

**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** Tuesday, 24<sup>th</sup> September 2019

**Time:** 2.00 pm – 3.05pm

**Place:** Kris Viersen Room, Shire Hall, Cambridge

**Committee Members Present:**

Councillors: P Hudson, M McGuire, T Rogers (Vice Chairman), M Shellens, (Chairman), D Wells and J Williams

**Apologies:** Councillors S Crawford

Officers Present:

Ben Barlow – Pension Services Financial  
Manager

Chris Malyon – Chief Finance  
Officer/Section 151 Officer

Mairead Claydon – Audit & Risk Manager

Michelle Parker – Group Accountant

Fiona Coates – Pension Services Financial  
Manager

Rob Sanderson Democratic Services  
Officer

Mark Hodgson - Associate Partner Ernst  
and Young LLP

Martin Savage – Group Accountant

Neil Hunter – Head of Internal Audit

James Veitch – Democratic Services  
Officer Trainee

Tom Kelly – Head of Finance/Deputy  
Section 151 officer

Duncan Wilkinson Chief Internal Auditor

John Lee – Head of Integrated Finance

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

Apologies were received from Councillor Crawford

There were no declarations of interest

**211. MINUTES OF THE AUDIT AND ACCOUNTS COMMITTEE DATED 29<sup>TH</sup> JULY 2019**

The minutes of the meeting held on 29<sup>th</sup> July 2019 were agreed as a correct

record and signed by the Chairman.

## **MATTERS FOR FURTHER CLARIFICATION RAISED FROM THE MINUTES BY THE CHAIRMAN**

### **a) Minute 195 Minute Action Log Item Minutes 28<sup>th</sup> May C ) Item 10 Minute 183 Community Transport Action Plan Update b) paragraph 3.3 Social and Education Contract Management Checking**

The Audit and Risk Manager confirmed that the information from Social Education Transport Team (SETT) had been provided and sent to the Chairman. *(Note; included as Item 11 on the Minute Action Log.)*

### **b) Minute 200 Consultants Policy Review – Quarter 1**

The Chairman queried whether the number of agency/temporary staff employed would be included in the next report. The Democratic Service Officers stated that he believed that this information would be included in the report scheduled for the November Committee meeting but would check.

**Action: Rob Sanderson Democratic Services Officer**

### **c) Minute 201 Transformation Fund Monitoring Report Quarter 4 2018-19. (p.13, bullet point 1)**

The Chairman asked officers for information regarding the outcome of the pilot undertaken at ELY on SEND Total Transport. The Head of Finance stated that they did not currently have further savings in the business plan. In December it will be brought to the Committee with an investment bid.

### **d) Minute 205 - Internal Audit Progress Report – A3 Development Of Project Assurance And Project Management.**

The Audit and Risk Manager stated that she had sent an email requesting clarification on this action to the Chairman. *(Note; This was raised again in the minute log but the Chairman was not able to clarify what he had requested and therefore the action would not be able to be pursued further)*

### **e) Page 23 Minute 205 – Internal Audit Progress Report – Page 275 - A4 Performance Management.**

The Chairman raised concerns regarding how Policies were disseminated by managers to staff. The Chairman stated that there had been examples where this process had not taken place. He commented that all Officers should be aware of Councils policies. The Audit and Risk Manager stated that Internal Audit had performed a significant amount of work in this area. She highlighted that there was now a central policy page on the Intranet, which could be accessed by all Officers. Once a year they performed a review of key policies/procedures to see how they were incorporated into induction events and how they were publicised on the Intranet.

The Chairman asked Officers whether they performed an Audit of existing Officers to see if they knew how to access these policies. The Audit and Risk Manager confirmed that during the course of compliance audits, compliance with relevant policies was verified by Internal Audit and any issues with non-compliance which may stem from a lack of awareness are identified. In these instances, Internal Audit would recommend that services undertake further work to raise awareness of policy guidelines.

## **212. MINUTE ACTION LOG**

### **a) Item 6 – Minute 205 – Internal Audit Progress Report – A) Page 272-273 Fees and Charges Policy compliance third paragraph**

The Democratic Services Officer clarified that an e-mail had been circulated on the 19<sup>th</sup> September 2019 stating that total known fees amounted to £8.16m.

### **b) Item 6c) Minute 205 – Internal Audit Progress Report– Annexe B Regarding Outstanding Recommendations Over Three Months.**

In reply to a question from the Chairman, Head of Internal Audit confirmed that their target deadline was still 31<sup>st</sup> October 2019.

