

AUDIT AND ACCOUNTS COMMITTEE



Tuesday, 24 September 2019

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

14:00

Shire Hall
Castle Hill
Cambridge
CB3 0AP

**Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP**

AGENDA

Open to Public and Press

- 1. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 2. Audit and Accounts Minutes 29th July 2019** **5 - 26**
- 3. Minute Action Log update** **27 - 42**
- 4. Petitions and Public Questions**

DECISIONS

- 5. Statement of Accounts Progress Update and request for an additional meeting** **43 - 52**
- 6. Audit and Accounts Committee Annual Report 2018-19** **53 - 60**

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| 7. | Internal Audit Progress Report for September 2019 | 61 - 80 |
| 8. | Community Transport Action Plan Update | 81 - 86 |

INFORMATION AND MONITORING

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| 9. | Forward Agenda Plan update 16th September 2019 | 87 - 94 |
| 10. | Date of Next Meeting | |

The Audit and Accounts Committee comprises the following members:

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

Councillor Sandra Crawford Councillor Peter Hudson Councillor Mac McGuire Councillor David Wells and Councillor John Williams

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Rob Sanderson

Clerk Telephone: 01223 699181

Clerk Email: rob.sanderson@cambridgeshire.gov.uk

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AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: Tuesday, 29th July 2019

Time: 2.00 pm – 5.15 pm

Place: Kris Viersen Room, Shire Hall, Cambridge

Committee Members Present:

Councillors: I Bates (substituting for Councillor P Hudson), N Kavanagh (substituting for Councillor S Crawford), M McGuire*, T Rogers (Vice Chairman), M Shellens, (Chairman), D Wells* and J Williams*

*For part of meeting

Apologies: Councillors S Crawford and P Hudson

Officers Present:

Amanda Askham, Director of Business Improvement and Development (Minute 203)	Fiona Mc Millan Joint Director of Law and Governance
Sarah Haig HR Manager (Minute 200)	Rob Sanderson Democratic Services Officer
Mark Hodgson Associate Partner Ernst and Young LLP (Minutes 197-199)	Anna Syson, HR Business Partner (Minute 200)
Graham Hughes Place and Economy (Minute 204)	Julia Turner Interim Head of Transformation (Minute 201)
Neil Hunter Deputy Head of Internal Audit and Risk Lead Minutes (Minutes 204-206)	Duncan Wilkinson Chief Internal Auditor (Minutes 204-206)
Tom Kelly Deputy Section 151 officer	Lou Williams Service Director Children and Safeguarding (Minute 202)

192. DECLARATIONS OF INTEREST

Councillor Bates declared a non-disclosable interest in Item 8 titled 'Internal Audit Report- Ely Bypass Project' as the Chairman of the Economy and Environment Committee.

193. MINUTES OF THE AUDIT AND ACCOUNTS COMMITTEE DATED 28TH MAY 2019

The minutes of the meeting held on 28th May 2019 were agreed as a correct record and signed by the Chairman.

194. MINUTES OF THE AUDIT AND ACCOUNTS COMMITTEE DATED 11TH JUNE 2019

The minutes of the meeting held on 11th June 2019 were agreed as a correct record and signed by the Chairman.

195. MINUTES ACTION LOG

Updates and issues raised included:

MINUTES 11TH JUNE

A) Item 1 – Minute 188 Debt Recovery – Level of Outstanding Debt Update b) Page 6 tables showing invoices raised and cleared

Democratic Services would be going back to the Head of Revenue and Benefits as the reply provided did not clarify the original question raised regarding whether the % shown by volume was invoices processed that month or due that month. *(post meeting note: it was clarified with the officer post meeting that the figure is the total raised and cleared as a year to date, so all in year only. **Action now completed**).*

MINUTES 28TH MAY

B) Item 7 Minute 178 Minutes Action log -Item 6 Page 28 – Estates and Building Maintenance Inspections

Regarding checking that the Chairman was still receiving monthly updates on progress on updating the leases register, Democratic Services were able to orally confirm that three updates had been sent (May, June and July) the latter having been sent on 26th July 2019. **(Action completed).**

**C) Item 10 Minute 183 Community Transport Action Plan Update
b) paragraph 3.3 Social and Education Contract Management Checking**

Regarding the follow up on whether there had been any known breaches which the Deputy Head of Internal Audit – Lead on Risk had undertaken to ascertain, an oral update from Neil Hunter indicated that as set out on the action log, Internal Audit had approached the SETT Team for the information and at the time of the meeting they were still awaiting a response. **This was therefore still an outstanding action.**

D) Item 31 reading ‘Annual Review of Outcomes and benefits from the grant awards will be reported to E and E Committee’

In response to a request for the report to be sent to the Chairman when available, Democratic Services had sought a response from the Head of Community Transport *(Post meeting note: the original reference in the report*

*was no longer appropriate as now that the Combined Authority had taken over responsibility for grant awards for Community Transport, E and E Committee would no longer be receiving such reports. **Action closed***

Minute 185 Integrated Resources and Performance Report for the year ending 31st March 2019

E) Item b) Page 119 Table on the number of service users supported by key care budgets – agreed to share the Children and Young People Finance and Performance Report which contained more detail

The report was circulated by Democratic Services on 22nd July. **Action completed.**

F) Item c) Page 148 - Abbey Meadows School - more information requested on why the substantial works required to be undertaken had not been identified earlier

The Committee had been sent an e-mail earlier that day. This indicated that the previous round of condition surveys was in 2012 and most of the issues were not known at that time. The items picked up were highlighted in a specific, targeted condition survey undertaken as part of the due diligence process when Abbey Meadows was known to be converting to an Academy. The current plans were to undertake the works during the summer of 2020. **Action request completed.**

G) Item 15 – Integrated Resources and Performance Report to end of December 2018 - Minute 169 - LGSS Law dividends more detail on why they had not been received for two years – Original action from 28th March 2019 Committee meeting

The Committee had been sent an e-mail earlier that day which explained that LGSS Law made a loss in the year ending March 2018, and had retained losses during 2019. In those circumstances, with a negative balance sheet, it was not possible for the company to pay a dividend. The company was targeting break-even results in 2019/20, after a significant turnaround to reduce costs, increase prices ahead of inflation and substantially improve fee-earner utilisation. After a period of management changeover at the firm, the company was now breaking even on a month to month basis, or delivering a small profit. However there would need to be an increase in external work delivered in order meet the budget, and the company would need to return to sustained profitability before paying a dividend again. With this update, **Action completed.**

With the updates provided as set out above, the Minute Action Log was noted.

196. PETITIONS AND PUBLIC QUESTIONS

None received for either by the County Council Constitution deadlines.

CHANGE IN ORDER OF THE AGENDA

In order to allow the External Auditor to attend another meeting and with the agreement of the Committee, the Chairman changed the order of the agenda to take Item 10 '20128-19 Cambridgeshire Pension Fund – External Audit Results report' Item 11 'Pension Fund Accounts' and Item 12 'Statement of Accounts Update' as the next items on the agenda.

197. 2018-19 CAMBRIDGESHIRE PENSION FUND – EXTERNAL AUDIT RESULTS REPORT

Mark Hodgson the external Auditor Lead for Ernst and Young (EY) in presenting the report thanked the Pensions and Finance Officers for their excellent co-operation during the Audit. In his presentation he drew attention to the following:

- **Materiality** – based on their material measure of gross expenditure on provision of services, EY had updated the overall materiality assessment to £31.9m. From the work undertaken at planning in relation to prior year audit findings and respective file review, they had concluded performance materiality could be increased from 50% to 75% of the overall materiality of £23.9m, with an updated threshold for reporting misstatements of £1.6 million.
- **Page 200 – Significant risk – Misstatement due to error or Fraud** – None identified.
- **Page 201 Investment Income and Asset Valuations - Investment journals – key areas where management had the opportunity and incentive to override controls** – None identified.
- **Page 202 Unusual Investments Cambridge and Counties Bank and Cambridge Building Society** – having employed an expert external auditor to review these, EY were comfortable with the approach taken and had nothing to bring to the Committee's attention.
- **Page 203 Valuation of Complex Investments** – Nothing to bring to the Committee's attention.
- **Page 2014 New ERP System** – having tested opening and closing balances EY had not identified any issues. The same amount of work would not be required in this area in year 2.
- **Pension Liability Assumption** – as noted in the Executive Summary, a national issue (known generally as the McCloud ruling) had resulted in a late change to the pension fund accounts and IAS26 fund liability disclosure regarding the ruling on age discrimination arising from public sector scheme transitional arrangements. The Supreme Court on 27th June rejected the Government's appeal. The Actuary had estimated the impact of the case on the present value of promised retirement benefits

increasing the value by £9m which had been disclosed in the Pension Accounts included as the next item on the agenda under note 20.

- **Page 206 set out details of new Accounting standards required to be followed.**
- **On the Executive Summary Page 197 – status of the Audit** – an oral update indicated that as discussed during the presentation the Mc Cloud / Guaranteed Minimum Pension issues had now been resolved and IAS26 disclosure testing and Investment income testing completed. There were no corrected mistakes and no uncorrected mistakes or issues identified from the work on the Audit requiring management responses. The next four bulleted actions listed still required completion by EY.

As no significant changes need to be brought to the Committee's attention, EY would be able to issue an unqualified Audit opinion on the Pension Fund accounts.

The Chairman and Vice Chairman both extended their gratitude to the Pensions Team and EY for the work involved and for being able to bring forward the accounts for approval within the required timescale. The Chairman indicated that they were the 'cleanest' set of accounts he had seen since undertaking the chairmanship of the Committee.

It was resolved:

To note the report from EY.

198. PENSION FUND ACCOUNT

The Pension Fund accounts was presented for approval by the Committee and followed on from the previous report. As the External Audit Report had not identified any issues requiring a management response, no cover report had been deemed necessary by the Pensions Team.

Issues raised in discussion included:

- Page 235 – Notes to the Pension Fund Accounts – regarding the table providing details on members included in the Fund, the Chairman expressed surprise that the number of County Council employees showing at 31st March 2019 compared to 31st March 2018 had increased, as he would have expected the number to have fallen due to the effect of redundancies. He asked that this be checked. **Action: Democratic Services to raise with Pensions Officers**
- Asking for a definition of 'Undecided Leavers'. The Vice Chairman indicated that these were employees who had not yet decided when

they would leave employment and so their details could not be estimated in terms of including the information in the accounts. **Action: Democratic Services would seek a formal definition from Pensions Officers outside of the meeting.**

- In reply to a question on what the costs were for activities associated with the Access Pool, in terms of administration, these were currently £120k per participating authority.
- The Chairman indicated he had a few queries on certain figures that he would take up with Pensions Officers outside of the meeting.

Having considered its contents it was resolved unanimously:

To agree the Pension Fund Accounts for the year ended 31st March.

199. 2018-19 STATEMENT OF ACCOUNTS AND CLOSEDOWN UPDATE REPORT

The Chairman had agreed to take this update note which had not been available at the time of the original agenda despatch as a late item under the discretionary powers available to him under the Local Government Act 1972 as the Committee required to be appraised of progress and the proposed, revised timescale.

The full Council accounts had not been able to be completed and available for consideration and sign off at the current meeting for the reasons set out in the latest note which provided details of the progress being made. The update proposed that they should be presented to the next Committee meeting scheduled for 24th September. Mark Hodgson confirmed this revised date as an appropriate timeframe.

As an oral update it was reported that an objection to the 2018-19 draft accounts had been received and would be considered in the normal way.

The Update was noted.

200. CONSULTANTS POLICY REVIEW – QUARTER 1

As the report presenters were already at the meeting and as they were short reports, this report and the report listed after it (Transformation Fund Monitoring Report) were moved up the agenda and taken next in the running order.

In 2018 an internal audit was undertaken on the use of consultants which had identified concerns about compliance with the Consultant policy and a

potential risk that the Council was not achieving value for money. As a result, the Consultants Policy has been reviewed, strengthened and approved by the Council's Joint Management Team (JMT) in March 2019. The revised Policy had been included as Appendix 1 to the report.

The current report outlined the implementation of the Policy and provided monitoring information on its operation in Quarter 1 (April to June) highlighting that 26 consultants had been engaged during the period. 11 assignments had come to an end or as part of the review. At 30th June there remained 15 engagements, each with a planned end date. The details of consultant placements and their expected end dates were provided in tables in the report.

Issues raised included:

- What had been done to improve the cost codings of consultants to ensure that all had been taken account of, as previously they had been difficult to identify? The Policy now required all consultant costs to be included in a specific code on ERP Gold.
- Regarding the Historic Environment Placement on Museum advice, there was a request for more information to be circulated outside of the meeting on the museum involved, and the work being undertaken.
Action: Sarah Haig / Anna Syson
- Whether there was a list of consultants that Directors could refer to when considering such engagement? This was either provided by OPUS LGSS or the Procurement framework. Attention was drawn to the diagram in Appendix 1 to the Policy titled 'Process to engage a consultant'
- In reply to how the consultant employed for LGSS Digital Services was being paid, this was through Mosaic engaged by OPUS LGSS.
- In reply to a query on how information was obtained on the number of agency staff employed, the information could be provided by OPUS LGSS. There was a request that information on agency / temporary staff should also be included in the next update report, which it was confirmed would come forward to the Committee's November meeting. On agency staff e.g. social workers, IT specialists, this should include details of numbers employed by directorates, length of engagement and the total spend. **Action: Sarah Haig / Anna Syson**
- On page 86 table listing the two ongoing consultants in the Schools intervention Service, it was clarified this was in relation to providing schools with resources and advice to help with required improvements following OFSTED inspections. Each of the five associate advisers referred to brought in different specialisms and were brought in as and when required.

- A question was raised on whether there had been cases of staff having been made redundant and consultants employed to undertake the work of the departed staff and whether any analysis had been undertaken on whether the Council gained or lost financially by such activity. While no analysis had been undertaken, when the engagement of a consultant was being proposed, the new system required information to be provided on the tasks to be undertaken.

It was resolved:

- a) To note the current summary on the use of consultants and the implementation of the new Consultants Policy.
- b) To receive the next update at the November Committee meeting.

201. TRANSFORMATION FUND MONITORING REPORT QUARTER 4 2018-19

This report outlined progress in delivery of the projects for which transformation funding had been approved at the end of the fourth quarter of the 2018-19 financial year. Paragraphs 4.2 and 4.3 providing details on additional temporary staff employed on the projects and the redundancy figures for the last three years with paragraph 6.1 providing details of the Transformation Team resources which was in response to questions raised at previous meetings. It was confirmed that there had been no redundancies as a result of the current Transformation projects.

Regarding the two projects showing as red the reasons given were as follows:

- Dedicated Social Work and Commissioning Capacity Learning Disability C/R .5.003 – This was a phasing issue but was now expected to provide an additional £800k of savings and with the addition of this amount the overall rating would no longer be rated as red.
- Housing Review C/R.5.006 – This project had not yet started but would not be red in the current financial year and was just a phasing issue as expected savings had been delayed and money had to be spent upfront in advance of savings being made. No investment had yet been drawn down for the project. Two additional projects were agreed at the General Purposes Committee in respect of a) supporting Resilience and Independence in SEND Environment (RAISE) and b) approving the drawdown of £147,000 to support the development of the acquisitions and investment activities outlined within the Commercial Strategy 2019-21. There were two to three further projects in the pipeline.

