

**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** 22<sup>nd</sup> September 2015.

**Time:** 14.00 -18.25 p.m.

**Place:** Room 128, Shire Hall, Cambridge

**Present:** Councillors: I Bates (substitute for Councillor M McGuire), R Henson, P Hudson, N Kavanagh (substitute for Councillor McGuire) M Shellens, (Chairman), P Topping (Vice Chairman) and J Williams

**Apologies:** Councillors: S Crawford and M McGuire.

**Action**

**151. DECLARATIONS OF INTEREST - None**

**152. CAMBRIDGE CENTRAL LIBRARY ENTERPRISE CENTRE REVIEW**

This report due to its size and complexity had not been possible to finalise at the time of the initial agenda despatches. The Chairman agreed to take this report included as part of a late, third agenda despatch as it was required to go forward to the Council meeting on 13<sup>th</sup> October.

On the 21<sup>st</sup> July 2015 Full Council passed a motion agreeing that this Committee should undertake a review of the process by which the Cambridge Library Enterprise Centre (CLEC) proposals had emerged and were developed, in order to identify recommendations on how the process could be improved.

Input to the review had been sought from Council members, residents and officers. Submissions were received from 17 councillors and 11 residents, although the Chairman indicated orally at the meeting that he would be making reference to some additional suggestions on a late submission from at least one resident.

Some 700 relevant quotes were individually reviewed by Internal Audit and learning points transferred to the report included on the agenda. Further comments were also sought from an open meeting for all councillors and members of the public held an hour before the Committee on 22<sup>nd</sup> September. The report was researched and produced by Internal Audit, apart from the section on Spokes. This was considered to be more “political” and so was compiled by the Chairman, Councillor Shellens. For some matters the recommendation was that Constitution and Ethics Committee should give the subject further consideration.

It was highlighted that the terms of reference agreed by Full Council did not require the project team to provide an evaluation or a verdict on the correctness of the many decisions taken in the course of the CLEC project. It was explained that the submissions received included many criticisms of past actions with calls for attribution and naming names. However, as there was no suggestion of illegality, the report had focused exclusively on how the authority should conduct itself in future and

concentrated on the learning points to be derived from the insights made.

The report also highlighted that Internal Audit had confirmed that the present policy of conducting checks on companies with which the Council was seeking to do business, was appropriate and proportionate.

Seven key opportunity areas had been identified, with recommended actions formulated to address the issues which had been included in an action plan attached to the report

The Chairman took the opportunity to thank all councillors and members of the public who had taken the time to submit feedback to the review and those councillors who had met with Members of the team to discuss the issues raised, as well as thanking all officers contacted during the course of the review for their time and assistance.

With reference to the proposals in the Action Plan, the Chairman made reference to a late submission from a member of the public circulated electronically to the Committee the day before, for which hard copies had been made available that day. From this submission the Chairman went through the points as follows:

- the proposal under Section 4 ‘Options Appraisal, Market Research and Procurement’ to add the words “and members of the public” to those able to challenge proposals as new information became available was already considered to be covered by the introduction to section 6. Officers would always need to conduct work on new proposals before consultation with the public was possible, but the philosophy of the Council should be to engage the public as soon as possible, as their contribution should be considered a valuable resource.
- Under the Heading Section 5 “Engagement with Members” and the suggestion that the call-in procedure required clarification by Constitution and Ethics Committee, it was considered that this was covered by Section 5 and the reference that Democratic Services should provide additional training and resources for Members on the call-in process.
- On Section 6 Public Consultation and a query on whether the public currently had input to the Member Review Group looking at the Council’s approach to consultation, this would be pursued outside of the meeting. **Action**
- Appendix A Outline Commercial Proposals Protocol - the request that the word “initial” should be taken out of the sentence currently reading “minutes must be taken of all initial meetings and discussions regarding commercial proposals” was agreed as an amendment that was supported by the whole Committee. **Action**
- Appendix 3 - Report on Spokes - that in Section 3 suggestion that text should be added to the existing text as underlined:

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(NH) to  
make  
change**

- b) reading “Committee Members retain personal autonomy and freedom to vote according to their conscience” adding after the word conscience the following additional wording “and the views of the constituents whom they are elected to represent

- on the fifth bullet reading “Committee Members are free to bring their personal stance and late information to meetings ” inserting the following additional words after the word “stance” reading “the views of their Constituents” .

