charges back dating over a year.
- The number of ASC Customers with overdue debt has reduced from 3,465 to 2,682 (22.6%) and those with historic aged debt (1Year+) have also been reduced from 1,713 to 1,259 (26.5%) through improved management of debts.
- Taking into consideration increased billing during 2024/25 of circa £7.8m from the previous financial year, ASC bad debt provision reduced by £296k in real terms (excluding back dated charges as a result of the clearing of assessments backlog).
- Improved staff performance within debt team, which has significantly increased number of accounts actioned from an average of 1,070 each month in second half of 2023/24 to an average of 1,713 in 2024/25.
- Digitalisation advances considered and several options have been identified and progressed such as paperless direct debits, SMS reminders and the implementation of the corporate telephony oversight system in the debt team. SMS reminders went live with pilot in May 2025 for sundry debt and Paperless DDs are planned for June 2025. Further discussions are in place with ASC with a view to go live with SMS in Q2.

- Increase in use of third-party services to support recovery process have been procured and embedded.
- Increase training, support and guidance across teams (Debt, Financial Assessment and Practice) has been delivered.
- Improved communication and workflow tracking implemented between Adults Finance Team & Debt Team during November 2024, which has improved internal communications.
- Issues identified and improved processes have been implemented to better manage Court of Protection debts within both Adult Social Care and the Debt team, which should have a positive impact on related debt.

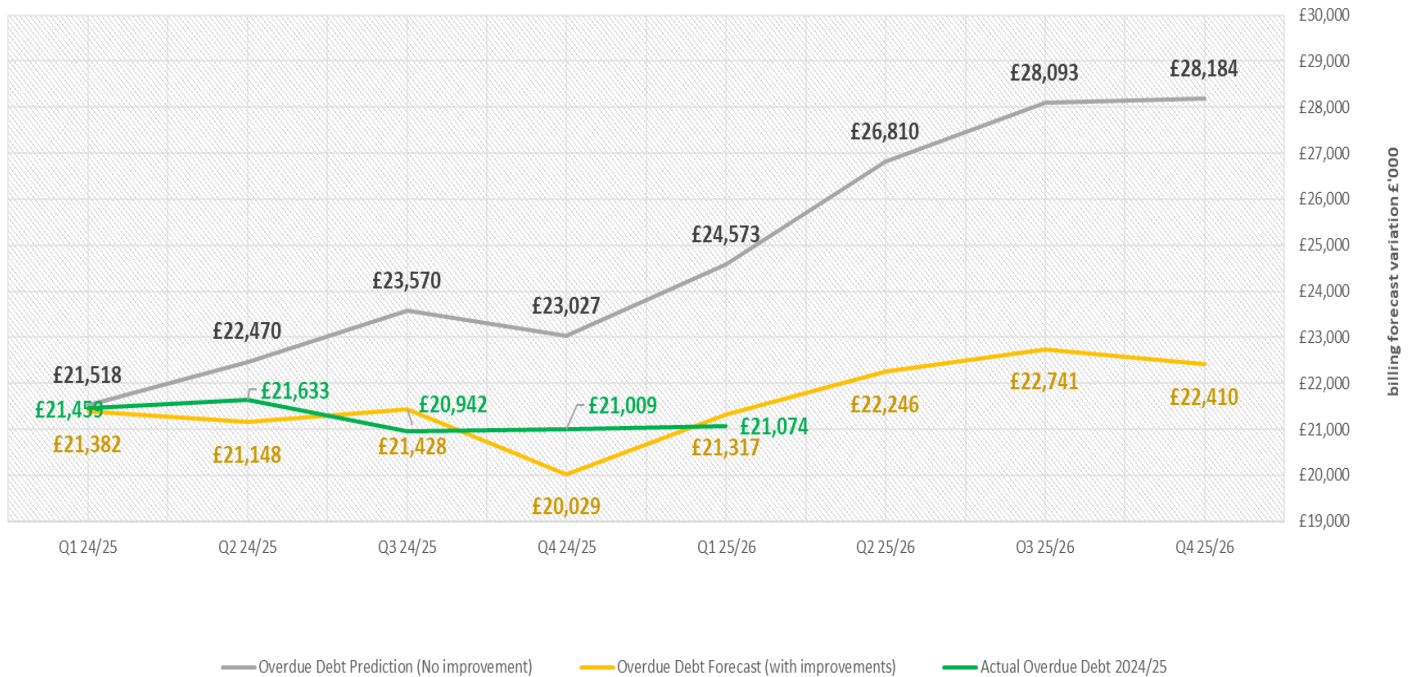
## 2.4 ASC Debt – Billing & Collection Analysis Q1 – Q3: 2023/24 vs. 2024/25