In discussion:

- One Member suggested that in the drive to save money through transformation projects there could be a longer term consequence of decisions made which could result in greater costs to the Council. He

asked whether when agreeing a project the broader issues were looked at in terms of overall long term cost. It was explained that, that was one of the reasons why some projects were delayed. The officer would discuss with the Member outside the meeting any particular issues he had and also provide more detail regarding the delayed project referred to. **Action: Julia Turner to liaise with Cllr Kavanagh.**

- The Chairman asked what was the outcome, if any, of the pilot undertaken at Ely on SEND Total Transport? Officers were currently looking at transport provision for all children across Cambridgeshire and Peterborough and this going forward might require more resourcing.
- A presentation suggestion by the Vice Chairman was that projects should not be allocated money and were not listed and until they were ready to go as this would avoid some showing as red.

It was resolved:

To note the report and the impact of transformation fund investment across the Council.

202. SERVICE DIRECTOR REPORT CHILDREN AND SAFEGUARDING

Further to a request at a previous Audit and Accounts Committee a report was received which had already been agreed at the Children and Young People Committee on 9th July which updated progress on key performance areas within Children's Services and the work undertaken in respect of the development of the Family safeguarding model. The cover report provided details of the discussion undertaken at that Committee.

In presenting the report the Service Director, Children and Safeguarding Lou Williams highlighted the progress made following the large scale restructure of Children's Services undertaken in November / December 2018. In January they had received an inspection by OFSTED which had given a good but required improvement rating and a good rating for management. OFSTED had revisited the Service six weeks ago and indicated that it was progressing well and moving in the right direction.

It was highlighted that the Family Safeguarding Model had secured additional Government funding for the first year of £2.4m to pay for additional practitioners and subject to being able to show progress was in line to receive a further £1.6m in year 2.

There were still issues with recruiting experienced social workers. Officers were looking at possible incentive schemes such as bonus payments each year over three years to encourage them to stay as opposed to giving a golden introductory handshake.

In debate issues raised included:

- Referencing the Finance and Performance Report elsewhere on the agenda the Chairman highlighted that the number of Looked after Children (LAC) / Children in Care (CIN) had increased when he had previously been informed measures were in place to reduce numbers. It was explained that the numbers for LAC had increased partly due to 16 non accompanied asylum seeking children arriving in the County in the last six weeks and also there had been an unusual event that could not have been predicted with a young person being stabbed by another young person which had required other related children to be taken into high cost secure care. The expectation was still that numbers would fall in the longer run.
- On the issue of recruitment of social workers and whether collaborative work could be undertaken with other authorities, this was a very competitive market, with for example Northamptonshire and Lincolnshire paying a lot more than Cambridgeshire. There had been a measure of co-operation regarding employing agency staff with the charge rate having been capped.
- On the above, a question was raised regarding whether the National Training Programme could help. It was explained that recruiting newly qualified social workers was not an issue as enough were always recruited. It was experienced social work staff and their retention being the issue.
- On social work caseloads while the aspiration was to reduce them to 15, the current target was to ensure that caseloads for most social workers was not more than 20 for child social workers except for those in assessment teams where 25 was considered acceptable. The caseload figures on page 53 for the week ended 14th June showed that for many teams they were mostly at, or close to target and the Department for Education additional money referred to earlier, would help in this respect.
- With reference to paragraph 212 and 213 on page 54 regarding a question on the targets for overdue visits to children these were given as:
 - Children in Need 95% of visits due
 - Children In care 98% of visits due
- Paragraph 2.43 – The Chairman suggested it would be helpful in future reports if the current figures and targets were shown. (Children looked after who would otherwise be at risk of significant harm) In reply it was indicated that this would not be an easy indicator to provide a target for, as this had to be assessed case by case.
- Page 56 para 2.21 an explanation was requested for the text reading “There is a range of evidence indicating that Cambridgeshire seeks to work with too many children...” This was in relation to the number of

children Cambridgeshire worked with compared with its statistical neighbours and in terms of spend on CIN. This was also evidenced in the table on page 59 under paragraph 2.33. It was considered that some children's needs could be provided by statutory services. The dedicated teams now working with children, a feature of the re-structure were expected to help drive improvements which could be evidenced by the next update report.

- With regard to a query on providing a target date for the improvements talked about, an example of improvements already made was outstanding Child Protection Plans which eight weeks ago were at 570 and had now fallen to 520 with an aspirational target of reducing them to 450. Children in Need (CIN) was a more difficult area and conversations were needed with schools regarding why some, in the most affluent areas in the County, had higher rates of CIN.
- Page 71 Appendix 2 on the Action plan on the first target "to achieve a minimum of 80% of qualified social worker and front line team manager posts by end of calendar year" in answer to a question on why not a 100%, it was what was achievable.
- On the second target "Increase in applications for qualified and alternatively qualified staff" it was suggested this should have a number target.
- Page 73 how would these be measured – by Auditing and DIP sampling with some, being more qualitative.
- Page 81 deadline for "Audits completed as part of the rolling audit and QA Framework" - required a date to be inserted.

The officer was thanked for an excellent report which the Committee was happy to note.

203. ANNUAL RISK MANAGEMENT REPORT

The Committee received a report reporting on the Council's risk management approach during 2018-19. The Corporate Risk Register ended the year with 10 risks with none added or removed during the year. Of the 10 scored risks 9 had the same score at the end of the year as at the beginning with the one risk score that had worsened being risk 6 "*our human resources and business systems, CCC and providers are not sufficient to meet business need*" For this there had been an increase in the probability score assigned at the end of the year compared to the beginning of the year as a result of issues with ERP Gold with the residual risk moving from 12 to 16.

Paragraph 2.3 provided details of changes proposed and agreed by General Purposes Committee following a review of the Corporate Risk Register by the

Corporate Risk Group (CRG). A table in paragraph 3.2 showed the directorate risk position as at 31st March 2019.

Paragraph 4.1 highlighted that Internal Audit had given good assurance on the adequacy of the risk management system, following a review undertaken during 2018/19 stating that the Council had clear risk management policies and procedures and risk was managed appropriately across the majority of the Council. The audit also gave good assurance on compliance with those policies and procedures, particularly at a corporate risk level.

In discussion:

- Paragraph Risk 6 2.2 *Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need* - further explanation was sought on why the risk had worsened (regarding issues with ERP Gold) as the risk could not be determined. **Action: Amanda Askham to provide more information in an e-mail outside of the meeting**
- Paragraph 3.2 - Regarding a question on whether there was an update on the directorate risk table, as an annual report it would only go up to 31/03/ 19.

Page 151 – Risk 01 - Vulnerable children or adults are harmed.

On control 1 it was confirmed that checks were being made to ensure multi agencies were reporting on a regular basis. There was a request to check that support was being received from all relevant parties. *Post meeting Note: the check was made and it was confirmed that this was the case.*

Page 153 - Risk 2 –‘The Business Plan’

The Chairman asked on the timescale regarding the £5m overspend. The Deputy Section 151 Officer explained that this reflected overspend forecast to the end of the year. The final figure was in fact £3.3m.

Page 155 Risk 3 - ‘Personal Data is inappropriately accessed or shared’

Regarding the target dates shown for the action plans which had now passed it was explained that there were GDPR issues on some contracts. However most controls were now complete.

Page 157 Risk 4 - ‘A serious incident occurs preventing services from operating and / or requiring a major incident response’

On a question on when the IT Disaster Recovery Plan was last tested this was in February / March which included loss of power.

Page 159 Risk 5 – ‘The Council does not deliver on its statutory or legislative obligations’

It was highlighted that Control 5 had been updated to take account of legislative changes. The Chairman suggested on Triggers add a new one 'insufficient Finance'.

Page 161 Risk 6 - 'Our Resourcesare not sufficient to meet business need'

There was a query that as the risk had increased from 2 to 4 whether it was shown correctly.

Suggested additions were:

- Suggested additional likelihood factor - rapid legislation changes
- Additional trigger - contractors see us as major risk and stop bidding

Page 165 Risk 8 - The Council is a victim of major fraud or corruption

- Suggested additional control – separation of request and payment

Page 167 – Risk 9 – 'Inequalities in the county continue

The Director of Business Improvement and Development was going back to General Purposes Committee in October for further consideration on this risk.

In discussion:

- It was highlighted that the Target dates required to be updated.
- A suggested Trigger was in respect of the rich part of county accelerating more rapidly than poorer areas – potential consequences – it will become more difficult to close the gap.

The report author undertook to take back the suggested changes to the Corporate Risk Group and if necessary refer them on to Joint Management Team (JMT) and report back to a future meeting with their conclusions.

Risk 10 – Change and Transformation of services is not successful

Add target date.

Suggested risk - if partners change and we don't.

Risk 11 – Impact of the Brexit Risk Assessment

The Officer indicated this required more work and was going back to JMT. The comment was made that this needed to be co-ordinated with the work being undertaken by Adrian Chapman the Council's lead on BREXIT.

The reported was noted with the suggested changes.

204. INTERNAL AUDIT REPORT – ELY BYPASS PROJECT

Following a request from the Economy & Environment Committee for Internal Audit to review the cost increases of the Ely Bypass Project and provide 'lessons learned', Committee considered the Internal Audit Report.

It was explained that the length of the report was in order to provide the Committee with context and understanding regarding Internal Audit's conclusions and recommendations.

The report summarised the project by explaining the governance processes at key stages in the project's life cycle: Procurement; Stage 1 – Developed Design; Stage 2 – Technical Design and Build; and Monitoring. There were two main areas of weakness which were identified during the course of the audit: Timescales and the (resultant) use of New Engineering Contract (NEC) Option D within a design and build contract.

The report indicated that Internal Audit had given a limited assurance rating over the Control Environment in place, and a satisfactory assurance rating on Compliance. Internal Audit concluded the evidence throughout the course of the Project was that there had been effective review and scrutiny of costs / performance and that the Council received Value for Money on the delivery of the scheme with the payments made being a fair price for what had been built.

The causes for the expenditure exceeding the approved budget was considered to be the clear desire of key stakeholders to get the Project completed in the shortest timescales possible, with the Project Board agreeing, against professional officer advice, a shorter design and tender period which resulted in the form of contract used and resulted in the original cost estimate not being sufficiently robust. As a result the true costs of the Project were not sufficiently known to officers or Members at the time the budget and project was approved. Internal Audit concluded that this was not an over-spend but an under-provision of the approved budget given the contingent unknowns at the time the budget was approved.

The Budget agreed in 2016 was £36m with the decision to award the stage 1 contract agreed by Economy and Environment Committee in July 2016 on the basis that the tender bid agreed was judged to be the most economically advantageous tender and fell within the budget. When this decision was made the Committee also agreed to delegate the decision to commence the second stage of the contract to the Executive Director in consultation with the Chairman and the Vice Chairman of the Committee. The caveat being that should the construction target price be significantly higher than the tendered construction price, the decision to trigger construction should be referred back to the Committee. The term "significantly" was not specified / defined. In hindsight the variation would in Internal Audit's opinion be considered to be significant. However, as the delegation was adhered to and as the Constitution did not place any monetary limit on Members' decision making powers, the report

concluded that the delegation was discharged appropriately in consultation with the Chairman and no breach of the delegation had occurred.

The increase in costs as explained in section 4.3 resulted from under assessing initially the requirements in terms of the piling costs of the viaduct and rail bridge with other contributory costs being the earth works and the large increase in structural steelwork costs. The increased costs of the Project were not reported to the Economy and Environment Committee until April 2018 when the final figure had increased to nearly £49m, with the additional £13m agreed by General Purposes Committee in May 2018.

The Internal Audit work had shown that the costs incurred and paid for were supported by evidence as necessary, were in accordance with the Contract and had been scrutinised by the Project Team. Internal Audit highlighted in the oral presentation that even though the Committee had not been given the opportunity to challenge the increase in costs at an earlier stage which was consistent with the Committee's prior delegation, they concluded that the Council had paid the right amount regarding the Project that had been delivered.

One of the recommendations suggested in the Internal Audit Report to go forward was that where there were cost increases, a defined level of variation should be explicitly set where Committee approval was required and the Committee should be provided with regular update reports to keep them fully and transparently informed to enable possible challenge on cost assumptions originally made.

Graham Hughes the then Executive Director Place and Economy indicated that the Internal Audit report was a very fair description of the Project history and he fully accepted the six recommendations proposed to be passed on for consideration by the Economy and Environment Committee.

In discussion:

- The Chairman made clear he did want to question the priority given to the project as that was a political decision.
- One Member expressed the opinion that the Council had been let down by the actions of the Project Board not requesting up to date figures and went on to suggest that as it was a one party board there was no effective scrutiny / challenge.
- Reference was made to the over-run cost of the British Rail bridge and the problems Network Rail had encountered when building it, which should have been a warning of the structural difficult conditions that were being faced. This issue should have been taken into account in assessing the cost and feasibility of the Project, which as far as the Member recalled, who was also a member of the Economy and Environment Committee, had not been reported to that Committee.

- The point was made by several councillors that the Project itself was very much welcomed by local residents and was and continued to be a very successful project in terms of what it had set out to achieve.
- Several Members stated that due to the length of the report, which some considered overlong, it would have been useful to have had a more concise executive summary and the Chairman suggested that presentation wise it was not up to the standard the Committee expected. However no Member was disputing the recommendations of the Internal Audit Report
- In answer to a question on whether some of the additional costs could have been absorbed by the contractor rather than the County Council. Officers scrutinised the costs carefully and in some cases reduced the claims from the contractor but it was appropriate to pay for the work carried out. A longer design period would have given more time to enable greater accuracy in estimating the costs involved, as the shorter timescale effected the quality of the estimates and put the additional cost risk on the Council.
- The fact that Members had put pressure on the officers and had ignored professional officer advice was a particular concern to the Vice Chairman and he hoped that it was not common practice.
- The Chairman of the Economy and Environment Committee explaining some of the history of the Project highlighted that there had been considerable scrutiny regarding getting the design right due to the sensitivity of its location which included input from English Heritage, the Inspector of Planning and the Secretary of State. He highlighted the point already made by the Internal Audit Report that the Project was value for money and had been value engineered being a very large engineering project that went over a river and two railway lines and welcomed the report. He also made reference that not only was it an economic benefit to the County, but also afforded excellent views for those walkers using the bypass and he was personally extremely proud of the Project. He also made the point that the contractor had kept officers and lead Members informed of the progress on the project at all times.

The Chairman before summing commented that the report:

- At over 40 pages was overly long and repetitive to answer the two main questions:
 - Did the Council get value for money?
 - Should we really do procurement this way?
- Did not follow a chronological path.
- The appendices were not dated.
- Highlighting the distinction between un-provisioned and overspend was valuable.

- Did not discuss why the Skanska initial estimate was wrong and was surprised that there was no mention in the Project Board Terms of Reference of price.
- Did not reassure him on whether the Project would have proceeded had the final cost been known at the commencement of the Project.
- Provided no analysis of whether, had a different option route been chosen, would some of the increased costs been obviated.
- Suggested that the lessons from the guided bus had not been learnt.
- Provided him with limited understanding of who WYG were and what reliance could be put on their work.
- Left him unable to ascertain if Stage1 cost was £675,794 or £1.226m and did not mention at all £2.860m pre Stage 2 work and was still not clear how much the Council had paid.
- Provided no information as to whether the recommendations in the report fitted or clashed with the text on page 275 regarding the new Framework and a management methodology launched early in 2018/19.