### **c) Item 6 – Minute 205 – Internal Audit Progress Report – C 2) page 303 Item number 5 Accounts payable – Multiple Supplier Accounts**

The Head of Internal Audit stated that a significant amount of work had already been performed on this action. He stated that the action was not expected to complete until the 23<sup>rd</sup> December 2019, which was the target date as set out in the action log.

### **d) Item 11 – Minute 183 – Community Transport Action Plan Update – B)**

A Member sought clarification regarding a discrepancy between the information found in the action log and the information found in the Community Transport Action Log Update Report. The Democratic Service Officer confirmed that this would be taken back to the Local Passenger Transport Manager for clarification. **Action: Democratic Services**

### **e) Item 12 – Minute 162 – Estates And Building Maintenance Inspections**

The Chairman sought an update on this action. A Member raised his concerns and stated that no progress had been made since the last time the Group Asset Manager had attended the meeting. A Member stated that they had spent £250,000 on the K2 system and it was still not functioning correctly. He suggested that they should ask for an

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update report that outlined the steps being taken to meet the February 2020 deadline.

The Head of Finance suggested that they could check the forward agenda plan of the Commercial and Investment Committee to see if they had a report scheduled. If not, the report could come to this Committee. **Action: Democratic Services**

**f) Appendix 1 - Item 3 Minute 201 – Transformation Fund Monitoring Report Quarter 4 2018-19**

The Chairman requested a progress report via email. **Action: Interim Head of Transformation**

**g) Appendix 2 – item 7 – minute 207 – Integrated Resources and Performance Report.**

The Chairman stated that he would like figures of the number of mental health service users who were not in paid employment and did not live independently. **Action: Head of Business Intelligence**

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**213. PETITIONS AND PUBLIC QUESTIONS**

None received for either by the County Council Constitution deadlines.

**214. STATEMENT OF ACCOUNTS PROGRESS UPDATE AND REQUEST FOR AN ADDITIONAL MEETING**

The Committee received a report providing an update on progress of the audit of the 2018/19 Cambridgeshire County Council Statement of Accounts. The Head of Integrated Finance stated that the current report focused on responding to the actions raised at the June Committee meeting as set out at in appendix 1 and 2 of the report.

Attention was drawn to paragraph 2.1.3 of the report which listed the main areas where audit work continued on the 2018/19 Statement of Accounts. The Audit team had now started to resolve any final audit queries and were responding to clarification questions from EY.

Additionally Officers were seeking the Committee's approval to schedule an additional Audit and Accounts Committee meeting on the 31<sup>st</sup> October 2019. This extra meeting would allow for Officers to present the final accounts with all audit adjustments and for EY to present their audit report.

In discussion Members raised the following:

- Asked if there had been any significant adjustments to the draft accounts since they was presented to the Committee in June 2019. The Head of Integrated Finance suggested that there would be some material adjustments. In answer to a question on the direction of these

adjustments, the Group Accountant stated that the adjustments would not impact the general position. A list of changes would be provided in the October report.

- Whether the officers would wish to flag up any other issues that had not been highlighted in the report. The Head of Integrated Finance stated that there were no other issues to raise at the current time. He suggested that there could be some potential adjustments around the Private Finance Initiative (PFI) financial model. He stated that once the final accounts had been completed, a report would be brought to the Committee outlining the audit adjustments and how they had impacted the accounts.
- The Associate Partner, Ernst and Young LLP confirmed that progress had been made with finalising the accounts. He commented that he supported the proposal to arrange an additional meeting. This would allow a thorough quality assurance process.
- The Vice-Chairman queried whether the accounts for previous years had yet been signed off by BDO. The Head of Integrated Finance confirmed that the value for money conclusion was still outstanding and therefore the audit certificate was as well. As a follow on, the Vice-Chairman asked whether there was anything the Chief Executive of Cambridgeshire County Council (CCC) could do to ensure that this would not happen in the future and whether BDO could be given a deadline for completion. The Head of Integrated Finance stated that it was a complicated scenario as BDO had to independently assess the objection to the accounts. He suggested that it would not be beneficial if CCC was seen to be imposing unnecessary leverage on the external auditors.
- The Vice-Chairman asked Officers when they would consider a complainant to be vexatious as the Council was receiving these complaints every year and as a result incurred considerable additional costs. The Head of Integrated Finance stated that he would take this away to the Monitoring Officer for legal advice. **(ACTION – Head of Integrated Finance)**
- The Head of Finance confirmed that the status of the objections to this years and last year accounts were still open. He stated that Officers had notified Public Sector Audit Appointments Limited (PSAA). He commented that they should now have the opportunity to process these complaints. The Chairman expressed his concerns and stated this process had been frustrating, taken a significant amount of time which had led to an increase in cost for CCC.
- The Chairman queried why the draft 2018/19 Statement of Accounts had not been completed. The Head of Integrated Finance stated that they had been a number of factors that influenced the completion of the draft statement of accounts, such as a shortage of staffing resources