- Comparing Q1-Q3 Billing across the last two years has shown that billing has increased by £7.8m in 2024/25 compared to the previous financial year from £38.2m to £46m as shown above. Billing volume during 2024/25 Q1-Q3 has also increased by 2,135 invoices average monthly increase of 237, the bulk of increases is within the Older People’s Services.
- The amount collected within 90 days (60 days of due date) over Q1-Q3 has also increased by £4.9m.
- £5.7m billed in Q1-Q3 of 2024/25 relates to retrospective billing compared with £4.4m in 2023/24, which is an increase of £1.3m

## 2.5 ASC Debt – Debt Forecast (April 24 – March 26) vs. Actual (April 2024 – September 2024)

Age Debt Forecast vs Actual 2024/25 & 2025/26 (including billing variation to forecasted billing)



2.5.1 Financial modelling has been undertaken to forecast the revenue through 2024/25 & 2025/26, which shows an upward trajectory in respect of income generated through billing compared to previous billing in 2023/24.

- 2023/24 – Actual billed revenue £52.5m (£44.6m care fees)
- 2024/25 – Forecasted billing revenue £55.4m (£47.5m care fees), representing a £2.9m increase from 2023/24. Actual billing was £60.4m, £5m up on forecast.
- 2025/26 – Forecasted billing revenue £65.2m (£57.2m care fees), representing an increase of £9.8m increase over 2024/25.

2.5.2 Taking on the analysis explained in the paragraph above, the debt forecast has been modelled taking into consideration the increased income as well as expected impact in respect of performance.

- Debt Forecast shows that Debt levels would reach circa £28.2m based on increase revenue if previous levels of recovery were maintained, increase of £7.7m from April 2024.
- Debt Forecast with improvements implemented through the improvement project reduce the expected balance in March 2026 to £22.4m which represents an increase of £900k over two years, against the backdrop of £15.6m more being raised. This is circa 94% collection on the additional income, and improving significantly the twelve months billing ratio.