He suggested that the Committee had four options:

- Ignore his concerns on the report's quality and send it to E and E Committee.
- Undertake minor tweaks outside meeting and send it to E and E Committee.
- Repackage it to reduce its volume. He suggested a time chart would have helped him enormously in trying to understand the cost migration.
- Rewrite the report to try to answer some of the additional questions he had posed and therefore not send it on to E and E Committee at the current time.

In the subsequent discussion:

- The point was made by two Members that in order to respect Internal Audit's independence it was not appropriate for the Committee or for the Chairman to suggest changes to the review report. The Chief Internal Auditor later in the debate added that while he was protective of editorial control for all audit reports, he was happy to review typos / presentational issues.
- The Chairman of Economy and Environment Committee Councillor Bates indicated that he was happy for the Chairman to be invited to speak to the report at that Committee and would ensure he received an invite.
- Excluding the Chairman, the intent of those Members still present from the discussion (Councillor Wells had left the meeting) was that three Members supported sending it on to E and E Committee without change and welcomed the report, while two members did not support

the report going forward without changes being made. The Chairman stated that if it went to a formal vote it would require him to then exercise a casting vote which he considered was inappropriate, as the status quo should be observed, which was to refer the report on to the Economy and Environment Committee.

Officers believed that the concerns raised could be addressed from writing a report jointly authored by the Chief Internal Auditor, Chairman of the Audit and Accounts Committee and the former Executive Director with the Internal Audit Report appended to that. This was suggested as being the most effective way of providing better focus on key issues whilst respecting the independence of Internal Audit.

On the basis that the lead officers would work on a revised cover report (**Action Duncan Wilkinson/ Neil Hunter / Graham Hughes in consultation with the Chairman**) and having accepted that the recommendations to improve contract and project management as set out from Internal Audit Report should be referred on Economy and Environment Committee:

It was resolved unanimously:

That the Internal Audit Report should be referred on to Economy and Environment Committee with a revised cover report to take account of issues raised at the meeting.

205. INTERNAL AUDIT PROGRESS REPORT

The Committee received a report on the main areas of audit coverage for the period 1st March to 30th June 2019 and the key control issues arising.

Table 1 in Section 1 titled 'Finalised Assignments' set out the completed audit assignments with table 2 the audit assignments that had reached draft stage.

Section 2 listed brief details of Current Internal Audit fraud and corruption investigations.

Section 3 set out the implementation of management actions with table 4 summarising those outstanding.

Section 4 - the summaries of completed audits with satisfactory or less assurance.

Section 5 'Other Audit Activity' updated the Committee on:

- The delivery of and pressures on the Internal Audit Plan resulting from four reviews listed as: Manor Farm Tenancy Investigation; County Farms Process and Practice; CHAPS Payment Review and the continued support requested for the Highways Commercial Group.

The following were proposed to be removed from the Internal Audit Plan for the reasons set out in the report;

- Key inspection actions plans
- Flood Resilience Fund Grant
- Broadband Grant
- SWIM Grant

Annex A on pages 287 to 290 detailed the summary of progress against the 2018-19 Audit Plan.

Annex B provided details of:

- summary of the outstanding recommendations under three months pages 291-293,
- summary of outstanding recommendations – over three months pages 294-298,
- recommendations from key financial systems reports pages 299-321.

In discussion the following issues were raised:

Page 272-273 Fees and Charges Policy Compliance third paragraph page 273 reading:

“This review also identified that there is little awareness of the total amount of income collected from fees and charges across the Council. While Internal Audit were able to ascertain a list of all the recorded income from fees and charges, this was with the caveat that there may be income cost centres who do not relate to fees and charges The Chairman asked that the known total should be provided and sent to the Committee outside of the meeting. Action: Neil Hunter/ Mairead Claydon in liaison with Tom Kelly

Page 273 A3 Development of Project Assurance and Project Management

With reference to this review the Chairman expressed his deep concern that there had been a sequence of major overspends in procurement / project management and that the same issues were still coming forward. He asked that Internal Audit seek to establish how many projects yet to be reported had been identified as having major issues and to provide the detail to the Chairman outside of the meeting. **Action: Neil Hunter / Mairead Claydon**

Page 275 A4 Performance Management

The Chairman was concerned regarding the second paragraph second sentence reading:

The Council does have a written Performance Management Framework; however, this document has not been updated since 2013, is not

communicated/available to officers, and does not reflect many of the performance management processes undertaken by officers in practice.

stating that policies should be made available to all staff and suggested this should be the role of Communications. It was explained that all policies were received by Joint Management Team and it was the responsibility of directors to disseminate the information to their staff.

Page 279 IT and Information Governance Reviews

With reference to this section the Chairman expressed his concern about the issues identified. The Vice Chairman indicated that the issues were to be addressed at a meeting of the LGSS Committee due to meet on 29th August.

The Head of Internal Audit reminded the Committee that this section of the report provided details of reviews completed. The Committee should only be concerned when recommendations were not implemented and that would be highlighted to them in the follow up work reported as part of the Internal Audit progress report and which as always would be highlighted as such.

Page 283 D4 Accounts Receivable System

An explanation was requested for the text in the last main paragraph reading:

In addition, a customisation of the system functionality designed to allocate part payments to invoices did not operate as intended and had to be turned off in June 2018.

As a result of the above switch off, a manual system was operated with a recommendations for improvement set out in annex C of the report.

Annexe B Regarding outstanding recommendations over three months

The Chairman asked that officers ensured that the following areas were followed up:

Page 301 item number 3. Accounts payable Missed goods receipt tasks target date for action 31.10.2019 The Chairman referenced the text reading:

Discussions with the Accounts Payable Service Manager established that the way services can respond to missing goods receipt tasks in ERP may create further delays in the payments process.

Page 303 Item number 5 Accounts payable - Multiple supplier Accounts duplicate payment risk – review to identify any multiple supplier accounts that may exist twice in error – target date 23.12.2019.

It was resolved:

To note the report, including the deletions to the Audit Plan.

206. COMMUNITY TRANSPORT UPDATE DEFERRAL

The Committee noted that due to the small number of actions outstanding, (many of which would not be completed until after the current meeting) the scheduled report had been deferred until the September meeting when a more comprehensive report was likely to be available.

The key outstanding action related to the Council reclaiming any money due in respect of State Aid or any inappropriate competitive advantage conferred on FACT, HACT AND ESAC (FH&E) as a result of historic grant awards. A meeting with FH&E to negotiate the final settlement scheduled for early July had to be cancelled. Officers were in the process of rearranging the meeting and remained hopeful that negotiations would conclude in time for a full report to Committee in September.

207. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2019

This report had been received by General Purposes Committee at their meeting on 16th July who agreed all the recommendations apart from recommendation g) approving prudential borrowing for the Meads Farm scheme where more information had been requested from Commercial and Investment Committee.

The overall revenue budget position was showing a forecast year-end pressure of +£0.8m (+0.2%); largely within People & Communities (P&C) (£3.7m pressure), Commercial & Investment (C&I) (£0.6m pressure) and LGSS Operational (£0.6m pressure), partially offset by forecast underspends of -£1.9m in Funding Items, -£1.3m in Place & Economy, -£0.7m in Corporate Services and -£0.25m in LGSS Managed. This was a more favourable position than at the same time last year. The Capital Programme was forecasting a balanced budget at year-end. This included use of the capital programme variations budget.

Other areas highlighted included:

- Page 329-331 the pressures on the People and Communities Budget which included:
 - On Older People's Services the continuing focus on discharging people from hospitals as quickly as was appropriate.
 - Pressures on the Physical Disabilities Budget.
 - SEND Specialist needs as a result from loss of grant that had funded additional capacity. In answer to the Chairman asking why this had not been anticipated when preparing the budget this was due to the its late announcement. This was also the same reason for the shortfall for unaccompanied asylum seekers.
 - Home to School Transport.
 - Looked after Children placements

- Children in care.
- Corporate Services - PCC Shared Services.

In discussion the following issues were raised by the Chairman:

- Page 332 Housing Investment (This Land Company) the pressure referred to had been partly off- set by the -£0.322m underspend from the demography reserve.
- Page 338 Revised phasing - in reply to a question on what the expenditure shown for the entry of (-2,960k) on the guided bus was for, it was required repairs.
- Page 343 - with reference to section 8. Performance and the pie charts showing key performance indicators in three council outcome areas the Chairman asked to be sent direction of travel information as previously provided outside of the meeting. (*Post meeting Note - this was explained in the note reading: "Direction of travel for the outcome areas is not available as the baskets of indicators are newly organised into these Groups"*) It was explained that this was the last meeting that they would be included in the report as they would be reported on separately in the future.
- Page 344 Para 8.3 Thriving places for people to live – no activity data provide for the first paragraph to give context to the information in terms of actual numbers. **Action: Tom Barden**
- Page 345 – Para 8.4 a good quality of life for everyone. In respect of the:
 - second from last paragraph - numbers required against the current percentage figures provided. The Chairman asked what was being done to close the gap regarding the 20% using the services who did not feel safer. **Action: Tom Barden**
 - Last paragraph - no performance figures or target details provided for performance in delayed transfers of care which just stated it remained off-target. **Action: Tom Barden**

It was resolved:

To note the report.

208. AGENDA PLAN.

Noted.

209. DATE OF NEXT MEETING 24th SEPTEMBER 2019

CHAIRMAN
24th September 2019

**AUDIT AND ACCOUNTS
COMMITTEE**

Minutes-Action Log



Cambridgeshire
County Council

Introduction:

This log captures the actions arising from the Audit and Accounts Committee July 2019 and updates members on the progress on compliance in delivering the necessary actions (outstanding actions from previous meetings are also included). This is the updated action log as at 13th September 2019.

MINUTES 29TH JULY

Item No.	Minute Number / Report title / agenda page number	Action to be taken by	Action (including where relevant page number)	Comments	Completed
1.	MINUTE 198. PENSION FUND ACCOUNT				
	a) Page 235 Notes to the Pension Fund Accounts	Richard Perry / Ben Barlow / Fiona Coates	Regarding the table providing details on members showing that the number of County Council employees at 31 st March 2019 compared to 31 st March 2018 had increased, the Chairman asked that this be checked as he would have expected the number to have fallen due to the effect of redundancies.	Response provided in an e-mail on 16 th August to the Chairman from Democratic Services confirming from the Pensions Service that the increase of Cambridgeshire County Council employees as shown was correct. The information was from the payroll system and in line with the increase in CCC contributions for the year	

				and was internally audited in 18/19 (Cambridgeshire Pension Fund achieving a substantial result).	Completed.
	b) Definition of 'Undecided Leavers'	Richard Perry / Ben Barlow / Fiona Coates	Request for details of the formal definition.	<p>In the same email as above the definition was provided as:</p> <p>A member who has ceased a pensionable employment and awaiting the finalisation of their benefits or refund of contributions.</p>	Completed
2.	MINUTE 200. CONSULTANTS POLICY REVIEW QUARTER 1	Sarah Haig / Anna Syson	Page 84 - Regarding the Historic Environment Placement on Museum advice, there was a request for more information to be circulated outside of the meeting on the museum involved, and the work being undertaken.	A response was sent to the Chairman on 22 nd August explaining that this consultant did not relate to any existing museum in the county, but had been employed to assist with the development of the proposed Northstowe/ A14 Heritage Centre, a joint project between CCC, Highways England and Homes England. The consultant was engaged to provide specialist museums advice	

				(environment, layout, displays, content etc) as part of the design stage of the project.	Completed.
3.	MINUTE 201 - TRANSFORMATION FUND MONITORING REPORT QUARTER 4 2018-19	Julia Turner	Councillor Kavanagh asked whether when agreeing a project the broader issues were looked at in terms of overall long term cost. It was explained that, that was one of the reasons why some projects were delayed. The officer would discuss with the Member outside the meeting any particular issues he had and also provide more detail regarding the delayed project referred to. (Page 89 Housing Review C/R 5.006)	The response was provided on 3 rd September see Appendix 1 further below.	Completed
4.	MINUTE 203 ANNUAL RISK MANAGEMENT REPORT Risk 6 page 147	Amanda Askham	Paragraph 2.2 of the report referencing risk 6: <i>“our human resources and business systems, CCC and providers are not sufficient to meet business need”</i> - further explanation was sought on why the risk had worsened (regarding issues with ERP Gold). Action: to provide more information in an e-mail outside of the meeting	A response was sent to the Chairman dated 13 th September 2019 explaining the increase in this risk was due to issues around implementation of ERP as the Council's new business system. As ERP was now considered to be supporting the Council's business well and implementation issues have been resolved, the Corporate Risk Group thinks it is likely this risk rating will reduce when reviewed at the next meeting (October 2019).	Completed

5.	MINUTE 204 ELY BYPASS PROJECT (pages 95-144)	Duncan Wilkinson / Neil Hunter / Graham Hughes in consultation with the Chairman	Lead officers to work on a revised cover report to go with the Internal Audit report to be passed on to Economy and Environment (E and E) Committee	This will go forward to the 17 th October E and E Committee meeting	Ongoing
6.	MINUTE 205 - INTERNAL AUDIT PROGRESS REPORT				
	A) Page 272-273 Fees and Charges Policy Compliance	Neil Hunter/ Mairead Claydon in liaison with Tom Kelly	third paragraph page 273 reading: <i>“This review also identified that there is little awareness of the total amount of income collected from fees and charges across the Council. While Internal Audit were able to ascertain a list of all the recorded income from fees and charges, this was with the caveat that there may be income cost centres who do not relate to fees and charges The</i> Chairman asked that the known total should be provided and sent to the Committee outside of the meeting.	Internal Audit has requested the information from relevant officers.	Ongoing
	B) Page 273 - A3 - Development of Project Assurance and Project Management	Neil Hunter / Mairead Claydon	Internal Audit were asked seek to establish how many projects yet to be reported had been identified as having major issues and to provide the detail to the Chairman outside of the meeting.	Internal Audit to seek clarification from the Chairman on this request.	Ongoing