On both the above, the Chairman suggested that this additional wording was not required as Members already took the views of constituents into account, with the final decision on how to vote being for their conscience to ensure they were free to vote as they saw fit, taking into consideration all the information provided. The Committee concurred with these views.

Members comments included:

- Complimenting the officers and the Chairman that the recommendations going forward were a very good outcome from what had been a difficult experience for the Council.
- The need to inject commercial considerations into ways of working sufficiently early and questioning what more could be done to help achieve this. Another Member on the same theme, suggested the need for additional training to be provided to officers to help them in their ability to operate in a commercial environment.
- One member highlighted the need to ensure gateway reviews were undertaken to monitor ongoing, large scale programmes.
- Members fully supported the proposals in relation to the section 2 of the Action Plan on confidentiality and confirmed that the guiding principle should be for openness.
- The Chairman made the point that he had concerns that commercial confidence exclusions may, in the past, have been used to omit information that could have been included in the public domain. He raised the suggestion that there should be reviews at different stages of a project to consider whether additional information could be shared and form the basis of confidentiality agreements. Such agreements which should be shared with the public, should include definitions of what needed to be confidential and at what stages. Democratic Services made the point that the guidance to report authors was that where-ever possible reports to service committees should be produced as public documents and that if there was a need for confidential information, this should be included as appendices made available separately to Members. Officers responding to the suggestion on confidentiality agreements cautioned that it would be very difficult to draft up agreements that would deal with every situation and which would be able to define when information could be made

public at such an early stage, and instead suggested that recommendations on confidentiality should be signed off by appropriate members / officers on the basis that there was a presumption on transparency.

- In relation to the above suggestion for sign off, it was indicated that such sign off had been used in the past to maintain confidentiality with members signing non-disclosure agreements when considering highly confidential reports on the contact dispute in respect of the Guided Busway.
- There was discussion on Members needing to receive specific guidance on what could be disclosed to the public where there were issues of confidentiality in relation to any reports / information presented to them. Attention was drawn to the Outline Confidential Agreements Policy set out in appendix B of the report which the Committee agreed was an appropriate document and was supported.
- In respect of the Actions Plan document, the Vice Chairman highlighted the need going forward for this to be populated with target dates and owners of the actions. This was acknowledged as it was an ongoing document and was still subject to final approval.
- It was suggested training would be required as part of the ongoing member training programme for many of the proposals, once finally agreed.

On the next steps it was confirmed that the report, with any agreed amendments, would go forward to the full Council meeting on 13<sup>th</sup> October and before that meeting, a revised version should be sent to all members of the Committee. The Chairman highlighted that if any additional comments were received from either elected members or the public which were considered valuable additions, these should also be included in a final version.

It was resolved unanimously to:

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| a) | approve the report with the suggested changes reported orally.   | <b>(NH)</b> |
| b) | circulate to all Members of the Committee a copy with any final changes.   | <b>(NH)</b> |
| c) | delegate to the Interim Head of Internal Audit in consultation with the Chairman and Vice Chairman the authority to make any further changes to the final version of the report to go forward to Full Council. | <b>(NH)</b> |

## **153. ESTOVER PLAYING FIELDS**

It had not been possible to finalise this report at the time of the initial agenda despatches. The Chairman agreed to take this report, included as part of a late, third agenda despatch, as a report required to come forward

to the present meeting.

This report provided the results of a review investigating concerns raised by Councillor Sales regarding the disposal of land authorised by the General Purposes Committee (GPC) at their meeting on the 27<sup>th</sup> January 2015. The Member's main concerns were in relation to:

- a) A lack of supporting documentation to support the Committee's decision to authorise the disposal of the land,
- b) the forfeit of a significant capital receipt in a time of austerity; and
- c) the possible precedent that this disposal might set in relation to the potential disposal of other Authority owned land.

It was explained that the review had:

- a. Examined the County Council's constitution; other relevant legislation and LGSS policies to confirm that GPC had delegated authority to approve the decision and the decision taken complied with LGSS policy and legislative requirements.
- b. Interviewed key officers to confirm their knowledge and involvement in the disposal.
- c. Reviewed information submitted to the GPC in respect of the disposal to gain an understanding of the issues raised and to confirm what information/documentation had been made available to the Members in support of the disposal.
- d. Reviewed the minutes of GPC meetings to assess whether adequate discussions had taken place and whether the Committee had reached an informed decision in authorising the disposal of the land under the lease arrangements.
- e. Reviewed the minutes and reports associated with similar Key Decisions made by the GPC since its inception in May 2014 to compare the level of information provided with that available for the decision in question.