## 2.6 ASC Overall Age Debt by - Debt Status £'000

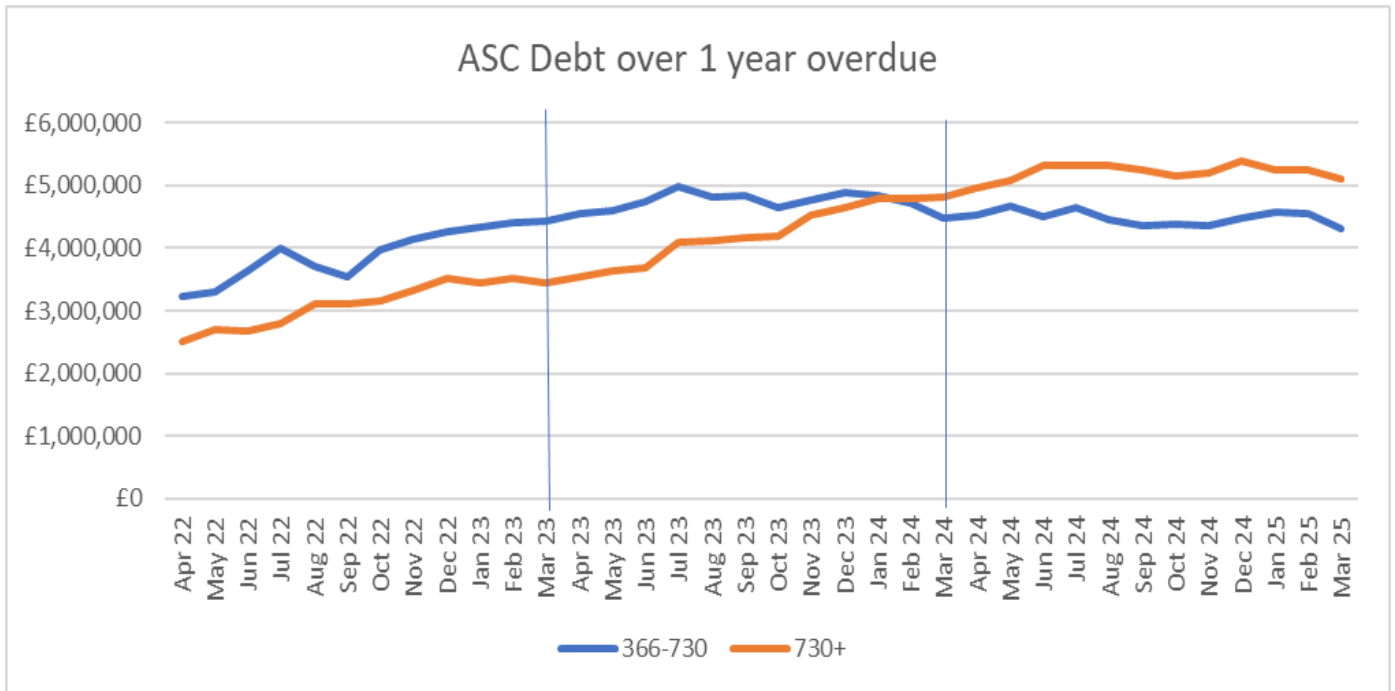
Debt Status	Current	1-30	31-90	91-183	184-365	366-730	730+	Grand Total	Overdue		
									Current Month	Previous Month	Last Year
Automated Dunning Cycle	£0	£455	£327	£0	£0	£0	£0	£782	£782	£689	£1,302
Awaiting Appointee / Court of Protection / Power of Attorney	£753	£394	£487	£754	£1,469	£1,021	£415	£5,294	£4,540	£4,595	£4,837
Ongoing Review	£411	£292	£663	£764	£1,223	£539	£550	£4,442	£4,031	£4,000	£1,796
DCA Action - Ongoing	£12	£9	£14	£17	£32	£85	£58	£227	£215	£103	£23
Debt Team Dealing	£1	£3	£17	£228	£433	£194	£389	£1,266	£1,265	£1,351	£2,156
Deceased - Pending Probate / Settlement of Account	£147	£153	£427	£548	£1,623	£1,846	£2,421	£7,166	£7,019	£7,312	£6,207
Formal Complaint	£13	£6	£15	£31	£102	£14	£72	£254	£241	£213	£0
Full Cost Non-Disclosure	£10	£5	£12	£2	£0	£0	£0	£29	£19	£14	£107
Funding without Prejudice	£22	£13	£79	£28	£4	£1	£4	£151	£130	£152	£0
Income Team Dealing	£71	£59	£133	£179	£48	£52	£56	£598	£528	£445	£1,259
Legal Action - Ongoing	£103	£17	£34	£46	£118	£321	£872	£1,510	£1,407	£1,391	£1,153
Payment Plan	£20	£11	£42	£94	£182	£205	£265	£819	£799	£804	£821
Pending Write-off	£0	£0	£0	£2	£8	£7	£26	£43	£43	£70	£150
Pre Dunning Cycle	£2,720	£146	£0	£0	£0	£0	£0	£2,866	£146	£61	£749
Secured Property Charge	£3	£3	£3	£39	£170	£29	£124	£371	£368	£323	£87
Unapplied Credit	-£41	-£69	-£57	-£49	-£69	-£24	-£191	-£500	-£459	-£510	-£128
<b>Grand Total</b>	<b>£4,245</b>	<b>£1,498</b>	<b>£2,196</b>	<b>£2,683</b>	<b>£5,344</b>	<b>£4,291</b>	<b>£5,061</b>	<b>£25,319</b>	<b>£21,074</b>	<b>£21,009</b>	<b>£20,519</b>

2.6.1 ASC has seen a £555k increase over the last twelve months, the increase is within debts that are between 184-365 days old which is as a result of significant back dated charges during the first half of 2024/25 where £4.6m was raised alone relating to the clearing of Assessment backlog. This has softened significantly in the second half of 2024/25 to £1.7m. Over the same period the level of Income generated through billing for ASC has been increased by £7.8m, representing increased income for the Council.