who were also required to audit other authorities. He informed the Committee that a review of LGSS was taking place to address this resource shortage. He commented that going forward this process had allowed them to learn so they could improve the process next year.

- The Chairman stated that they did not want to be in this same position next financial year. He queried what internal processes could be undertaken to make sure that in future Officers could reach the arduous deadlines. The Head of Integrated Finance stated that they would arrange de-briefs with the auditors to identify the positive and negative aspects of the process and help identify where efficiencies could be achieved. He suggested that they should wait to see the outcomes of the LGSS Law review. The Group Accountant also highlighted that moving to a new IT system this year had caused some extra work but this was to be expected. She suggested that they would not be in this position next year as this had been a transition year with the new auditors and new IT.
- The Chairman queried the possible problems they could encounter next year. Mark Hodgson, The Associate Partner, Ernst and Young LLP suggested that the time scales for this process were challenging for both practitioners and auditors. He stated that they would arrange a debrief to identify improvements that could be made. The Chairman asked that the outcomes of this debrief should be brought to the Committee, which was agreed. **Action: Head of Integrated Finance / The Associate Partner, Ernst and Young LLP.**
- Mark Hodgson highlighted that once ERP Gold had fully settled in, it would make the financial reporting and auditing process more efficient. The Chairman queried whether the Associate Partner, Ernst and Young LLP was comfortable with ERP Gold. In response, he confirmed that he had nothing to draw the Committee's attention to.
- The Chairman asked Officers whether they needed additional resources and expertise. The Head of Integrated Finance suggested that he would have a conversation with the Head of Finance to discuss this, as he acknowledged that an increase in the number of officers / officer resource time would ease the workload of current officers.
- The Chairman queried the types of questions Officers had received from this year's audit compared to previous years. The Group Accountant confirmed that it had been similar to what they had received from BDO with Sample queries being time consuming as EY were still learning the Council's systems.

It was resolved to:

- Note the contents of the report.
- To agree to convene an additional Audit and Accounts Committee

meeting in October with the final accounts being the single agenda item to including the auditors reports to those charged with governance (ISA 260 report)

## **215. AUDIT AND ACCOUNTS COMMITTEE ANNUAL REPORT 2018-19**

The Committee considered a report outlining the Audit & Accounts Committee Annual Report 2018/19.

In discussion:

- The Chairman stated that he did not have any significant comments to raise.
- The Chairman queried as to why the pensions accounts had been signed off with so little difficulty. The Pension Services Financial Manager stated that they had more control over the processes in their organisation. This included having more resources which allowed them to work on the accounts throughout the year. He commented that they also had a custodian who looked after their funds and who provided them with information needed to produce the working papers. He concluded that the pension domain was very different and far less complex than the Local Authority (LA) Closedown process.

It was resolved to:

- a) note and agree the attached draft report
- b) Refer the Annual Report to the Council meeting on 15<sup>th</sup> October.

## **216. INTERNAL AUDIT PROGRESS REPORT FOR SEPTEMBER 2019**

The Committee received a report outlining the main areas of audit coverage for the period to 31<sup>st</sup> August 2019 and the key control issues arising since the last update provided to the Audit & Accounts Committee on 29<sup>th</sup> July.

Updates orally reported included:

On section 1 'Finalised Assignments' the Head of Internal Audit highlighted that currently not many assignments had been finalised due to resource issues, but work was being undertaken to progress them.

On section 2 'Fraud and Corruption', the Head of Internal Audit highlighted that with regard to whistleblowing referrals, there had been a higher instance of reporting compared to the previous year. He commented that this showed that the Council's Whistleblowing Policy had been embedded more effectively and was working well.

On section 3 'Implementation of Management Actions', the Head of Internal Audit highlighted that there been a comprehensive discussion at the last

Committee meeting regarding the number of recommendations outstanding. He stated that Internal Audit had been working closely with the Management team at CCC and positive progress had been made with clearing some of the outstanding actions.