The conclusion had been that the GPC had, had sufficient information on which to base their decision and that the correct procedures were followed throughout the process. Councillor Sales had been provided with a copy of the report in advance but at the time of the meeting had not provided any written statement in response to the findings.

Having considered the finding and congratulated officers on producing a well written, researched investigative report:

It was unanimously agreed to note the report.

## **154. MINUTES**

Subject to a minor change on item 10 under Item Minute 144 'Action Log from Minutes' on correcting the name of an officer, the minutes of the meeting held on 14<sup>th</sup> July 2015 were confirmed as a correct record and were signed by the Chairman.

## CHANGE IN ORDER OF AGENDA

With the agreement of the meeting it was agreed to change the order of the agenda and to take Item 13a) and the late update 13b) setting out the decisions made by the General Purposes Committee at their meeting on 15<sup>th</sup> September as the next items of business.

### 155. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31<sup>ST</sup> JULY 2015

This report which had been submitted to the General Purposes Committee on 15<sup>th</sup> September provided details of the financial and performance information to assess progress in delivering the Council's Business Plan with an oral explanation provide in relation to the major changes including:

- projected underspend in Children, Families and Adults Strategic Management resulting from notification that some of the grant for provisions in the Care Act would not be required until 2020.
- In terms of salary costs shown on page 10 and a member querying the impact of implementing the minimum wage it was indicated that a cost of £5 million per year had been identified for implementation and that negotiations would need to take place with Older People and Adult Mental Health providers.

Comments from Members included;

- Page 5 / 87 the third paragraph second sentence which made reference to the procurement of the new adult IT system was extremely long and did not make sense. **Officers agreed to look at the wording as it was not transparent and provide a response outside of the meeting. Action**
- Under performance indicators, although the Committee had received an answer regarding the reason why the indicator on proportion of pupils attending primary schools judged good or outstanding by Ofsted was not split between academies and non-academies (The response from C&YP Committee was that all pupils were equally important), the Chairman still believed splitting the statistic would show a significant differential and requested the additional information quarterly. **Action**
- **On the statistic with the title 'Inequalities in life expectancy' - slope index of inequality (males) the Chairman suggested this required better explanation and requested a response in writing outside of the meeting.**
- With reference to page 126 of the report and the Park and Ride Site income underspend, one Member made reference to information provided at the Economy and Environment Committee which suggested that a previous bus operator had exaggerated

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their passenger numbers, suggesting this was an area which the Committee should flag up its concern.

The Committee noted the report and the extract from the General Purposes Committee provided as Item 13b).

## **CHANGES IN ORDER OF AGENDA**

With the agreement of the meeting it was agreed to change the order of the agenda and to take Item 6 the External Audit report and the Accounts at item 7 as the next items of business.

### **156. REPORT TO THOSE CHARGED WITH GOVERNANCE REPORT TO THE AUDIT COMMITTEE OF THE AUTHORITY ON THE AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (ISA (UK&I 260)**

This report, currently in draft form, had been prepared a week and half before the meeting, provided details on the significant findings from the audit carried out by PWC. An updated final report was to be issued at the end of the audit. It highlighted:

- that in relation to the Pension Fund accounts, the external auditors had included an additional significant risk in relation to the valuation of the investment in the Cambridge and Counties Bank which had previously been included as an elevated risk.
- One item flagged up as being the subject of ongoing work was in relation to the audit of the Property, Plant and Equipment (PPE) and the valuation and existence of Assets Under Construction (AUC).

The balance at the end of the year on the above was £189 million, of which £47 million related to live projects. This left £142m to be accounted for, which, if not resolved, could lead to a qualification of the Accounts. This was therefore currently the subject of urgent work between the Council Finance officers and PWC. It was suggested that the lessons to be learnt involved the Council reviewing the balances in the accounts at year end and to ensure this all remained valid AUC and for other balances to be transferred or written out of the Accounts.

In response, the Chief Finance Officer indicated that they believed some of the items in question had been on the balance sheet since 2006, with a large increase in their value having taken place in 2008. While not disputing the findings of the external auditor, he indicated that it would have been helpful if, what was now considered an anomaly, had been challenged at the time. There were now considerable difficulties and resource implications in going back into the detail of what were historical records, which, the current team had not been involved in. It was highlighted that a member of staff had worked all weekend to help identify the items in question and believed they had made progress in identifying £132m of the £142m. Members were provided with a briefing note on the progress made, which represented the top page summary of a massive spread sheet going back ten years. The figures would require to be

validated before it would be possible for External Audit to provide an unqualified opinion on the Accounts.