- £446k increase in debts allocated to our solicitors or an external debt collection partner. The increase in this category of debt is following work undertaken by Debt Team to progress more quickly once internal recovery actions have been exhausted.

- £297k decrease in debts awaiting Court of Protection (COP) decisions – These debts are where Service Users have lost capacity to manage their financial affairs and applications are made to the COP for a family member, professional or the council itself, through the client funds service, to take over responsibility for property and affairs decisions. Debts within this category can take a significant period of time before there is someone appointed through the Courts (or DWP for appointeeship cases). There is material level of debt in this category which is likely to be overstated as the client has been provisionally assessed as full cost until their finances can be re-assessed.
- £812k increase within Deceased Debts which has been impacted in the main by the clearing of financial assessment backlogs over the last 24+ months, again there is a level of debt overstatement within this category as well as a raised likelihood of bad debt write-offs where retrospective billing may have occurred. The figure will also be impacted due to the introduction of an external finders service to identify assets / executors that are not known to the Council, so every step can be taken before any debts are considered for write-off.
- £281k Increase in secured property related debt, where clients have passed away and the deferred payment agreement, they had with the council has ceased. These debts are secured but will take a period of time before funds are realised pending probate and subsequent sale of property.

## 2.6.2 ASC Aged Debt Analysis



- The growth in debt over one year old has been significantly slowed, and indeed debt between one and two years old has continued to reduce slowly from a peak in July 2023 as shown in the graph below.
- In the medium term it is anticipated that the increase in debts through back dating billing will likely impact aged debts during 2025/26, before reducing in 2026/27, this is due to the complex nature of many of the back dated charges.

## 2.7 Collection Rates

### 2023/24 – Collection Performance

- 2.7.1 Collection rate for 2023/24 shows that 96.3% of all revenue billed has been collected with 83.6% being secured within the first 90 days, performance would have been higher if not for the disputed ICB charges during 2023/24, which have continued into 2024/25.

### 2024/25 – Collection Performance

- 2.7.2 Collection rate for 2024/25 shows that 83.1% of all revenue billed has been collected as shown in the below table with 71.5% being secured within the first 90 days. The performance figures will improve over the coming months and are only lower than 2023/24 as there has been a further twelve months of collection for those debts, whereas debts raised within the last quarter of 2024/26 have in many cases only just fallen due.

Performance again is impacted by disputed ICB charges, Sundry debt performance excluding ICB is circa 90%.

- 2.7.3 Improvements implemented in 2024/25 in respect of staff performance is ensuring that debts are actioned promptly, with monthly accounts actioned during 2024/25 averaging at 1,713 accounts compared to 1,070 in the last half of 2023/24.

## 2.8 Improvements Implemented

The improvement work in this area is overseen by a project board co-chaired by the Service Director: Finance and Procurement and the Service Director: Adult Social Care. Actions have been assigned to both Debt and Adult Social Care teams.