	C) Annexe B regarding outstanding recommendations over three months		<p>The Chairman asked that officers ensured that the following areas were followed up and updates were included as part of the information included in the appropriate Internal Audit Progress reports:</p> <p>1) Page 301 item number 3. Accounts payable Missed goods receipt tasks target date for action 31.10.2019 The Chairman referenced the text reading: <i>Discussions with the Accounts Payable Service Manager established that the way services can respond to missing goods receipt tasks in ERP may create further delays in the payments process.</i></p>	Internal Audit have undertaken to pick this up as part of the updates in their Internal Audit Progress Reports.	
			<p>2) Page 303 Item number 5 Accounts payable - Multiple supplier Accounts - duplicate payment risk – review to identify any multiple supplier accounts that may exist twice in error. – target date 23.12.2019.</p>	Internal Audit have undertaken to pick this up as part of the updates in their Internal Audit Progress Reports.	Completed
7.	MINUTE 207 - INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2019				

	a) Page 344 Para 8.3 Thriving places for people to live	Tom Barden	Request that activity data should be provided for the first paragraph to give context to the information in terms of actual numbers.	The following information was sent in an e-mail to the Chairman on 13 th September and is included at Appendix 2.	Completed
	a) Page 345 – Para 8.4 a good quality of life for everyone	Action: Tom Barden	Second from last paragraph - numbers required against the current percentage figures provided. The Chairman asked what was being done to close the gap regarding the 20% using the services who did not feel safer.	This information was included in the same email referred to above. See appendix 2	Completed
	b) Page 345 – Para 8.4 a good quality of life for everyone	Action: Tom Barden	Last paragraph – request for performance figures and target details for performance in delayed transfers of care which currently just stated it remained off-target.	This information was included in the same email referred to above. See appendix 2	Completed
MINUTES 11TH JUNE					
8.	MINUTE 188. DEBT RECOVERY – LEVEL OF OUTSTANDING DEBT UPDATE REPORT (pages 3-10)				
	a) Targets in future Reports	R Bates	The need to see targets for the collection agents and the metrics of success on collecting certain types of debt.	To be included in the next update report	Ongoing
	b) Debt of a seasonal Nature / safe debts	R Bates	Request that future reports identify debts which were of a seasonal nature and those regarded as safe debtors, in order to help identify if they were distorting the true level of outstanding debt.	To be included in the next update report	Ongoing

	c) expansion of reasons for non-payment	R Bates	Request for the January report to include an expansion of reasons for non-payment and whether these had increased in certain categories.	To be included in the next update report	Ongoing
9.	MINUTE 191 DRAFT CAMBRIDGESHIRE COUNTY COUNCIL (CCC) STATEMENT OF ACCOUNTS 2018-19	Jon Lee / Martin Savage (MS) JL / MS J L / MS T Kelly (TK) TK	<p>a) On the presentation there was a request to insert an additional blank line between net assets and the usable reserves line to make the distinction clearer.</p> <p>b) Page 6 - Request that the diagram which was no longer produced in colour on printed agendas due to cost should be changed to dots / hatch lines so it showed up in black and white.</p> <p>c) Page 7 – add to text in the line reading “As our resources come under increasing pressure…….” Make specific reference to the loss of Government support grant.</p> <p>d) Page 8 last line 22 being red rated required more explanation.</p> <p>e) Page 17 Explanation on Cambridge and Peterborough Combined Authority - there were material changes in terms of levy and grant which was why it had been included. Officers were asked to review if it was required</p>	<p>Will be changed in final accounts</p> <p>Will be changed in final accounts</p> <p>Will be changed in final accounts</p> <p>Will be changed in final accounts</p> <p>See separate responses in the update report on the current agenda</p>	

		Jon Lee (JL) / Martin Savage (MS)	f) Page 27 last paragraph reference to “.. declining revenue support grant ...” it should be made explicit that this is being taken away by Central Government.	Will be changed in final accounts	
		Action JL / T Kelly	g) No reference in narrative to Shire Hall move, LGSS, BDO, Guided Bus - officers to consider whether any should be made.	See separate responses in the update report on the current agenda	
		MS	h) Page 41 Cash Flow Statement Line explanation required for: <ul style="list-style-type: none"> a. Impairment and downward valuations ‘goes from -£12,142k to £114,246 b. Increase / decrease in Debtors large variation 	Will be changed in final accounts	
		MS	i) those lines having a figure in 2018 and showing 0 in 2019. Action to look at.	Will be reviewed	
		MS	j) Page 49 - Surplus in brackets and then no more references. Action to look at.	Will be reviewed	
		JL	k) Page 75 – opening balance adjustment £26,180 – explanation required for this. Action JL	Will be changed in final accounts	
		JL	l) Page 78 and 79 top left hand text reading “cost of valuation” – this was confusing. Action JL to check whether this was an accounting code requirement. (Post meeting		

			<p><i>Note: This should simply read 'cost or valuation' and would be amended in the final statements.)</i></p> <p>m) Page 87 Public Works Loans Board (PWLB)</p> <p>a. Fair value hierarchy for financial liabilities – top line query on why fair value amounts were both showing - £391,618</p> <p>b. Second sentence text not clear why the Council should be paying additional interest - explanation required if PWLB loans were meant to be cheaper than market rates.</p> <p>n) Page 92 table required to be filled in.</p> <p>o) Page 93 - ditto above - for short term creditors.</p> <p>p) Page 93 why was cash equivalents 0 in 2019?</p> <p>q) Page 114 Pension Scheme assets - cash and cash equivalent halved – there was no Pensions' officer present to explain this.</p> <p>GROUP ACCOUNTS</p> <p>r) Page 127 The Cromwell Museum - the note made no reference to value - this required explanation</p>	<p>Will be changed in final accounts</p> <p>Will be changed in final accounts</p> <p>Will be changed in final accounts</p> <p>Will be changed in final accounts</p> <p>Will be reviewed</p> <p>See separate responses in the update report on the current agenda</p> <p>To be reviewed.</p>	Completed
		Action: JL			
		Action JL			
		JL / MS			
		JL / MS			
		J Lee to find out reason			
		JL / MS			

MINUTES OF 28TH MAY MEETING

Item No.	Minute Number / Report title / agenda page number	Action to be taken by	Action	Comments	Completed / ongoing
11.	MINUTE 183 COMMUNITY TRANSPORT ACTION PLAN UPDATE				
	a) Page 66 Paragraph 3.3 – fourth paragraph - Social and Education Contract Management Checking	Neil Hunter / Mairead Claydon	A question was raised on whether there had been any known supplier breaches, as it had previously been agreed that the Chairman would be kept informed. Any breaches would be reported as part of this regular update report. However as the question had been raised, Neil Hunter undertook to take this away and check and then e-mail the Committee outside of the meeting.	A response was sent to the Chairman from Internal Audit on 28 th August which covered the period September 2018 to July 2019. The SETT team contacts Martin Kemp and Sue Eagle have been asked to send the Chairman the monitoring information directly in future.	Completed
	b) Community Transport Action Log – Page 69 Item 31 reading ‘Annual Review of Outcomes and benefits from the grant awards will be reported to E and E Committee’	Rob Sanderson / Paul Nelson	The Chairman asked that this report should also be received by Audit and Accounts Committee. <i>Post meeting Note: The Head of Democratic Services has reiterated that reports should not go to two Committees where there is a responsible Service Committee.</i>	Community Transport is now the responsibility of the Combined Authority. As a result no report will be going forward to Economy and Environment Committee. This is referenced under paragraph 2.2 in the Community Transport Update Report included later on the agenda.	Action closed

	c) Community Transport Action Log Page 69 Item 86 reading 'CCC to consider publishing Freedom of Information (FOI) Act responses via the website and therefore making them available to the public.		The implementation of a joint FOI system was to be reviewed in July 2019 with an implementation date of December 2019. The Chairman asked for assurance that this review meeting would take place.	Internal Audit will include an update in the September Community Transport Update report.	Ongoing
Minutes of 26th March 2019					
12.	MINUTE 162 - ESTATES AND BUILDING MAINTENANCE INSPECTIONS	John MacMillan	Provide monthly updates to the Chairman on the intention to have a full leases record within three months.	<p>The latest K2 records cleansing update was sent to the Chairman on 21st August.</p> <p>The process was slower than estimated originally, which was largely due to surveyors concentrating on progressing their current casework. 302 records had now</p>	ongoing
				been cleansed, of which 185 were leases. This was halfway through the process in advance of its replacement in or before February 2020.	

13.	MINUTE 173 – FORWARD AGENDA PLAN	Internal Audit / Democratic Services	Due to the size of the current agenda there was a request that officers should consider whether there should be additional committee meetings scheduled in the year. The Vice Chairman raised this again at the July meeting.	<p>Democratic Services / Internal Audit in consultation with the Chairman have agreed new streamlining arrangements for future meetings to help negate the need for additional meetings. As a result, Democratic Services / Internal Audit do not support additional meetings for standard business as they believe the new arrangements should reduce the number of reports coming forward. Going forward this will also require discipline from the Committee to focus on its core functions and avoid requesting update reports that are more appropriate for the relevant service committee.</p> <p>However while additional normal business meetings are not supported, officers recognise from time to time there will be additional special one off meetings to discuss single issue items. e.g. a special meeting in October to receive and sign off the final Accounts. (See update report on the Accounts included later on the agenda).</p>	
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Appendix 1

ITEM 3 MINUTE 201 - TRANSFORMATION FUND MONITORING REPORT QUARTER 4 2018-19

Dear Cllr Kavanagh

Following the Audit and Accounts Committee, I have clarified more details from the service regarding the Transformation Fund investment for Housing Review.

The £250k transformation fund for the Housing Review has been set aside to support the system wide transformation required in order to continue to address support needs for those likely to be impacted by homelessness or who require support to maintain their homes or sustain their independence, yet achieve this with less money in the system. Any initiatives delivered through the Transformation Fund will demonstrate how they will support the delivery of the savings required through the Housing Related Support Review, through re-commissioning evidenced based new approaches, and in partnership where possible. Business cases will be approved by the Joint commissioning board and will need to demonstrate sustainable savings for the Council. Extensive work has been underway with partners to consider how to achieve these changes across the system and to develop proposals. This has taken some time due to the complexity, but will now be moving forward with pace, with the funds being called upon as a result.

I hope this answers your question.

Kind regards
Julia

Julia Turner

Interim Head of Transformation
Cambridgeshire County Council
Tel: 01223 699051

Executive Assistant: Rebekah Ginn (Rebekah.ginn@cambridgeshire.gov.uk)

Appendix 2 – to item 7 - Minute 207 Integrated Resources and Performance Report

Dear Cllr Shellens

I received a note from Rob requesting some further information on a few points from the previous Audit and Accounts Cttee on the performance section of the IRPR. I have pasted the replies below, these will also be going into the Action Log.

Please do get in touch if you require further information.

Thanks

Tom

Direction of travel on pie charts

This is not available in this report as this is the first time the indicators have been organised into these groups, which introduce the new Council priorities. In future reports to GPC, the report will focus on providing information for individual indicators when they are Red (negative exception) or Very Green (positive exception) rather than the aggregated picture. This will show direction of travel by individual indicator (as well as the history of performance for each indicator).

Initial feedback from service committees who have received the new style of report has been positive.

Page 344 Para 8.3 Thriving places for people to live – no activity data provide for first paragraph to give context to the information provided in terms of actual numbers.

The paragraph refers to two indicators, the number of mental health service users who are in paid employment; and the number of mental health service users who are living independently. The denominator for both indicators is the number of mental health service users open to services at the 31 March 2019, which was 806.

second last para - numbers required in terms of percentage figures provided. What was being done to close the gap regarding the 20% using the services who did not feel safer.

The paragraph refers to two indicators – ‘the % of adult safeguarding enquiries where outcomes were at least partially achieved’ and ‘the % of people who use services who say that they have made them feel safer’.

In 2017/18, there were 1,369 section 42 safeguarding enquiries, and in 95% of them the outcomes were at least partially achieved.

The indicator ‘% of people who use services who say that they have made them feel safer’ is drawn from the Adult Social Care User Survey, which is undertaken every year and asks for the views of a representative sample of users of social care services in general (not just those who have undergone a safeguarding enquiry). In this case, 83.2% of respondents to the survey in 2017/18 replied that the services they use have made them feel safer.

For many people, as shown by the data, social care support helps them to feel safe because it helps them to meet their needs. However, for others using social care services, they may continue to feel unsafe for reasons unrelated to their social care needs. For example, if they live in an area where family live far away and they wish to move this may impact on them feeling safe and the services provided do not make them feel safer. All social care services have the wellbeing of the person at the forefront of what they do and care and support planning tries, as far as possible, to support people to feel safe. Where this is not possible social care will refer on to the appropriate agencies who can support the person to address the reasons they feel unsafe whilst continuing to provide services to meet their social care needs.

Last para no performance figures or target details provided for performance in delayed transfers of care which just states it remains off-target.

This is a summary report so detailed figures are not provided. Detailed information about delayed transfers of care performance can be found in the papers for the Adults Committee on 4 July 2019, specifically item 6 paragraph 2.5.2.

(link provided in email)

Tom Barden
Head of Business Intelligence
Cambridgeshire County Council and Peterborough City Council
tom.barden@cambridgeshire.gov.uk
07824 626540
Skype: [sip:tom.barden@cambridgeshire.gov.uk](https://www.skype.com/people/sip:tom.barden@cambridgeshire.gov.uk)

**STATEMENT OF ACCOUNTS PROGRESS UPDATE AND REQUEST FOR
AN ADDITIONAL MEETING OF THE COMMITTEE**

To: **Audit and Accounts Committee**
Date: 24th September 2019
From: Jon Lee (Head of Integrated Finance Services,
LGSS)
Electoral Division(s): All

Purpose:

To provide an update on progress of the audit of the 2018/19 Cambridgeshire County Council Statement of Accounts.

Recommendation:

The Audit and Accounts Committee is asked to:

1. Note and comment on the contents of the report;
2. To agree to convene an additional Audit and Accounts Committee meeting in October with the final accounts being the single agenda item to include the auditors report to those charged with governance (ISA 260 report).

<i>Officer contact:</i>	
Name:	Jon Lee
Post:	Head of Integrated Finance Services
Email:	jolee@northamptonshire.gov.uk
Tel:	07921 940444

1. BACKGROUND

- 1.1 Previous Audit and Accounts Committee meetings have considered updates as to the status of the 2018/19 Statement of Accounts planning and production process and the external audit of those accounts.
- 1.2 This report provides a further update on the progress of the audit and the production of the final version of the 2018/19 Statement of Accounts.

2. 2018/19 STATEMENT OF ACCOUNTS UPDATE

2.1 Overall Position

- 2.1.1 Good progress has been made on the audit of the accounts, although the audit is not yet concluded.
- 2.1.2 As the 31 May deadline for the draft statement of accounts was not met, the audit has been undertaken in two phases. The initial audit period in June enabled a substantial proportion of the audit to be progressed by the external audit team (EY) and Officers. However it was not possible to conclude the audit over the initial planned period. This has been outlined to the Committee at previous meetings.
- 2.1.3 The second phase of the audit began in mid August and is ongoing. The main areas of the audit where work continues are:
 - a) **Private Finance Initiatives** –EY’s technical team has been reviewing these agreements and the accounting treatment and have raised some clarifications which are being worked through;
 - b) **Minimum Revenue Provision (MRP)** – again a technical accounting area where EY has asked for some clarifications, such as the MRP policy and the detail of the calculations, which Officers are responding to;
 - c) **Bank Reconciliations** – further information has been requested in respect of these, which has been provided for EY for audit;
 - d) **Payroll Reconciliations** – request for further information to verify payroll balances. Further information is being collated by Officers and will be provided to EY;
 - e) **Sample testing** – ongoing in some areas such as payables, mileage and expenses, exit packages and agency staff. Initial responses

have been provided for EY to review, with the payables sample still being collated; and

- f) **Accounts Payable** – further audit queries have been raised in respect of some of the accounts payable processes which have been responded to by Officers.