Questions raised included:

- asking whether the absence of asset registers in some areas would impact the ability of the Council to borrow money. The officers replied that it would not. It was explained that spreadsheets were used rather than asset registers, and these did not identify individual assets.
- What change would the revised figure have on the on the Council accounts balance sheet? The response was that it would lead to a reduction and reclassification on one line of the balance sheet.
- Whether there were any other major items that had not been identified previously? The Senior External Auditor responded that he believed there were not any such material items. The Chief Finance Officer also provided additional assurance that the last four years of activity, as set out in the Accounts, had been appropriately treated, and that current processes were robust, and rather it was the historic side which was the issue.

The Chairman requested that PWC should provide an explanatory note to the Committee following the meeting on why such a significant anomaly had not been identified in previous audits. **Action**

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The Chairman wished to place on record his and the Committee's thanks to the officer who had given up her weekend to carry out the detailed research which he understood had been a massive time commitment and asked that the officer was made aware of the Committee's gratitude.

The External Auditors presented the rest of the draft report as set out, highlighting issues including the following:

- PWC Page 13 - Materiality had changed, as set out on this page as they were re-calculated on actual current year figures from the 2014/15 draft accounts. This had the effect of decreasing the County overall materiality level by £2.6m and increasing the pension materiality level by £2.3m
- PWC Page 21 - The Committee was asked to confirm it was satisfied with the assumptions made in arriving at the judgements and estimates in the accounts. The Committee confirmed this was the case.
- PWC Page 22 - Attention was drawn to the three areas of difficulty during the Audit which had, had a detrimental effect on their ability to complete the audit efficiently: which were in respect of accounting records, timeliness of deliverables and availability of staff as detailed in the text. The Chairman asked for assurances that these would not be an issue in the future. In response the



Chief Finance officer indicated that the Council did try to mitigate such problems by pre-planning, but could not rule out problems in the future due to a limited number of staff available as a result of the cuts already made, which would only get worse in future years. It was suggested that as much use as possible should be made of teleconference facilities and other technology solutions.

- PWC Page 22 - In respect of the list of related parties presented in the draft Council financial statements and Pension Fund accounting statements not being complete, **the Chief Finance Officer indicated that this was to be reviewed with Democratic Services. Action**
- PWC Page 25 - Subject to the completion of some listed outstanding matters, the External Auditors expected to issue an unmodified value for money conclusion.
- Having reviewed the performance against budget for each service, the External Auditors had not noted any significant issues regarding the Council's historic achievement against savings plans. However moving forward, of the £385m intended significant savings to be made, it was noted that £149m related to savings not yet identified in detail, with there being no overarching plan to assist the Council in meeting their required cuts. In terms of cost pressures, it might be that the only way going forward to meet the budget pressures would be to stop providing services, or to provide them in a completely different way. *(Note in answer to a question raised later in the meeting on this finding, it was clarified by the Director Customer Services and Transformation that this was the purpose of radical proposals on future budgeting set out in the 'New Operating Model').*

**Malyon  
/ M  
Rowe**

Comments from Members included:

- PWC page 17 - Segregation of duties in the accounts payable system - It was highlighted that as reported in previous years, the Council's Accounts Payable module of the general ledger system did not have a system of enforced segregation of duties and it was highlighted that the Council had not taken any action to address the recommendations made in 2013/14. **It was agreed the Chief Finance Officer would prepare a note for the Committee to be circulated outside of the meeting. Action**
- In terms of a question on £84m usable reserves, it was explained by the Chief Financial Officer that the majority of this had been earmarked to Committees for specific future service transformation purposes.

**C  
Malyon**

In terms of not being able to sign off this a report and the Council Accounts at the current meeting, the afternoon of 29<sup>th</sup> September had been identified as date when there could be a continuation of the current meeting.

The Committee resolved:

To defer approval of the report and to delegate the Chairman and Vice Chairman in consultation with the appropriate officers to agree minor changes and to receive an updated version at a continuation of the meeting on 29<sup>th</sup> September.

## 157. STATEMENT OF ACCOUNTS

This report presented the formal Statement of Accounts, as part of the Council's approval process.