Section 4 'Summaries of completed Audits with Satisfactory or Less Assurance' this was blank as no such reviews had been issued since the previous Internal Audit Progress Report.

On section 5 'Other Audit Activity', The Head of Internal Audit highlighted that the pressures and priorities relating to the Internal Audit Plan changed throughout the year and as a result the Plan was updated periodically. There was to be a meeting between the Chief Executive of CCC and the Chief Internal Auditor to discuss the current pressures on the Internal Audit Plan and how to address these. He stated that they would return to the Committee in November to inform them of the results of this meeting. The Chairman stated that the report should be brought forward and scheduled for the October Committee meeting as the November meeting had a busy agenda.

**Action: Head of Internal Audit** (*Post meeting note: on 1st October the Chief Internal Auditor informed Democratic Services that the meeting with the Chief Executive has been deferred and as there was no change to the data included in the September report the update report should be withdrawn from the 31<sup>st</sup> October meeting and would be included as part of the normal progress report to be submitted to the November meeting*).

In discussion:

- The Chairman sought more information regarding the National Anti-Fraud Network (NAFN). The Head of Internal Audit stated it was a national service that held data which was primarily used by the Trading Standard Service to share intelligence across organisations.
- The Chairman queried the outcomes of Cambridgeshire County Council's CCC's subscription to the NAFN and whether it was value for money. He also asked whether the Service was required to be a member. The Head of Internal Audit stated that he would take this away to confirm, but suggested that it was value for money. **Action: Head of Internal Audit to provide further information in an e-mail**
- The Chairman queried the number of unimplemented actions in the report. The Audit and Risk Manager confirmed that the proportion of implemented actions had increased and the number of actions not implemented had decreased since the last report. The Head of Internal Audit stated that they were satisfied with the progress made on the 15 outstanding management actions. He thanked the Joint Management Team for their cooperation with Internal Audit.
- The Chairman requested more information on the Contractual Management Policy and Guidance Audit, where Internal Audit had proposed to extend the planned time budget for the review to



undertake additional unplanned work. The Head of Internal Audit clarified that Internal Audit would work with the organisation to help develop draft policy guidance regarding contract management, as a value-added addition to this piece of work.

- The Chairman raised his concerns regarding the additional time being taken to complete the LGSS Law review due to delays in receiving the required documentation. The Head of Internal Audit stated that this process was under control and further follow up would be undertaken.
- The Chairman commented that Internal Audit had the right to receive the expected documentation for the LGSS Law Review. A Member stated that the Committee should continue to closely monitor the LGSS Law review. The Head of Internal Audit stated that they would bring a summary of this report to the Committee in the Internal Audit Update report once the work had been completed.
- The Chairman expressed his concerns regarding some of the Audits not opened set out in Annex A and asked when these were scheduled to start. The Head of Internal Audit stated that they had to wait for the resources to become available, indicating that the work would start in the New Year.
- A Member queried who would perform the internal audit follow-up if the Community Transport responsibility no longer rested with CCC. It was clarified that Community Transport was now under the remit of the Cambridgeshire and Peterborough Combined Authority (CPCA) and was currently delegated back to CCC. The Head of Internal Audit suggested that in theory this could be a shared audit between the Internal Audit teams at CCC and the CPCA, but did not have the necessary information to fully answer the Member's question. A Member stated that due to important nature of this contract, could Officers find out what would happen to the auditing process in the future. He suggested that the Chairman could communicate with the Chairman of the CPCA Audit and Governance (A&G) Committee. The Chief Internal Auditor confirmed that he would be able to pass any queries from the Chairman to the CPCA A&G Committee. **Action: Chairman / Chief Internal Auditor**
- Page 70-71 with reference to the full Audit Plan and the number of those audits not yet opened a question was raised on when the audit for street lighting was expected to start. It was explained that PFI (Private Finance Initiative) Lighting was not straightforward audit and as a result of the resources shortfall, this would not be until the new year.

## **Annexe B Regarding outstanding recommendations over three months**

### **Page 75 – Fostering Contract Management – Overpayments to Level 6 Carers**

- A Member sought more information on the status of this Audit. The Head of Internal Audit stated that the wording of the report could change to, 'Following this, payment could be challenged and specialist advice may need to be commissioned'.