<b>Systems / Digital</b>	
<ul style="list-style-type: none"> <li>• New call management system implemented for Debt Team</li> <li>• Communication / workflow system put in place between Adults Finance Team (AFT) &amp; Debt.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved call management</li> <li>• Better customer experience</li> <li>• Reduced complaints</li> <li>• Improved internal communication / workflow between AFT &amp; Debt</li> </ul>
<b>Improved Team Management</b>	
<ul style="list-style-type: none"> <li>• Portfolio changes &amp; team performance</li> <li>• Improved team guidance in place within the Debt team, with staff training provided.</li> <li>• Enhanced reporting by category / sub-category (further granularity) in place to better track / understand debt.</li> <li>• Additional training &amp; support for team members in place, including bitesize tutorials.</li> </ul>	<ul style="list-style-type: none"> <li>• Raised Team performance (increase in actions)</li> <li>• More consistent approach and one that looks to achieve outcome or move to the next stage of recover sooner.</li> <li>• Improved more granular debt data which facilitates next recovery actions and where debt is in a process outside of the council's immediate control (probate, COP, property sale)</li> </ul>
<b>Detailed Reviews &amp; Process improvements</b>	
<ul style="list-style-type: none"> <li>• Detailed COP review &amp; process improvements implemented.</li> <li>• Detailed review of deceased cases, process changes implemented.</li> <li>• Legal review undertaken, changes implemented, and additional services procured.</li> <li>• Customer correspondence review completed, revised dunning letters and template letters produced including behavioural science nudges.</li> <li>• Implement changes identified within Audit report.</li> <li>• Review and update corporate Income Strategy, and guidance documents.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced timeframe over the end-to-end COP process once all changes implemented.</li> <li>• Deceased debt reviewed and tackled at earliest opportunity.</li> <li>• Identify toxic debt more quickly and take actions to resolve or write-off timely.</li> <li>• Reduce debt write-offs in the longer term.</li> <li>• Increased Council's options to improve recovery through external legal / trace services.</li> <li>• Improved controls in respect of debt management.</li> <li>• Policies that align with effective debt recovery and the council's wider ambitions.</li> </ul>
<b>Litigation / External Debt Recovery Agents</b>	
<ul style="list-style-type: none"> <li>• Increase use of external services, and analysing effectiveness of pilot, and undertake procurement if successful, as well as considering the purchase of Legal letterhead as a potential cost-effective solution.</li> <li>• Debt recovery agents procured to manage ASC cases via a softer approach with the council remaining in control.</li> <li>• Referral of cases to Finders International and associated solicitors.</li> </ul>	<ul style="list-style-type: none"> <li>• Better use of external services that assist the council to manage / reduce debt levels, reduce litigation costs whilst improve cashflow through timely recovery.</li> <li>• Reduce Bad debt write-offs where there are assets / estates that could cover billed charges.</li> <li>• Decrease Legal costs in the longer term.</li> </ul>
<b>Resources</b>	

<ul style="list-style-type: none"> <li>• Review Debt Team operating model to ensure the right level / skill level is effective.</li> <li>• Recruitment to vacant / additional funded posts within Debt &amp; Client Funds teams.</li> <li>• Increase training and development of staff to deliver high performing team.</li> <li>• Sign-posting of Appointees to external organisation to better manage increased referrals to the Client Funds Team, thereby reducing waiting list.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased skill and knowledge of staff to maximise opportunities to secure income and reduce doubtful debt.</li> <li>• Improved cashflow and assurance within the council in respect of debt management.</li> <li>• Reduced overheads to Council through signposting to other appropriate services.</li> </ul>
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## 2.9 Improvements pending and to be implemented

<b>Systems / Digital / Communications</b>	
<ul style="list-style-type: none"> <li>• Implement paperless Direct Debits to enable customers to sign-up online 24/7 or through phone contact with the Debt Team.</li> <li>• Implement severity level dunning to improve recovery process, analysing impact.</li> <li>• Rollout SMS notification service for ASC customers via an opt-in process to improve customer experience and reduce print costs.</li> <li>• Implement suite of improvements with Council core finance system (ERP) to standardise service and make more effect use of resources.</li> <li>• Direct Debit campaign (Increase Take-up)</li> <li>• Promotion / switch towards digital where possible (Paperless Billing &amp; Communications (email / SMS)</li> </ul>	<ul style="list-style-type: none"> <li>• Improved customer experience through use of modern technology and improved processes.</li> <li>• Reduction in councils costs and carbon footprint.</li> <li>• Maximising return through use of cost-effective third-party services.</li> <li>• Improved cashflow for the council through more timely payments.</li> </ul>
<b>Resources</b>	
<ul style="list-style-type: none"> <li>• Further review of Debt Team operating model during 2025/26 to ensure it is effective and resourced appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise opportunities to secure income and reduce doubtful debt.</li> <li>• Improved cashflow and assurance within the council in respect of debt management.</li> </ul>
<b>Litigation / External Debt Recovery Agents</b>	
<ul style="list-style-type: none"> <li>• Progression of further options available to the Council through Litigation avenues not currently utilised.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce Bad debt write-offs through exploring all legal avenues to secure payment.</li> </ul>