- 2.1.4 As the audit work progresses to conclusion, there may be further queries and clarifications raised by the auditors to enable them to conclude the audit. The Committee will be updated with the latest position at the meeting.
- 2.1.5 Given the position of the audit and final accounts, it is recommended that an additional Committee meeting be scheduled in October. This meeting would consider the final accounts and the external auditor's report (ISA 260 report). It is hoped to be able to confirm the likely date by the time of the meeting. The alternative would be to include the final accounts and audit report at the next scheduled meeting in November. The Committee need to agree one of these proposals.

2.2 Committee Action Log Update

- 2.2.1 The draft 2018/19 Statement of Accounts was presented to the Committee at the meeting on 11th June 2019. Members commented on a number of points in relation to the draft accounts and also raised queries on some areas. These were recorded in the Action Log for the meeting.
- 2.2.2 Responses and updates to the Action Log items are included in Appendix 1 to this report.

2.3 Additional Feedback and Queries Update

- 2.3.1 At the Committee meeting on 11th June 2019 Members agreed a delegation to the Chairman and Vice Chairman to further review the draft 2018/19 Statement of Accounts after the meeting and to provide Officers with additional suggested changes.
- 2.3.2 Management has continued to review the draft Statement of Accounts, which has identified some further required adjustments.
- 2.3.3 A list of the items raised by both reviews, along with responses and updates, are included in Appendix 2. Where relevant, amendments will be factored into the final set of accounts.

Source Documents	Location
N/a	

APPENDIX 1 - RESPONSES TO 11 JUNE 2019 AUDIT COMMITTEE QUESTIONS AND QUERIES ON THE DRAFT ACCOUNTS

Action Log Item	Response / Update
a) On the presentation there was a request to insert an additional blank line between net assets and the usable reserves line to make the distinction clearer.	A line has been added and will appear in the final accounts.
b) Page 6 - Request that the diagram which was no longer produced in colour on printed agendas due to cost should be changed to dots / hatch lines so it showed up in black and white.	A deliberate effort has been made to modernise the Statement of Accounts document, with the aim of increasing the visual appeal and accessibility of the document for the general public. The majority of stakeholders, including the external auditors and Central Government, as well as much of the general public, will access the document electronically and therefore the use of colour increases clarity. The document will usually only be printed twice for the Committee Members (once for the draft accounts and once for the final accounts) so the cost of printing is minimised; additional black and white friendly versions of graphs/diagrams can be provided to Members if required.
c) Page 7 add to text in the line. Make specific reference to the loss of Government support grant.	Wording added to the final accounts to make clear that RSG is being reduced by Central Government.
d) Page 8 last line 22 being red rated required more explanation.	A table of KPI results (RAG-rated) has been added to the performance section of the narrative report in the final accounts.
e) Page 17 Explanation on Cambridge and Peterborough Combined Authority - there were material changes in terms of levy and grant which was why it had been included. Officers were asked to review if it was required.	The CPCA section has been retained as the levy is potentially material, it is a "public sector" related party by nature and the switch of accountable body for the LEP and grant of powers on the AEB (which happened during the year of account) need to be noted.
f) Page 27 last paragraph reference to it should be made explicit that this is being taken away by Central Government.	Additional wording has been added and will appear in the final accounts.
g) No reference in narrative to Shire Hall move, LGSS, BDO, Guided Bus - officers to consider whether any should be made.	For BDO and the Guided Busway, there is not anything significant to report for the year at this time and therefore no reference to these areas have been added to the narrative report. Some wording has been added regarding the LGSS operating model review and repatriation of Finance Business Partners and Democratic Services. No reference added in relation to Shire Hall/Cambs 2020, but will be included in the narrative report in 2019/20.
h) Page 41 Cash Flow Statement Line - explanation required for: a) Impairment and downward valuations goes from -£12,142k to £114,246; b) Increase / decrease in Debtors large variation.	a) The figure of £114,246k was an error and has subsequently been amended to -£9,387 (prior to any audit adjustments); b) The majority of the increase in debtors was driven by: loans to This Land (+ £60m), an increase in trade debtors (+ £9m, of which £7.2m related to one invoice for S106 receipts issued in March 2019 and not due for payment until the new financial year), an increase in the amounts owed by District Councils relating to the Council Tax and NDR Collection Funds (+ £3m, as a result in differences between estimates and actual results).
i) those lines having a figure in 2018 and showing 0 in 2019. Action to look at.	Cash payments for finance lease and PFI contracts for 2018/2019 had not been separated out in the cash flow statement in error; this has been corrected for the final accounts.

APPENDIX 1 - RESPONSES TO 11 JUNE 2019 AUDIT COMMITTEE QUESTIONS AND QUERIES ON THE DRAFT ACCOUNTS

Action Log Item	Response / Update
j) Page 49 - Surplus in brackets and then no more references. Action to look at.	Presentation changed: "(Surplus) or Deficit" now amended to read 'Surplus (-) or Deficit' in line with the presentation style used in the statement.
k) Page 75 opening balance adjustment £26,180 explanation required for this. Action JL.	A prior period adjustment disclosure note is to be added to the final accounts in relation to this adjustment, once the wording has been agreed with EY. The adjustment was made as a result of the data cleansing exercise undertaken for the implementation of the ERP Gold fixed asset register, which identified that the accounting for some assets undergoing revaluation in Oracle Projects (where the asset had had manual valuation adjustments made historically due to system inflexibility) had not correctly included the full adjustment required between the Revaluation Reserve and the Capital Adjustment Account. Both of these accounts are Unusable Reserves and, as such, the adjustment between the two accounts does not impact on any other area of the accounts.
l) Page 78 and 79 top left hand text reading "cost of valuation" - this was confusing. Action JL to check whether this was an accounting code requirement. <i>(Post meeting Note: this should simply read 'cost or valuation' and would be amended in the final statements).</i>	The wording at the top of both tables in this disclosure note has been corrected.
m) Page 87 Public Works Loans Board (PWLB): a) Fair value hierarchy for financial liabilities top line query on why fair value amounts were both showing -£391,618; b) Second sentence text not clear why the Council should be paying additional interest - explanation required if PWLB loans were meant to be cheaper than market rates.	a) The fair value figures for 2017/18 had been incorrectly used for 2018/19 also; this has now been corrected. b) PWLB loans are cheaper than market rates, however some PWLB borrowing undertaken in previous years was at a higher fixed rate than was available at 31st March 2019. As such, a notional loss is shown for the commitment to pay PWLB above current market rates. The potential for rescheduling of debt is kept under review by Officers, however penalties for early settlement of borrowing are often greater than the saving available from rescheduling.
n) Page 92 table required to be filled in.	The breakdown of short term debtors between Central Government, the NHS and Other Debtors has been prepared for inclusion in the final accounts.
o) Page 93 - ditto above - for short term creditors.	The breakdown of short term creditors between Central Government, the NHS and Other Debtors has been prepared for inclusion in the final accounts.
p) Page 93 why was cash equivalents 0 in 2019?	The Money Market Funds and Barclays Liquidity Account balances at 31st March 2019 had been incorrectly accounted for as cash; these balances have been correctly identified as cash equivalents for the final accounts.
q) Page 114 Pension Scheme assets -cash and cash equivalent halved - there was no Pensions' officer present to explain this.	Throughout 2018/19 strategic changes to the Pensions Investment Asset allocation have been undertaken. This has increased other asset classes which is reflected in Note 17a.

APPENDIX 1 - RESPONSES TO 11 JUNE 2019 AUDIT COMMITTEE QUESTIONS AND QUERIES ON THE DRAFT ACCOUNTS

Action Log Item	Response / Update
r) Page 127 The Cromwell Museum -the note made no reference to value -this required explanation.	The Cromwell Museum should not have been included in this disclosure note, as the Collection was transferred to the Cromwell Museum Trust in 2018/19 (following the transfer of the management of the museum during 2017/18); it has been removed from this disclosure note for the final accounts.
s) Page 128 – Civic Regalia – as had been raised in previous years, the explanation that items value was not known was not considered satisfactory as there must be a value that could be obtained as they would have a value if they required to be replaced. Officers were asked to look at this further.	The CIPFA Code of Practice for Local Authority Accounting states that if a value does not exists for a Heritage Asset there is not a requirement to obtain one but a disclosure note is required. Therefore from an accounting perspective the financial statements are correct in respect of the presentation of the Civic Regalia.

APPENDIX 2 - RESPONSES TO FURTHER REVIEW POINTS ON THE DRAFT ACCOUNTS

Suggested Change / Query	Response / Update
Change of format for the key numbers summary at the start of the narrative report to be in tabular form rather than narrative.	A draft amended summary has been provided and feedback is awaited before the original summary is replaced in the final accounts.
Check that wording in narrative report regarding future assumptions for Revenue Support Grant remains correct.	In the business plan RSG for 2020/21 was assumed to be -£3.5m. The latest indications based on further information from central government Officers are planning to remove the negative RSG assumption. However the central government published position for 2018/19 was for a planned negative RSG in 2020/21 so it is right that this is reflected in the narrative statement for 2018/19.
In the Post Balance Sheet Events disclosure note, the sum paid for Cromwell Leisure Park should read £6.558m (not £6.58m).	The figure has been amended for the final accounts.
In the Taxation and Non-Specific Grant Income disclosure note, disclosure of the main capital grants should be added for context.	Details added to the wording in this disclosure note (Basic Need grants and S106/Community Infrastructure Levy receipts).
Due to the large year-on-year increase in Long Term debtors, in the Financial Instruments disclosure note a comment should be added outlining what this figure consists of.	Wording under the fair value table in this disclosure note has been added to include this information (loans to This Land) in the final accounts.
Check that overdraft disclosed in cash and cash equivalents disclosure notes is correct and, if so, include explanation below the table.	The Council has a formal netting off agreement with Barclays for a number of bank accounts; the overdraft classification is based upon the total balance of all of these accounts. In the draft accounts the imprest and schools bank account balances were excluded from the calculation in error and this resulted in a reported overdraft position. The classification of the imprest and schools bank accounts has been corrected for the final accounts and the cash and cash equivalents disclosure note no longer reports and overdraft figure.
Check the 31/03/2018 figures in the Other Long Term Liabilities disclosure note, as these do not cast.	The typing error in the comparator figures has been corrected in the final accounts.
Add a comment to the Grant Income disclosure note that 2018/19 is the last year of receiving Revenue Support Grant.	A comment has been added to this disclosure note accordingly.
Name the finance lease properties in the Leases disclosure note for context.	The school, libraries and depot held as finance leases have been named in this disclosure note.
The formatting of the service line section of the table in the Impairment Losses disclosure note needs changing to improve understandability.	This section of the disclosure note has been tidied up.
In the Retirement Benefits disclosure note, why has there been no change to longevity assumptions from the previous year?	The assumptions (of which longevity is one) for retirement benefits are undertaken in line with triennial valuation reviews. The assumptions for the 2018/19 financial year reflect those set out in the 2016 valuation, which is reflected in the notes to the pension fund accounts.

APPENDIX 2 - RESPONSES TO FURTHER REVIEW POINTS ON THE DRAFT ACCOUNTS

Suggested Change / Query	Response / Update
In the group accounts, Basis of Consolidation disclosure note, the first bullet point relates to 2017.	The date in the final accounts has been updated from 2018 to 2017.
In the Pension Fund Account statement, why has 'profit on disposal of investments and changes in the value of investments' has more than doubled.	This is due to strong performance from the Cambridgeshire Pension Fund of 7.1% net of fees where as in the previous year performance was only 2.5%.
Please clarify why, in the Pension Fund Notes, it states that AVCs (Additional Voluntary Contributions) are not included in the accounts but are shown in the disclosure note.	AVC's are not included in the accounts as AVC payments do not belong to the Pension Fund, we facilitate the relationship with Prudential and Equitable Life but the money belongs to them.
In the Pension Fund Notes Assumptions disclosure note, it should state that the 0.5% sensitivity effect if actual results differ from assumptions can apply positively or negatively.	Wording has been added at the end of the Note to say, "Although the example above is based on an increase, a decrease to discount rate and assumed life expectancy could also occur."
Please explain who/what the group transfers line relates to in the Pension Fund Notes Payments to and on Account of Leavers.	Related to Cambridgeshire (Revenue and Benefits) staff who came into the Fund from Norwich City Council in 2012 and transferred out to Norfolk Pension Fund in 2018/19
In the Pension Fund Notes Management Expenses disclosure note, why have the 'oversight and governance costs' doubled?	This is the result of new projects within the year including the data cleanse and GMP Project. There has also been an increase in staffing within the team for the new projects.
Please add an example to support the understanding of the second sentence in the objectives and policies section of the Pension Fund Notes Analysis of Derivatives disclosure note.	The explanation for futures and forward foreign currency is provided on following page in the accounts. The wording comes directly from the CIPFA guidance. The Cambridgeshire Pension Fund however has no derivatives.
Please check whether there were any leavers during 2018/19 that have not been included in the Governance section of the Pension Fund Notes Related Parties disclosure note.	Leavers are included in this disclosure note however there were 2 leavers missing from the list in the draft accounts which will be included in the final accounts.

AUDIT AND ACCOUNTS COMMITTEE ANNUAL REPORT 2018 - 19

To: Audit and Accounts Committee / Full Council

Date: 24th September 2019 / 15th October 2019

From: LGSS Head of Internal Audit / Cllr Mike Shellens, Chairman of the Audit & Accounts Committee

Purpose: To present the Audit & Accounts Committee Annual Report 2018/19. The Audit and Accounts Committee issues an annual report to Council, detailing their activities during the year.

Recommendation:

- a) The Committee is asked to review and comment / make any suggestions to the attached draft Report.
- b) To refer (with any changes from discussions at this meeting) the Annual Report to the Council meeting on 15th October.

<i>Officer contact:</i>	<i>Member contact:</i>
Name: Duncan Wilkinson Post: LGSS Head of Internal Audit Email: Duncan.Wilkinson@Milton-Keynes.gov.uk Tel: 01908 252089	Name: Councillor Mike Shellens Portfolio: Chairman of Audit & Accounts Committee Email: Shellens@waitrose.com Tel: 01223 699170

Source Documents	Location
Report and Minutes of the Committee	Democratic Services Internal Audit Room 117 Shire Hall, Cambridge CB3 0AP Link: https://cambridgeshire.cmis.uk.com/ccclive/Committees/tabid/62/ctl/ViewCMISCommitteeDetails/mid/381/id/9/Default.aspx

Audit and Accounts Committee

Annual Report

1. Introduction

- 1.1 The Audit and Accounts Committee exists to provide independent assurance on the adequacy of the Council's risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Audit and Accounts Committees within Local Authorities are necessary to satisfy the wider statutory requirements for sound financial management.
- 1.2 The Audit and Accounts Committee plays a vital role in ensuring that the residents of Cambridgeshire County Council are getting good-quality services and value for money, i.e. economy, efficiency and effectiveness.
- 1.3 The Audit and Accounts Committee has seven members and met nine times in 2017/18. All meetings have been held in public.
- 1.4 The Committee has been structured around the following responsibilities:
 - Considering and approving the Annual Statement of Accounts;
 - Ensuring that the financial management of the Council is adequate and effective;
 - Ensuring that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk;
 - Reviewing annually the Council's system of internal control and agreeing an Annual Governance Statement;
 - Ensuring that the Council has an adequate and effective Internal Audit function.
- 1.5 In its role of overseeing the work of Internal Audit the Committee was advised that in 2017/18, Internal Audit carried out 58 audit reviews including reviews of policies and compliance, risk-based reviews and contracts reviews. Internal Audit also managed a caseload of 59 investigations and 14 grant certifications, as well as providing advice and guidance on a wide range of topics 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.