### **Page 79 – Use of Consultants – Succession Planning**

- A Member queried whether this review only covered shared posts. The Audit and Risk Manager confirmed that the current evidence provided to Internal Audit indicated that this was the case. She stated that they would need to obtain more information from the Service Director of Business Improvement & Development to see if any further work had been performed. The Chairman asked Officers whether an update on the outcome of this review would be brought to the Committee. Officers confirmed that further updates would be included in Internal Audit Progress Reports to Committee as usual, once a revised target date was agreed. **Action: Audit and Risk Manager**

### **Page 75 – Fostering Contract Management – Inequality in pocket money and savings**

- The Chairman queried the revised target date for the agreement of a new Fostering Finance Officer post. The Audit and Risk Manager stated that the service had informed Audit that they believed that it was a realistic date.

### **Page 75 – Fostering Contract Management – Understanding of In-House vs IFA Costs:**

- The Chairman queried the revised target for this Audit. The Audit and Risk Manager stated that they had made good progress and were satisfied with the revised target date.

### **Page 75 – Annual Assurance on Risk Management – Directorate Risk Register are not up to date**

- The Chairman raised his concerns regarding the progress with this action. The Head of Internal Audit stated that a Risk Workshop had been arranged in October that should remove this from the outstanding recommendations list.

### **Page 76 – Transport Contract Management – Monitoring Schedule.**

- The Chairman expressed his concerns regarding the service's progress with implementing the recommended actions from this Audit. The Audit

and Risk Manager stated that an Officer from her team would work with the Transport team to analyse and improve the processes they had developed.

#### **Page 77 – Transport Contract Management – Financial Processes**

- The Chairman commented that the requirement for a data cleanse indicated that the existing data was inaccurate.

#### **Page 77 – Agency Staff Compliance 18/19 – Non-Compliance with Agency Worker Policy remaining unchallenged.**

- The Chairman queried what steps were going to be taken to resolve this. The Head of Internal Audit explained that the delay in providing the information was that the service were unclear as to what the recommendations were (hence the reference to the need for a follow up meeting referred to in the schedule).

It was resolved to:

Note and comment on the report

### **217. COMMUNITY TRANSPORT ACTION PLAN UPDATE**

The Committee received a report providing an update on progress made with the Community Transport Action Plan, following the previous updates to Committee on the 28<sup>th</sup> May 2019. The Audit and Risk Manager stated that Community Transport was now under the remit of the Cambridgeshire and Peterborough Combined Authority (CPCA) who had agreed funding for the provision of community transport but had agreed that the day to day delivery of the service had been given back to Cambridgeshire County Council (CCC) for 2019/20. The update proposed that as long as this function was carried out by CCC on behalf of the CPCA, the annual review of outcomes and benefits from grant awards report would still be expected to come to the relevant County Council Committee. (e.g. Economy and Environment Committee)

Arising from the report:

- With reference to number 86 on the Community Transport Action Plan Log reading “CCC should consider publishing Freedom of Information Act response via websites, therefore making these available to the public”. The Chairman asked for a progress update as the text indicated that both Councils were due to have reviewed it in July. The Audit and Risk Manager suggested that the December 2019 target was still correct but would check. **Action: Audit and Risk Manager to email confirmation of the target date still being December**
- A Member raised his concerns regarding the progress of the Reclamation of public funding. The Chief Internal Auditor stated that

he could not provide the Member with a timeline as this was being led by the Chief Finance Officer and Service Director Highways and Transport and the Fenland Association Community Transport (FACT). In answer to a question, he confirmed that the funding had not been in accordance with European Union (EU) Laws, therefore Officers were trying to recover the funding. The Member and the Chairman agreed that it would be beneficial to have had a provisional target completion date. The Chief Internal Auditor understood that a report on the issue was timetabled to come forward to the November meeting but would check. **Action: Chief Internal Auditor to liaise with Chief Finance Officer**

It was resolved to:

- Note the progress with the Action Plan and confirm that they agree for the action outlined at Section 3.2 be closed.

**218. FORWARD AGENDA PLAN UPDATE 16<sup>TH</sup> SEPTEMBER 2019**

Noted.

It was agreed to arrange an additional Audit and Accounts Committee meeting on the 31<sup>st</sup> October 2019. **(Action – Democratic Services Officer)**

**219. DATE OF NEXT MEETING 31<sup>ST</sup> OCTOBER 2019**

**CHAIRMAN  
31<sup>ST</sup> OCTOBER 2019**