### 3. Conclusion and reasons for recommendations

- 3.1 The report sets out the current debt position for the Council, the challenges being faced, especially around Adult Social Care, and the actions taken / being progressed through the Debt Improvement project.

### 4. Source Documents

- Monthly Debt Information Packs & Detailed supporting papers
- Debt Improvement programme updates and analysis
- Assessment Monitoring Information Packs

Available on request from Finance and Resources Directorate, New Shire Hall. Please contact the report author.

### 5. Accessibility

- 5.1 The information contained in this report is available in an accessible format from the report author on request.

## 6. Appendices

### Appendix I – All Debt – Age Debt by Debt Status

#### Overall Age Debt by - Debt Status

[Include monthly / Annual Trent Analysis - Movement on Overdue] [£'000]

Debt Status	Current	1-30	31-90	91-183	184-365	366-730	730+	Grand Total	Overdue			Trend Performance	
									Current Month	Previous Month	Last Year	Monthly	Yearly
Automated Dunning Cycle	£0	£2,423	£8,823	£0	£0	£0	£0	£11,246	£11,246	£10,317	£14,979	9%	-25%
Awaiting Appointee / Court of Protection / Power of Attorney	£753	£394	£487	£754	£1,469	£1,021	£415	£5,294	£4,540	£4,595	£4,837	-1%	-6%
Ongoing Review	£443	£318	£726	£767	£1,258	£689	£607	£4,809	£4,366	£4,352	£5,138	0%	-15%
DCA Action - Ongoing	£12	£10	£14	£17	£41	£86	£62	£241	£229	£110	£42	109%	450%
Debt Team Dealing	£1	£12	£22	£1,982	£4,241	£4,199	£1,958	£12,415	£12,414	£12,734	£7,149	-3%	74%
Deceased - Pending Probate / Settlement of Account	£147	£153	£427	£552	£1,623	£1,846	£2,422	£7,171	£7,024	£7,317	£6,212	-4%	13%
Formal Complaint	£13	£6	£18	£33	£103	£14	£72	£259	£246	£213	£0	16%	0%
Full Cost Non-Disclosure	£10	£5	£12	£2	£0	£0	£0	£29	£19	£14	£107	38%	0%
Funding without Prejudice	£22	£13	£79	£28	£4	£1	£4	£151	£130	£152	£0	-15%	0%
Income Team Dealing	£76	£62	£160	£767	£54	£159	£342	£1,619	£1,543	£1,459	£1,650	6%	-6%
Legal Action - Ongoing	£103	£17	£34	£118	£150	£323	£1,064	£1,809	£1,705	£1,694	£1,346	1%	27%
Payment Plan	£152	£27	£78	£262	£351	£219	£322	£1,412	£1,260	£1,319	£1,317	-4%	-4%
Pending Write-off	£0	£0	£0	£2	£8	£7	£34	£51	£51	£87	£231	-41%	-78%
Pre Dunning Cycle	£11,282	£2,894	£0	£0	£0	£0	£0	£14,177	£2,895	£986	£4,076	194%	-29%
Secured Property Charge	£3	£3	£3	£39	£170	£29	£133	£381	£378	£332	£101	14%	274%
Unapplied Credit	-£52	-£285	-£472	-£255	-£271	-£291	-£765	-£2,392	-£2,340	-£2,332	-£2,158	0%	8%
<b>Grand Total</b>	<b>£12,966</b>	<b>£6,053</b>	<b>£10,411</b>	<b>£5,068</b>	<b>£9,199</b>	<b>£8,303</b>	<b>£6,670</b>	<b>£58,671</b>	<b>£45,705</b>	<b>£43,346</b>	<b>£45,026</b>	<b>5%</b>	<b>2%</b>