- 1.6 Throughout the course of the year, 44 audit actions which were considered to be 'important' or 'essential' were implemented by management. No 'essential' actions were outstanding at the end of the year, although 12 'important' actions remained had yet to be closed; this was a significant decrease on 2017/18 when 23 actions were outstanding at year end.

2. Proactive Work of the Committee

- 2.0 The following section provides a summary of the proactive work undertaken by the Committee over the last year. This aspect of the Committee's work is vital, and has assisted in improving the effectiveness of the Council's overall corporate governance arrangements.

2.1 Risk Management and the Risk Register

- 2.1.1 In accordance with best practice, the Council operates a risk management approach at corporate and service levels, seeking to identify key risks which might prevent the Council's priorities, as stated in the Business Plan, from being successfully achieved. The role of this Committee is to provide independent assurance of the adequacy of the Council's risk management framework and the associated control environment.
- 2.1.2 In 2017/18, the Internal Audit team co-ordinated an external Risk Management Health Check review by the Council's insurers, Zurich. In 2018/19, the team worked with Risk Champions across the organisation to complete the actions from this review, and also delivered risk workshops for Place and Economy to produce a new Directorate Risk Register.
- 2.1.3 Internal Audit undertook a review of Risk Management during 2019/20 and gave good assurance on the adequacy of the risk management system, as the Council has clear risk management policies and procedures and risk is managed appropriately across the majority of the Council. The audit also gave good assurance on compliance with those policies and procedures, particularly at a corporate risk level. Some further actions for completion were identified and these will continue to be implemented in 2019/20.

2.2 Corporate Governance

- 2.2.1 The Council's Annual Governance statement is compiled on the basis of the findings of Internal Audit reviews throughout the year, assurance statements from executive and corporate directors, and input from senior management and

members of the Committee. The 2018/19 Annual Governance Statement was reviewed by the Committee in May 2019, prior to final sign-off and inclusion in the Council's annual Statement of Accounts.

2.3 Council Finance and Statement of Accounts

- 2.3.1 Throughout 2018/19, the Committee has maintained its oversight of Council finances, reviewing the quarterly Integrated Resources and Performance Reports to assess progress in delivering the Council's Business Plan and review the status of the Council's Key Performance Indicators. The Committee regularly inquires and follows-up on areas which have overspends or other issues.
- 2.3.2 The Committee also considered and approved the Council's annual Statement of Accounts. The draft Statement of Accounts was presented to Committee on 12th June 2018, ahead of the final review and approval at the Committee meeting on 30th July 2018. This reflects the new, earlier statutory deadlines for the Council's annual accounts, which require publication by 31st May and sign-off by 31st July.
- 2.3.3 The statutory deadlines were met for the 2017/18 accounts, although the Accounts Report and Audit Completion report had not been published and circulated within five working days of the 30th July meeting, in order to ensure the papers were as up-to-date as possible. The Chairman therefore exercised his discretion to take the reports pursuant to Section 100B(4)(b) of the Local Government Act 1972.
- 2.3.4 In respect of the accounts, BDO (the Council's former External Auditors) had received objections from a local elector in respect of the 2017/18 and 2016/17 public rights periods. As of the meeting of the Audit & Accounts Committee on 28th July 2019, no resolution to these objections had been received from BDO by the Committee.
- 2.3.5 In respect of the 2018/19 accounts, the Committee notes that there was a delay in production of the accounts which resulted in draft accounts being submitted to External Audit on the 11th June 2019. This delay was due to resourcing pressures created from the need to transfer fixed asset values and other opening balances from Oracle Projects to the new ERP Gold system, which impacted the resources available to produce the accounts as well as meet initial external audit requirements. This situation is a 'one-off' relating to the introduction of the new ERP Gold system, and is not expected to be repeated in future years.

2.4 Community Transport Investigation

- 2.4.1 Throughout 2017/18, the Committee monitored the progress of the external investigation into concerns raised regarding several of the Council's Community Transport providers. The final report of the investigation was provided to a special public meeting of the Audit & Accounts Committee meeting on the 31st July 2018, which was held in the Council Chamber to accommodate the number of interested parties.
- 2.4.2 Subsequently, the Committee has taken an active role in monitoring progress with the implementation of recommended actions from the investigation report and associated work by Internal Audit. This included a further special meeting of the Committee on the 31st October 2018, which provided another opportunity for public questions and for the Committee to discuss specific matters arising from the review.
- 2.4.3 Regular progress updates have been provided by Internal Audit, who have undertaken follow-up work throughout the year to evidence completion of planned actions. Of the 66 actions in the final full Action Plan, 59 (89%) were completed by the end of the 2018/19 financial year. The Committee has continued to monitor the implementation of the remaining actions into 2019/20.

2.5 Whistleblowing Policy

- 2.5.1 In November 2018, Internal Audit presented a revised draft of the Council's Whistleblowing Policy and an updated version of the Whistleblowing Managers' Guidance document. The changes included a new process to allow whistleblowers to raise any complaints regarding the investigation into their concerns, and updating the guidance to managers to give more detail on how to conduct investigations under the policy, in line with ACAS (Advice, Conciliation and Arbitration Service) guidance.
- 2.5.2 After minor amendments, the policy was approved by the Audit & Accounts Committee, which in January 2018 took on responsibility for the Whistleblowing Policy from the Constitution and Ethics Committee, which had previously had this delegated responsibility. Following approval, Internal Audit conducted a range of pro-active work to publicise the policy internally and externally, including a poster campaign throughout Council offices, a separate poster campaign for maintained schools, and posts on the Council's Daily Blog and Friday Focus newsletter.
- 2.5.2 The annual report on whistleblowing for 2018/19 was brought to the Committee by Internal Audit in May 2019. This included the results of a staff survey which

identified that 93% of staff were aware of the policy. It noted that 19 whistleblowing cases had been recorded by Internal Audit in the 2018/19 financial year, an increase on the 2017/18 results which was believed to be a result of the significant work to publicise the policy to staff.

3. The Committee's relationship with Internal Audit

- 3.1.1 A key part of the Committee's role is to both challenge and support the Internal Audit service. The Committee has supported a flexible approach from the Internal Audit team which ensures that planned coverage is continually reassessed to direct audit resource towards areas of emerging risk, rather than a static plan agreed some months before. The Committee has taken a proactive role in this approach, both by suggesting pieces of work for Internal Audit, contributing ideas towards the detailed brief, and requesting updates from Internal Audit and Council services on implementation of actions.
- 3.1.2 In 2018/19 in particular, the Committee has supported requests from Members for Internal Audit to review the Ely Bypass project and the tenancy of Manor Farm, as well as approving regular updates to the Audit Plan at Committee meetings as required.

4. Terms of Reference for the Committee

- 4.1 Having been fully reviewed and revised in 2016/17, the Terms of Reference for the Audit & Accounts Committee were reviewed by the Committee in May 2018, and retained with no changes.

5. Future Focus for the Committee

- 5.1.1 As set out above, the Committee will continue to follow up on progress in key focus areas from previous years, including reviewing the Council's financial reporting and monitoring the implementation of the Council's whistleblowing policy.
- 5.1.2 More broadly, the Council faces significant challenges and changes to the environment within which it operates. In March 2017, the Cambridgeshire and Peterborough Combined Authority was formed, and recent years have brought

increasingly close partnership working with colleagues at Peterborough City Council. The Council continues to seek to deliver savings and investment through its Transformation Programme, to meet the ongoing challenge of reduced budgets coupled with significant growth.

- 5.1.3 This Committee carries out its responsibilities by directing and monitoring the efforts of Internal Audit. In future, given the financial situation, there will be ever-increasing emphasis on enabling the Council to provide a higher level of service to our customers within a defined budget. In line with the approach being taken by Council services more generally, the Committee's role is increasingly shifting towards a focus on outcomes. Close partnership working with other local authorities will also require a reassessment of how assurance can be obtained on behalf of the audit committees at each authority.

INTERNAL AUDIT PROGRESS REPORT

To: **Audit & Accounts Committee**

Date: **24th September 2019**

From: **Duncan Wilkinson, LGSS Chief Internal Auditor**

1. PURPOSE

- 1.1 To report on the main areas of audit coverage for the period to 31st August 2019 and the key control issues arising since the last update provided to the Audit & Accounts Committee on 29th July.

2. BACKGROUND

- 2.1 The role of Internal Audit is to provide the Audit Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 2.2 Committee members are requested to note and comment on the report.

<i>Officer contact:</i>	
Name:	Duncan Wilkinson
Post:	LGSS Chief Internal Auditor
Email:	Duncan.Wilkinson@Milton-Keynes.gov.uk
Tel:	01908 252089

Background papers: None

LGSS Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st August 2019

Section 1

1. FINALISED ASSIGNMENTS

- 1.1 Since the previous Progress Report in July 2019, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Place & Economy	Local Transport Capital Block Funding	Grant certification provided		
2.	Place & Economy	Safer Roads Funding	Grant certification provided		
2.	Place & Economy	Pothole Action Fund	Grant certification provided		
2.	Place & Economy	Cycle City II	Grant certification provided		

- 1.2 Summaries of the finalised reports with satisfactory or less assurance are provided in Section 4.
- 1.3 The following audit assignments have reached draft report stage, as set out below in table 2:

Table 2: Draft Reports

No.	Directorate	Assignment
1.	People & Communities	Direct Payments Compliance
2.	Resources	Fire Safety Checks
3.	Place & Economy	Cost Recovery in Place & Economy

- 1.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Annex A.

Section 2

2. FRAUD AND CORRUPTION UPDATE

2.1 CURRENT INTERNAL AUDIT INVESTIGATIONS:

A summary of the current investigative caseload of the Internal Audit team is provided below at Table 3. This includes investigations relating to suspected theft, fraud or misuse of funds, which are led by Internal Audit.

Table 3: Internal Audit Investigations Caseload

Case Category	Description of activity or risk example	No.	Outcomes
Investigations	FACT Investigation	1	Ongoing support to post-report process.
	Whistleblowing concerns	5	Closed, either no concerns or advice provided.
		1	Investigation in progress.
	Allegations regarding misuse of a Direct Payment	1	Investigation in progress.
	Manor Farm Tenancy Review	1	Draft report stage.
	Cash thefts	3	Referred to police.
	Suspected bank mandate fraud at a school	2	Advice provided.
Totals		14	

2.2 WHISTLEBLOWING REFERRALS:

A high level of whistleblowing referrals have been received by Internal Audit to date in 2019/20, with 10 new referrals received in this financial year to the end of August. This compares to 4 received during the same period in 2018/19. The referrals cover a range of issues from thefts to actual or attempted bank mandate fraud, and concerns raised regarding governance or potential safeguarding risk.

The high level of referrals received is seen to be a positive indicator of the success of Internal Audit's continued promotion of the Council's whistleblowing policy, as

part of an effective governance framework across the Council. However, the high level of referrals does not appear to indicate an increase in serious concerns

- In 4 instances, no concerns were identified after initial review of the whistleblowing content and brief preliminary investigation. In all instances, Audit responded to the whistleblower either to confirm that no concerns were identified or to inform them that their concern was being passported to the correct internal process (e.g. the complaints process).
- In a further 4 cases, Internal Audit has provided or continues to provide advice and guidance to the affected service, but there is no cause for a full Internal Audit investigation.
- In 2 cases, Internal Audit is undertaking or providing support to an internal investigation.

2.3 NATIONAL ANTI-FRAUD NETWORK:(NAFN)

Audit & Accounts Committee previously requested information on the National Anti-Fraud Network sometimes used by LGSS Internal Audit's Counter Fraud team.

Cambridgeshire County Council subscribes to NAFN, primarily for the use of the Trading Standards service. The Council does not own social housing and to date the Counter Fraud team have not been requested to investigate any potential NRPF cases at Cambridgeshire, and therefore the Cambridgeshire subscription has not been used to date by Internal Audit for the purpose of investigations, although access is available. The team does benefit from NAFN's information-sharing network, and any fraud alerts are shared with members of the Cambridgeshire Internal Audit team.

Section 3

3 **IMPLEMENTATION OF MANAGEMENT ACTIONS**

- 3.1 The outstanding management actions as at the end of July 2019 are summarised in Table 4 below, which includes a comparison with the percentage implementation from the previous report (bracketed figures).
- 3.2 There are currently 15 management actions outstanding. Positive progress has been made from the previous report to Committee, with a decrease in the percentage of unimplemented actions, particularly in those due for over three months. Further detail on all outstanding actions is provided at Annex B.

Table 4: Outstanding Management Actions (Year To Date)

	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
Implemented	1	2% (0%)	32	67% (48%)	33	69% (48%)
Actions due within last 3 months, but not implemented	0	0% (0%)	11	23% (27%)	11	23% (27%)
Actions due over 3 months ago, but not implemented	0	0% (0%)	4	8% (24%)	4	8% (24%)
Totals	1		47		48	

- 3.3 At present, 15 actions remain due but unimplemented. For these actions, Internal Audit is aware of progress being made to implement actions, and delays relate primarily to circumstances outside the service's control, such as a need to seek legal advice, or difficulties in accessing reporting. Detail of progress with all actions is reported at Annex B for information.

Section 4

4. SUMMARIES OF COMPLETED AUDITS WITH SATISFACTORY OR LESS ASSURANCE

No such reviews have been issued since the previous Internal Audit Progress Report.

5. OTHER AUDIT ACTIVITY

5.1 UPDATES TO THE INTERNAL AUDIT PLAN 2019/20

In each Progress Report, Internal Audit outlines any proposed changes or updates to the annual Audit Plan in light of additional pressures and/or the evolving risk profile of the Council. In simple terms, where additional priority jobs are added into the Plan or where time allocations are insufficient, Joint Management Team (JMT) and Committee will determine where to flex planned audit coverage in the financial year based on their current assessment of priority and risk.

5.1.1 Pressures on the Internal Audit Plan:

The following audits represent areas of pressure on the Internal Audit Plan. Proposals to address this pressure are under development and will be reported to the November meeting of the Committee:

- **Manor Farm Tenancy Investigation and associated work:** The complexity of the Manor Farm Tenancy investigation has proved greater than initially expected. Additionally, as a result of findings made during the review it has been necessary to undertake an additional, separate audit of the County Farms service as a whole.
- **Rental Income:** Findings made during the course of this audit have resulted in a requirement to undertake additional work, and the audit fieldwork as a whole has been complicated and extended as a result of the current record-keeping systems within the service.
- **Contract Management Policy and Guidance:** Internal Audit has proposed to slightly extend the planned time budget for this review, in order to undertake unplanned additional value-added work which falls within the scope of the review and will provide new guidance and support to staff on the crucial area of contract management.
- **Highways Contract Open Book Review:** Internal Audit continue to undertake work on the Highways Contract. The complexity of undertaking an open-book review requires significant audit time, and this has been further complicated by the record-keeping systems in place. In addition to undertaking work on the review itself, Audit have been required to provide

substantial support to the development of new systems and processes around the administration and oversight of the contract and charges.