## Appendix II - Debt Breakdown for all Service Areas – By Debt Status

Service Specific Summaries by Debt Status - £,000	Finance and Resources		NHS Services		Adults, Health & Commissioning		Children, Education & Families		Place and Sustainability		Public Health		Strategy and Partnerships		Unapplied	
	Total	Overdue	Total	Overdue	Total	Overdue	Total	Overdue	Total	Overdue			Total	Overdue	Total	Overdue
Automated Dunning Cycle	£145	£145	£8,198	£8,198	£782	£782	£897	£897	£1,113	£1,113	£	£	£107	£107	£4	£4
Awaiting Appointee / Court of Protection / Power of Attorney	£	£	£	£	£5,294	£4,540	£	£	£	£	£	£	£	£	£	£
Awaiting Service Response	£28	£1	£191	£191	£4,442	£4,031	£54	£49	£93	£93	£	£	£	£	£	£
DCA Action - Ongoing	£13	£13	£	£	£227	£215	£1	£1	£1	£1	£	£	£	£	£	£
Debt Team Dealing	£635	£635	£10,076	£10,076	£1,266	£1,265	£110	£110	£316	£316	£	£	£5	£5	£6	£6
Deceased - Pending Probate / Settlement of Account	£5	£5	£	£	£7,166	£7,019	£	£	£	£	£	£	£	£	£	£
Formal Complaint	£	£	£	£	£254	£241	£	£	£5	£5	£	£	£	£	£	£
Income Team Dealing	£12	£12	£	£	£598	£528	£723	£718	£284	£283	£	£	£	£	£2	£2
Legal Action - Ongoing	£118	£118	£	£	£1,510	£1,407	£181	£181	£	£	£	£	£	£	£	£
Payment Plan	£73	£73	£8	£8	£819	£799	£76	£29	£433	£348	£	£	£	£	£4	£4
Pending Write-off	£	£	£	£	£43	£43	£2	£2	£	£	£	£	£	£	£6	£6
Pre Dunning Cycle	£1,266	£142	£1,264	£971	£2,866	£146	£1,861	£815	£6,578	£699	£107	£68	£176	£54	£58	£
Secured Property Charge	£	£	£	£	£371	£368	£	£	£10	£10	£	£	£	£	£	£
Unapplied Credit	-£9	-£9	-£1,069	-£1,069	-£500	-£459	-£23	-£20	-£114	-£107	£	£	-£8	-£8	-£667	-£667
<b>Grand Total</b>	<b>£2,285</b>	<b>£1,134</b>	<b>£18,668</b>	<b>£18,375</b>	<b>£25,319</b>	<b>£21,074</b>	<b>£3,882</b>	<b>£2,782</b>	<b>£8,717</b>	<b>£2,760</b>	<b>£107</b>	<b>£68</b>	<b>£280</b>	<b>£157</b>	<b>-£586</b>	<b>-£645</b>



# Audit and Accounts Committee Forward Agenda Plan

Agenda Item No: 11

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

- Minutes of previous meeting and Minutes Action Log
- Financial Reporting and Related Matters Update, covering progress with the production and audit of the Council’s statement of accounts
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update, Update on the value of the National Fraud Initiative and Risk Register
- Agenda plan
- Training plan

+ indicates a report which is exempt from publication

Meeting Date	Report title	Frequency of report	Lead officer/ Report author	Final reports to reach Democratic Services	Agenda publication
04/06/25	Annual Internal Audit Report 2024/25	Annual	Head of Internal Audit & Risk Management		27/05/25
	Global Internal Audit Standards Self-Assessment		Head of Internal Audit & Risk Management		
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	External Audit Plan 2024/25	Annual	KPMG		
	Debt Management Update	Biannual	Head of Finance Operations		
	Children, Education and Families Directorate Assurance Report	One directorate assurance report at each meeting	Executive Director: Children, Education and Families		
	Committee Training Plan	Each meeting	Executive Director of Finance and Resources		