- **LGSS Law:** Additional time has been required to complete this review due to the difficulties experienced in obtaining expected documentation (in part due to staff turnover both within CCC and LGSS) and the need to complete additional work.

ANNEX A

CCC INTERNAL AUDIT PLAN 2019/20

Summary of Progress:

Total Completed Audits from 2019/20 Audit Plan	4
Total Audits at Draft Report Stage	3
Total “Ongoing” Work <i>(i.e. which does not have a specific end date, but will close at the end of the financial year)</i>	10
Total Open Audits	22
Total Not Yet Opened Audits	37

Full Audit Plan:

Audit	Status	Quarter Opened	Quarter Closed
VAT	NOT OPENED		
Unannounced Visits	OPEN	Q2	
Development of Project Assurance Framework	ONGOING	Q1	N/A
Project Assurance of High Risk Projects	NOT OPENED		
Business Continuity	OPEN	Q1	
Financial Planning, Demand Management and Control	NOT OPENED		
Financial Regulations Monitoring & Compliance, including Delegated Authorities	NOT OPENED		
Capital Project Variations and Overspends	NOT OPENED		
Contract Management - Cambridgeshire Energy Performance Contracting Project	CANCELLED	N/A	N/A
Contract Management - Eastern Highways Alliance	OPEN	Q2	
Contract Management - Provision of Community Equipment Services	NOT OPENED		

Contract Management - Home and Community Support Service Framework	OPEN	Q2	
Contract Management – Supported Living Services for Adults with a Learning Disability	NOT OPENED		
Contract Management - Integrated Drug and Alcohol Treatment System	NOT OPENED		
Contract Management - Cambridgeshire Lifestyle Services	OPEN	Q1	
High Value Supplier Contract Management Reviews	NOT OPENED		
Business Continuity for Key Contracts	NOT OPENED		
Contract Management Policy and Guidance	OPEN		
Transformation Fund Benefits Realisation	OPEN	Q2	
Fees and Charges Policy & Compliance	NOT OPENED		
Annual Key Policies & Procedures Review	NOT OPENED		
Key Performance Indicators	CANCELLED	N/A	N/A
Corporate Key Performance Indicator Framework	NOT OPENED		
Procurement Governance	NOT OPENED		
Procurement Compliance	OPEN	Q2	
Procurement Waivers for Procurement Outside Contract Procedure Rules	NOT OPENED		
Consultancy Policy Compliance	NOT OPENED		
LGSS Law Ltd	OPEN	Q1	
Regulation of Investigatory Powers Act Policy Compliance	OPEN	Q2	
Property Asset Disposals & Acquisitions Policy Compliance	NOT OPENED		
County Farms Process & Practice	OPEN	Q1	
Fire Safety Checks	OPEN	Q1	
Most Economically Advantageous Tenders	CANCELLED	N/A	N/A
Rental Income	OPEN	Q1	
This Land Limited	OPEN	Q1	
Annual Whistleblowing Policy Report and Awareness	NOT OPENED		
Direct Payments - Prepayment Cards	NOT OPENED		
Troubled Families Grant	ONGOING	Q1	N/A
Schools Payroll and Safe Recruitment	NOT OPENED		
Disabled Facilities Grant	OPEN	Q1	
Special Educational Needs Placements	NOT OPENED		
Annual Safeguarding Assurance	OPEN	Q2	
Key Inspection Action Plans	CANCELLED	N/A	N/A
Provision of Section 17 Financial Assistance	OPEN	Q1	
Strategic Approach to Schools Charging	CANCELLED	N/A	N/A
Adult Social Care Finance	NOT OPENED		
Safeguarding the Assets of Clients in External Establishments	CANCELLED	N/A	N/A

Other People & Communities Risk Based Audits	CANCELLED	N/A	N/A
Safeguarding Clients' Personal Assets - Compliance	NOT OPENED		
Highways Contract Open Book Review	OPEN	Q1	
Highways Commercial Group	ONGOING	Q1	N/A
Street Lighting PFI Open Book Review	NOT OPENED		
Waste PFI Renegotiation of Contract	ONGOING	Q1	N/A
Local Transport Capital Block Funding	CLOSED	Q1	Q2
Bus Service Operators	CLOSED	Q1	Q1
Pothole Action Fund	CLOSED	Q1	Q2
Cycle City Phase II	CLOSED	Q1	Q2
National Productivity Fund	CANCELLED	N/A	N/A
Safer Roads Funding	CLOSED	Q1	Q2
Chisholm Trail 19 - 20	OPEN	Q2	
SWIM Grant	CANCELLED	N/A	N/A
Cambridgeshire Challenge Fund	CANCELLED	N/A	N/A
Flood Resilience Fund	CANCELLED	N/A	N/A
Coroners Service	OPEN	Q1	
Additional Highways Maintenance Grant	CLOSED	Q1	Q1
Broadband Grant	CANCELLED	N/A	N/A
Complaints Process	NOT OPENED		
Accounts Receivable	NOT OPENED		
Purchase to Pay	NOT OPENED		
CHAPS Payments Review	OPEN	Q1	
Payroll	NOT OPENED		
General Ledger	NOT OPENED		
Bank Reconciliation	NOT OPENED		
Treasury Management	NOT OPENED		
Annual Assurance on Risk Management	NOT OPENED		
Debt Recovery	OPEN	Q1	
Pensions	NOT OPENED		
Risk Management			
Annual Governance Statement/Code of Corporate Governance	NOT OPENED		
General Data Protection Regulations Implementation	NOT OPENED		
Information Technology Audit Plan	NOT OPENED		
Financial Systems IT General Controls	NOT OPENED		
Fraud Referrals			
Fraud Investigations			
Community Transport Investigation 2019 - 20	ONGOING	Q1	N/A
Manor Farm Tenancy Review	OPEN	Q1	

Concessionary Travel Investigations (ad hoc)			
National Fraud Initiative			
Advice & Guidance	ONGOING	Q1	N/A
Freedom of Information Requests	ONGOING	Q1	N/A
Follow-Ups of Agreed Actions	ONGOING	Q1	N/A
Audit Plan	ONGOING	Q1	N/A
Committee Reporting	ONGOING	Q1	N/A
Management Reporting	ONGOING	Q1	N/A
Information Management Board			
Schools Causing Concern			

ANNEX B

Summary of Outstanding Recommendations – under 3 months

(Recommendations as at the end July 2019).

Audit	Risk level	Summary of Recommendation	Target Date	Status
Fostering Contract Management	I	<p>Overpayments to Level 6 Carers:</p> <p>Review the payments to this couple to establish whether they are reasonable and in line with policy, and whether placements with the couple represent value for money in terms of the costs paid per child. Update the file and inform the Business Systems teams of any decisions regarding this couple, ensuring that any decision to continue with varying the usual terms of the foster carer scheme for this couple, if it is confirmed as being value for money, are fully documented with a clear approval from the Head of Service.</p>	31/05/19	<p>The Interim Residential and Placements Manager reported that this is partially complete, mainly due to the historical nature of this agreement and time it has taken to locate the agreement. The agreements have been located and reviewed and shared with Legal services for a view, with advice expected to be received.</p> <p>Following this, payment can be challenged although further specialist advice may need to be commissioned.</p> <p>Revised target date: 30th September 2019</p>
Fostering Contract Management	I	<p>Lack of clarity over use of basic allowance for in-house placements:</p> <p>Conduct a review to ensure that all carers have a signed agreement on file.</p> <p>Review the process by which mileage expenses are claimed and approved for in-house carers.</p>	01/06/19	<p>The Interim Residential and Placements Manager reported that the foster carer agreement document has been reviewed and updated to ensure it is compliant with Foster Care National Minimum Standards, but is still in draft phase. The aim is to have it in place for use by carers by September and as at the end of August the action is on track.</p> <p>Revised target date: 30th September 2019</p>
Fostering Contract	I	<p>No control process to identify errors in in-house payments:</p>	01/07/19	<p>The Interim Residential and Placements Manager reported that there is currently a new draft</p>

Management		Create a payment policy document that clearly sets out the different scenarios that occur and how they are paid for, such as: respite breaks, children going to university, level 6 carers with a staying put placement etc. Include details about IFA carers transferring to in-house, and the fee agreements relating to children already in place.		payment policy document and a draft pocket money policy document being created by the Finance Officer and newly-appointed Senior Business Officer.
Fostering Contract Management	I	Inequality in pocket money and savings: Review in-house pocket money and savings policy and bring it in line with IFA policy with explicit guidelines.	31/07/19	Agreement has been given for a new Fostering Finance Officer post and the implementation of this action is delayed until the recruitment to this post. Revised target date: 30th October 2019
Fostering Contract Management	I	Understanding of In-House vs IFA Costs: The service should work with Finance to agree an estimate for the true cost of in-house placements. Linked to this, the service's policy and guidance should be updated to include a charging policy for external children placed with in-house carers. It is recommended that this should include the £200 weekly charge for the Council's overheads for maintaining these placements (or an alternative overhead cost if agreed with Finance) and quarterly invoicing for all such placements.	30/06/19	The first stage of completion is to understand the actual costs of Independent Fostering Agency (IFA) placements. This has now been completed as the retender of the Fostering Framework Agreement has been carried out. The next stage is to complete the review of CCC costs and benchmark these against the IFA costs, which is currently underway and will inform the review of CCC Foster Carer Payments scheme including the charging policy. Revised target date: 30th September 2019
Annual Assurance on Risk Management	I	Directorate Risk Registers are not up to date: As a minimum, The C&CS Directorate Risk Registers should be brought up to date and then reviewed on a quarterly basis. The C&CS (now the C&DS) Risk Register will be reviewed by the end of May by the C&DS Management Team	31/05/19	The Risk Register has been reviewed by C&DS Directorate Management Team on 19 th August and significant changes proposed. This is now in the process of being formally revised and updated. Revised target date: 30th September 2019
Annual Assurance on	I	Directorate Risk Register is not in place The Directorates should consider if their risks are included	18/06/19	This recommendation has been complied with and the decision taken to produce a Directorate

Risk Management		in the Corporate Risk Register and if there is a need for a Directorate Risk Register. If this is not the case this will need to be formally approved by SMT. Business Improvement and Development DMT to discuss if there is a need to have a risk register		Risk Register for the Business Development & Improvement Directorate. Whilst this has yet to be completed, a Risk Workshop to do this has been arranged for October. Revised target date: 31st October 2019
Transport Contract Management	I	<p>Monitoring Schedule:</p> <p>The monitoring procedure should be reviewed and updated. This should include a procedure to ensure that suppliers who are found to have breached the Terms and Conditions of the contract are re-monitored sometime in the next two months, ideally with multiple supplier routes monitored after a breach. A process should also be introduced to ensure that all suppliers are monitored at least once per year. The service should consider introducing reporting to senior management a summary of breaches at the end of each term, with serious breaches and terminations reported immediately at management discretion.</p> <p>The breaches record spreadsheet and monitoring history spreadsheet should be amalgamated into a single document.</p>	31/05/19	<p>A draft proposed process has been produced by the Social & Education Transport Team and provided to Internal Audit. Audit review identified that while positive progress has been made, the document as proposed does not currently fully address the risks identified by the audit review. In particular, the process needs to be developed further to demonstrate how the team will ensure re-monitoring of suppliers who have breached their contracts, and to ensure centralised oversight is possible.</p> <p>Revised target date: 30th September 2019</p>
Transport Contract Management	I	<p>Length of Call For Tenders:</p> <p>Minimum tender times of at least one week should be established for all regular tenders, and the service should aim to allow more time than this in most cases.</p>	31/05/19	<p>A draft process has been developed and provided to Internal Audit. Audit review identified that while positive progress has been made, the document as proposed does not currently fully address the risks identified by the audit review. In particular, the process does not fully enforce minimum tender times to ensure best value is obtained from contracts.</p>

				Revised target date: 30th September 2019
Transport Contract Management	I	<p>Financial processes: A full financial processes review should be conducted by the SETT in conjunction with the Professional Finance team. This should include immediately ensuring that payments made via interface spreadsheet are linked to a SWIFT ID or other relevant identifier. The review should also ensure that interface payments are being used in the most efficient manner, reducing the amount of duplicate entry required and the risk of human error occurring in the payments.</p> <p>The service should also develop a new commitment record spreadsheet for adults and LAC transport, which contains all journeys and client information.</p>	31/07/19	<p>The Finance Business Partner reported that this action hasn't yet been completed, but work is ongoing. In order to get to a point where any of this can be undertaken a data cleanse is required, and this is taking longer than anticipated.</p> <p>The risk therefore remains that the service does not have a comprehensive commitment record on which they can base their forecasts of expenditure and to ensure that all expenditure can be traced back to the relevant service user.</p> <p>Revised target date: 31st December 2019</p>
Agency Staff Compliance 18/19	I	<p>Non-compliance with Agency Worker Policy remaining unchallenged A quarterly report to be issued to the appropriate director and relevant senior managers, listing all instances of non-compliance with CCC Agency Worker Policy, where managers have not completed and provided the required documentation (Approval to Engage an Agency Worker Form, Extension of Booking Form, Health & Safety Form, Role Description).</p>	31/07/19	<p>The service has recently responded to audit outlining difficulties in providing this info. Internal Audit has scheduled a follow up meeting with the service for October to discuss a proportionate solution.</p> <p>Revised target date: 31st October 2019</p>

Summary of Outstanding Recommendations – over 3 months

(Recommendations as at the end July 2019).

Audit	Risk level	Summary of Recommendation	Target Date	Status
3rd Party Assurance	I	<p>Contracts do not have third party assurance requirements:</p> <p>Officers responsible for commissioning high-value contracts with suppliers, who are likely to hold or process large volumes of personal data, should consider including in their specifications that the Council must be provided with appropriate third party assurance over the security of systems. IT and Procurement officers should be aware of the possibility of including these requirements in specifications, and provide advice and guidance to officers commissioning such contracts.</p>	31/05/18	<p>The Business Intelligence Manager confirmed work is progressing on this recommendation but that it is proving more resource-intensive and taking longer than originally anticipated. The Data Protection Officer said they have been contacting all relevant contract managers to advise them that they need to update their contract with the GDPR amendments, and they have received acknowledgments back from the services that they have done this. Internal Audit received a copy of the contract register and there are instances where the services still needs to reply.</p> <p>Revised target date: 31st October 2019</p>
Direct Payments Compliance	I	<p>Monitoring done by Direct Payment Support Services:</p> <p>The role of the Direct Payment Support Services in relation to the type and frequency of monitoring they carry out on accounts must be clarified.</p> <p>Direct Payment Monitoring Officers should monitor a sample of trackers with the relevant invoices to ensure Purple/Penderels are paying out money in accordance with the service user's Care and Support plan.</p>	30/04/18	<p>The Internal Audit team are now reviewing the direct payments contract processes as part of the 2018/19 Direct Payments audit review. This audit is expected to be completed within the next few weeks. Emerging findings are subject to change as audit work continues but currently it anticipated that this outstanding action will be incorporated into more up to date recommendations in this latest audit.</p> <p>Revised target date: 30th September 2019</p>

Use of Consultants	I	<p>Succession Planning:</p> <p>Several instances were identified by the review of interims remaining in post for significant time periods. A review should be undertaken of all posts currently occupied by interims and plans developed to transition these into permanent arrangements through development of existing staff, external recruitment processes etc. Long-term succession plans should be developed for these posts.</p> <p>When a repeat exemption to contract procedure rules is approved for appointments of consultants or interims, the Procurement team should follow-up with the service to ensure an appropriate long-term solution is being put in place. Repeat exemptions where Procurement advice is not being taken should be flagged by the Procurement team to senior management at the Council.</p>	31/01/19	<p>Internal Audit has discussed with the Service Director of Business Improvement and Development and received an initial update:</p> <p>A review has been undertaken covering consultants remaining in post, which is reported quarterly to JMT and A&A Committee.</p> <p>The Procurement team now bring a quarterly report to the Commercial Board (which is chaired by the Director of Business Improvement and Development) on repeat exemptions. The Boards reviews and then escalates to JMT as appropriate.</p> <p>An 'Approval to Recruit' process has been in place since January 2019 where all new or extended recruitments (whether employee, interim or contractor) are signed off by a Director and reported to JMT on a weekly basis.</p> <p>A review of all posts shared between CCC and PCC - including consultants and interims – was carried out in May 2019 and reviewed by the Shared Services core group on 05/05/2019. Follow up actions to terminate agency and interim contracts and/or document procurement process have been completed.</p> <p>Internal Audit has reminded the Head of Business Improvement and Development that this action covered the entire organisation, not just shared posts, and has requested a revised target date.</p> <p>Revised target date: TBC</p>
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Information Governance Policies	M	<p>Asset management policies and procedures:</p> <p>A complete physical asset register, listing the council staff member responsible for the asset should be created</p> <p>If assets are not managed or lost there is a risk of data breaches occurring (and not identified) leading to reputational or financial damage.</p>	30/09/17	<p>This action is now being addressed by the Application, Database and Business Intelligence Manager by initiating a specific project to address this issue. The Gate 0 proposal (project initiation) was submitted to the LGSS project management office on 21st August 2019. The service will not be able to provide a revised implementation date until the project is approved and fully scoped.</p> <p>Revised target date: TBC</p>
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COMMUNITY TRANSPORT ACTION PLAN - UPDATE

To: Audit & Accounts Committee

Meeting Date: 24th September 2019

From: Duncan Wilkinson, Chief Internal Auditor

Purpose: To provide the Committee with an update on progress with the Community Transport Action Plan, following the previous update to Committee on the 28th May 2019.

To highlight matters arising as part of the implementation of these actions, and invite the views of Committee members.

Recommendation: Audit & Accounts Committee is requested to note the progress with the Action Plan and confirm that they agree for the action outlined at Section 3.2 to be closed.

<i>Officer contact:</i>		<i>Member contacts:</i>	
Name:	Duncan Wilkinson	Names:	Councillor Mike Shellens
Post:	LGSS Chief Internal Auditor	Post:	Chair of Audit & Accounts
Email:	Duncan.Wilkinson@Milton-Keynes.gov.uk	Email:	Shellens@waitrose.com
Tel:	01908 252089	Tel:	01223 699170

BACKGROUND

- 1.1 There was a major review of Community Transport in Cambridgeshire, culminating in the public meeting on July 31st 2018. A twelve-page Action Plan, presented by the Chief Executive, was reviewed in detail. Additional actions were agreed during the meeting, and these have been added to a final full action plan.
- 1.2 During the meeting it was agreed that Audit & Accounts Committee would maintain oversight of the implementation of recommendations, to ensure they are carried out as planned. The most recent update on Action Plan progress was brought to the meeting of the Committee on the 28th May 2019.

CURRENT PROGRESS

- 2.1 A copy of the Action Plan, showing only actions which were not marked as 'complete' at the previous Committee meeting, is provided at Appendix 1. In this document, the numbering of actions has been retained from the original full Action Plan, to ensure continuity.
- 2.2 Of the 7 actions which had not been completed at the time of the previous meeting:
 - 1 is an ongoing action, with no expected end date (14%)
 - 2 actions have been marked as completed (29%)
 - 4 remain in progress (57%)
- 2.3 Committee is requested to note the progress with implementation of the Action Plan.

MATTERS ARISING

Key areas for the Committee to be aware of are highlighted below.

Reclamation of Funding:

PKF were commissioned to provide an independent estimate of the extent to which public funding subsidised the growth of the Fenland Association for Community Transport (FACT), Huntingdonshire Association for Community Transport (HACT) and Ely & Soham Association for Community Transport (ESACT) (FH&E) commercial fleet, to provide a basis for recovery action to be taken by the Council, in line with the request from the Audit & Accounts Committee. This report has been shared with senior management and the Chairman and Vice Chairman of the Audit & Accounts Committee. It had previously been anticipated that this report could be shared in full with the Audit & Accounts Committee at the current meeting.

However, negotiations with FH&E regarding the reclamation of public funding have progressed more slowly than expected. Negotiations are being led by the Council's Deputy Chief Executive and the Executive Director of Place and Economy, with the Chairman of Audit & Accounts.

3.2 Annual Review of Community Transport Grant Outcomes and Benefits:

One of the actions arising from the audit was the need for an annual review of outcomes and benefits from community transport grant awards to be conducted by the Transport service and reported to Economy & Environment Committee.

The service has stated that they are only six months into the new grant agreements and therefore annual information is not available. It is also noted that Community Transport is now a Cambridgeshire & Peterborough Combined Authority responsibility. In 2019/20, the Combined Authority agreed a set level of funding for the provision of Community Transport and delegated responsibility for day-to-day provision back to the County Council. It is proposed therefore that as long as the function is undertaken on behalf of the Combined Authority, this is reported to the Committee, but should the Combined Authority take on delivery of the function, then the action would be closed.

3.3 Member Consideration of Community Transport Provision:

A further action from the audit was for “Member consideration of how best to provide community transport services to be deferred until all possibilities including the Mayor's Bus review, could be taken into consideration”.

As the Combined Authority work on the Bus Review has not yet concluded, it is proposed at this time that consideration should be deferred until that position is clear.

Source Documents	Location
Community Transport Action Plan	Internal Audit Octagon 1, Shire Hall, Cambridge

Community Transport Action Plan Log

Update for Audit & Accounts Committee - As At 11th September 2019 (Committee Reporting Deadline)

* Action Log: Page, item no, Action section, item
Minute16/08/2018: Page, Para

	Onus	Issue	Source*	Progress	Document Cross-Reference	Notes	Next Action	By	Due
19	CCC	All FH&E contracts to be retendered.	AL 7 33.2	Complete	21.1 (Home to School Mainstream Contracts) 21.2 (Home to School Mainstream Contracts) 21.3 (Home to School SEN Contracts) 21.4 (Ad Hoc Day Centre Contracts) 25.1 (Local Bus Contracts) 25.2 - 6 (Local Bus Awards) 26.1 - 2 (Day Centre Contracts)	All contracts have now been retendered. FH&E have confirmed their intention to cease operating commercial contracts altogether.			
30	CCC	Any money to be reclaimed in respect of State Aid or otherwise would be so.	M 10.3 AL 5 18.1.4	In Progress	TBC	See main report for full update.			
31	CCC	Annual review of outcomes and benefits from the grant awards will be reported to E & E Committee.	M 8.6	In Progress	N/A	See main report for full update.			
64	CCC	Further update reports would be received by Audit & Accounts Committee until implementation is complete.	M 16.4	Ongoing	N/A	Working Party formed and an ongoing process is in place to ensure that Audit & Accounts Committee are able to monitor actions on an ongoing basis.			
65	CCC	Transfer of payments to PKF from Milton Keynes Council to the Cambridgeshire financial system would take place.	M 15.1	Complete	TBC	Confirmed complete by Finance.			
66	CCC	Member consideration of how best to provide community transport services to be deferred until all possibilities including the Mayor's Bus review, could be taken into consideration.	M 15.2	In Progress	N/A	See main report for full update.			
86	CCC	CCC should consider publishing Freedom of Information Act responses via the website and therefore making these available to the public.	FOI Report	In Progress	TBC	PCC and CCC have formed a joint Information Governance service and are looking at implementing a joint FOI system. One of the system requirements identified to be implemented at both Councils is the ability to publish FOI responses to the wider public. This will be reviewed both Councils in July 2019, with an implementation target of December 2019.			

AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN

MEETING DATE REPORT DEADLINES AND REPORT TITLES	Frequency of report	Corporate/Service Director /external officer responsible	Report author
OCTOBER SPECIAL MEETING TO BE CONFIRMED			
ISA 260 Council Accounts	Annual	EY External Auditor Lead	Mark Hodgson
Council Accounts	Annual	Head of Finance and Deputy Section 151 Officer	Jon Lee / Martin Savage / Michelle Parker
COMMITTEE DATE 2.00 P.M. THURSDAY 28TH NOVEMBER 2019			
Deadline for reports to be with Democratic Services: Mid-day Friday 15th November			
Safer Recruitment in Schools Update – Tri-Annual update	Tri-annual	Senior Education Adviser	Chris Meddle
Brexit Update	As and when required	Brexit Lead Cambridgeshire and Peterborough Bid Directorate	Andrew Merritt-Morling Adrian Chapman Jane Heath Kevin Hctor
Quarterly Report in respect of Consultancy expenditure and Update on Compliance with the Policy	Quarterly Report requested at the	HR / Procurement	Sarah Haig Martin Cox

	November 2018 meeting		
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting other than the meeting when the IA Annual Audit Plan Report (March) is received or the special meeting to consider the draft accounts (June)	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
Resources Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
Performance Report	Each cycle	Head of Business Intelligence	Tom Barden
Statement of Accounts Process – Action Plan Update	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Jon Lee / Michelle Parker
Transformation Fund Quarter 1 Update Report	Quarterly	Interim Head of Transformation	Julia Turner
Update on the Highway Records Assets (Moved from September)	Six monthly update	Asset Information Manager <i>Highways Service</i>	Mrs Camilla Rhodes (Haggett) Dan Ashman to present
Community Transport Update	Monitoring each	LGSS Chief Internal	Neil Hunter / Mairead

	meeting	Auditor / Audit and Risk Manager	Claydon
County Farms Tenancy Audit	One off Report	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
Manor Farm Tenancy Investigation (Likely to have confidential appendix so will require to be final report on agenda)	One off investigation	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
FACT, HACT and ESACT Recovery of Monies This may require a separate confidential appendix as it may contains business sensitive information for the Council and other parties	One-off Report	Chief Finance Officer / Service Director Highways and Finance	Chris Malyon / Graham Hughes
Agenda Plan	Each meeting	Head of Internal Audit / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers
COMMITTEE DATE 2.00 P.M. TUESDAY 28TH JANUARY 2020			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 15th January			
Debt Collection Update		LGSS Head of Revenues and Benefits	Robin Bates
Transformation Fund Monitoring Report	Quarterly Update	Interim Head of Transformation	Julia Turner
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)	Each meeting other than the meeting when the IA Annual Audit	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon

<i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Plan Report (March) is received or the special meeting to consider the draft accounts (June)		
Performance Report	Each cycle	Head of Business Intelligence	Tom Barden
Resources Report	Each Cycle	Chief Finance Officer	Tom Kelly / Rebecca Barnes
Community Transport Update	Monitoring each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
Agenda Plan	Each meeting	Head of Internal Audit / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers
COMMITTEE DATE 2.00 P.M. TUESDAY 24TH MARCH 2020			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 11TH March 2020			
Update on the Highway Records Assets – review whether still required	Six monthly update	Asset Information Manager	<i>Camilla Rhodes – Dan Ashman to present</i>
Safer Recruitment in Schools Update –	Tri-annual Termly	Senior Education Adviser	Chris Meddle
Annual Risk Report	Annual Report	Sue Norman Internal Audit	
Quarterly Report in respect of Consultancy expenditure and	Quarterly Report	HR/ Procurement	

compliance with the Policy	requested at the November 2018 meeting		
Estates and Building Maintenance Inspection Programme Update a year on update on the 5 year rolling inspections of property assets which would also now include schools	One off Annual Report		John Mac Millan
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting other than the meeting when the IA Annual Audit Plan Report (March) is received or the special meeting to consider the draft accounts (June)	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
Community Transport – 12 month on review of the consequences of recommendations on membership following implementation of Membership changes from March 2019	Request from November 2018 Committee	Assistant Director of Culture and Community Services	Christine May
Performance Report	Each cycle	Head of Business Intelligence	Tom Barden
Resources Report	Each Meeting	Chief Finance Officer	Tom Kelly / Rebecca Barnes
Statement of Accounts Process – Action Plan Update	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Jon Lee / Michelle Parker
Transformation Fund Monitoring Report	Quarterly Update	Interim Head of Transformation	Julia Turner
Agenda Plan	Each meeting	Head of Internal Audit / Democratic Services /	Duncan Wilkinson / Ro Sanderson Cllr Shellens

		Chairman and Vice Chairman in a Chairman briefing	/ Cllr Rogers
COMMITTEE DATE 2.00 P.M. TUESDAY 2nd JUNE 2020			
Deadline for reports to be with Democratic Services: Mid-day Thursday 21st May 2020			
Statement of Accounts Process – Action Plan Update	Monitoring each meeting	Head of Finance and Deputy Section 151 Officer	Jon Lee / Michelle Parker
Section 106 Update Report	Annual	Deputy Section 151 Officer	Tom Kelly
Performance Report	Each cycle	Head of Business Intelligence	Tom Barden
Resources Report	Each Cycle - would always be one that had already been through General Purposes Committee or was going the same day	Chief Finance Officer	Tom Kelly / Rebecca Barnes
Quarterly Report in respect of Consultancy expenditure and compliance with the Policy	Quarterly Report requested at the November 2018 meeting	HR/ Procurement	Sarah Haig
Safer Recruitment in Schools Update	Tri-annual Termly	Senior Education Adviser	Chris Meddle
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan (Update)	Each meeting other than the meeting when the IA Annual Audit	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon

<i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Plan Report (March) is received or the special meeting to consider the draft accounts (June)		
Agenda Plan	Each meeting	Head of Internal Audit / Democratic Services / Chairman and Vice Chairman in a Chairman briefing	Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers
COMMITTEE DATE 2.00 P.M. TUESDAY 16th June 2020			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 3rd June 2020			
Annual Whistle Blowing Report	Annual Report	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
Draft Accounts 2019-2020			Jon Lee / Martin Savage / Tracy Pegram
Annual Governance Statement	Annual Report	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
Internal Audit Annual Report	Annual Report	LGSS Chief Internal Auditor / Audit and Risk Manager	Neil Hunter / Mairead Claydon
Agenda Plan	Each meeting	Head of Internal Audit / Democratic Services / Chairman and Vice Chairman in a Chairman	Duncan Wilkinson / Ro Sanderson Cllr Shellens / Cllr Rogers

		briefing	
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REPORTS TO BE PROGRAMMED

BDO External Audit Final report on investigations into challenges to the 2016/17 and 17-18 Accounts		Council's previous External Auditors - BDO	Lisa Clampin
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For July 2020 Transformation Fund Monitoring Report	Quarterly Update	Interim Head of Transformation	Julia Turner
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Update 16th September 2019