Meeting Date	Report title	Frequency of report	Lead officer/ Report author	Final reports to reach Democratic Services	Agenda publication
23/07/25	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		15/07/25
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Finance and Resources and Strategy and Partnerships Directorates Assurance Report	Each meeting	Executive Director: Finance and Resources Executive Director: Strategy and Partnerships		
	Draft Annual Governance Statement	Annual	Service Director: Legal and Governance		
	Risk Management Policy and Strategy		Head of Internal Audit & Risk Management		
28/11/25	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		20/11/25
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Debt Management Update	Biannual	Head of Finance Operations		
	Executive Director Assurance Report	Each meeting	TBC		
05/02/26	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		28/01/26
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Executive Director Assurance Report	Each meeting	TBC		

Meeting Date	Report title	Frequency of report	Lead officer/ Report author	Final reports to reach Democratic Services	Agenda publication
26/03/36	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		18/03/26
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Executive Director Assurance Report	Each meeting	TBC		
21/05/26	Internal Audit Progress Report	Each meeting	Head of Internal Audit & Risk Management		13/05/26
	Financial Reporting and Related Matters	Each meeting	Head of Finance		
	Executive Director Assurance Report	Each meeting	TBC		



<b>AUDIT AND ACCOUNTS COMMITTEE TRAINING PLAN</b>			The Training Plan below includes topic areas for Audit and Accounts Committee approval. Following sign-off the training and development sessions will be worked up and scheduled.  The Constitution states that 'The Committee will ... maintain the technical capability to discharge the Audit and Accounts Committee responsibilities of the Council.'					Agenda Item No.12
Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Cllrs Attending (All or AAC only)	Attendance (including via L&D site):
1.	Election Induction Training: Audit and Accounts Committee	Basic introduction to the purpose of an Audit Committee, the Terms of Reference, frequency and agenda of meetings, where to find further information and introduction to key officers and partners.	High	22.05.25	Michael Hudson Emma Duncan Tom Kelly Mairead Claydon	Teams	AAC	Cllr C Galbraith Cllr B Goodliffe Cllr R Martin Cllr L Navarro Cllr C Poulton Cllr G Wilson
2.	Internal Audit	A focus on the role of Internal Audit, qualitative factors and measures, resourcing, risk-based approach including three lines of defence, as well as good reporting and follow up.	High		Mairead Claydon			
3.	The Annual Governance Statement and Statutory Officer Responsibilities	To include who are the statutory officers, what are they responsible			Emma Duncan			

		for, where is their role defined and what does that mean for the way we work.						
4.	Accounts (1)	Basic introduction to the format and content of the Council's Statement of Accounts	High	Before 23 July committee meeting	Tom Kelly/ Stephen Howarth			
5.	Accounts (2)	More in depth analysis of the content of the Council's Statement of Accounts, including Property, Plant and Equipment Valuations, Capital reporting and pension fund.			Tom Kelly/ Stephen Howarth			
6.	Treasury Management	This will inform members of the Council's Treasury Strategy, the reasoning behind risk, as well as how and where the Council invests / borrows its money. The cashflow forecasting employed and the accounting for treasury management.						
7.								
8.								

Potential e-learning modules:

1. Audit Landscape: Changes taking place around how external and internal audit are set out, delivered and governed are expected, including Codes of Practice.
2. Partnership Governance: How do we work with our partners; what difference factors do we need to consider in making decisions across partnerships.
3. Ombudsman: Which Ombudsman bodies cover local government; how do they operate and how do we respond.
4. Transparency & openness: why is this such an important principle of the public sector and what does it mean? How do we interpret and ensure we are in line with standards? Where do the 'grey lines' lie?
5. Skills Frameworks: This programme will focus on the core competencies of audit and finance, including risk-based audit, estimation and forecasting.
6. External & Internal Audit: Who are they, what are their powers, what areas do they look at, how are they different. Introduction to our auditors as well as plans of work and ways of reporting to Committee.
7. Risk Management: What is it, how do we do this and what is the role of councillors and this Committee in risk management.
8. Financial reporting: How the Council sets, monitors and reports its finances