The revised accounts included a number of amendments made since the draft had been reviewed by the Committee at its meeting in July. This incorporated adjustments due to further work carried out by the Council's finance team, external audit review and the feedback received from Members at that meeting. The key amendments were outlined in Section 3 of the report. Section 2 of the report provided highlights of the review of the 'Comprehensive Income and Expenditure Statement' and of the 'Balance Sheet'.

Questions raised / issues clarified included:

- Notes page 126 – Other operating Expenditure - a request to explain the losses on the disposal of non-current assets - these were in relation to schools converting to academies.
- Page 137 - Short Term payables – in relation to the payables sum to 'Other local authorities, entities and individuals' it was explained that these represented everything not included in the first three categories of the table and was a snap shot as at 31<sup>st</sup> March. **The Chairman requested a further breakdown of the main items in a note to be circulated outside of the meeting. Action**
- Page 147 under the heading Cleaning, Groomfields and Ground Management the text reading ... *"UIFSM Policy led to a significant increase in required agency staff to cover a large number of vacancies and increased workload volumes."* The Chairman suggested this appeared to him to be poor management.
- Page 153 New Homes Bonus – A question was raised regarding the outlook for the future of this Fund. In response, the Chief Finance Officer expressed his personal view that this scheme would not survive the next Government spending review and any contributions for schemes such as the A14, would then have to be revisited.
- Underspend on Dedicated Schools Grant (DSG) – It was explained that this had been carried forward over a number of years. **On DSG, there was a request that the rationale for retaining it and not distributing it to schools should form the subject of an information paper to be circulated outside of the meeting / or as a report to the next meeting. Action**

C Yates

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Malyon /  
M Wade

- Page 156 – Capital Expenditure and Capital Financing - **There was a request for a briefing regarding the change in the figures in respect of Government Grants and Contributions over the two years. Action** **C Yates**
- Page 161 Street Lighting - **there was request for a note outside to be circulated outside of the meeting of how the Council accounted for new street lights in the accounts. Action** **C Yates**
- Page 174 – Outstanding Invoices - Less than three months – **request for note on why this happened. Action** **C Yates**

It was resolved:

To defer the report to the continuation of the meeting to be held on 29<sup>th</sup> September.

## **158. SAFE RECRUITMENT IN SCHOOLS UPDATE**

At a previous Audit and Accounts Committee it was reported that a recent safe recruitment review of 15 schools had resulted in only four schools receiving substantial assurance. Seven others had been identified as having receiving moderate assurance and with three only receiving limited assurance in relation to compliance with Council safeguarding policies / guidelines. As a result, the Committee requested an urgent review on ways to improve the compliance of schools undertaking recruitment, taking account of the Council's safeguarding policies.

The report, introduced by Chris Meddle the Education advisor from the Schools Partnership Service, explained the process involved in the original self-audit process, including the details of the three area based workshops that had taken place in the autumn term 2014. It was orally reported that 71% of schools, including academies, had received local authority training in the last four years. In addition, at least one person in a school sitting on an appointments panel was required to have undertaken safe recruitment training. It was also explained that schools also had the option of online training from other providers such as the National Society for the Protection of Cruelty to Children (NSPCC). A proportion of the remaining 29% would have chosen this form of training.

In order to improve practice further, a number of additional actions had been implemented including:

- The Annual Child Protection Monitoring Report to Governors now included three questions from the self-audit and recorded who had undertaken training.
- The Safer Recruitment Model Policy having been revised and updated. This would be sent to all schools, along with the results of the 2015 audit. All schools would have received a copy of the Department for Education (DFE) guidance 'Keeping Children Safe

in Education' with Part 3 of the guidance relating to Safer Recruitment.

- Safer Recruitment face-to-face training and Refresher training being available to all schools through Governor Services.
- All Ofsted reports being monitored by the Local Authority for safeguarding (all schools, including academies and free schools) and any concerns highlighted being followed up by officers.
- The Schools Intervention Service would be undertaking 'Safeguarding Audits' during the current academic year with the intention of sending out warning letters to any that failed the Audit.

Internal Audit also provided details of their role through the Audit Plan: to review and challenge key controls; to add value through the work it undertook and to provide assurance on the internal control framework in schools. Section 3 included the areas where assurance would be provided in 2015/16 in relation to:

- checks made on the Schools Financial Standard Value Standard (SFVS),
- thematic audits in primary schools to cover all high risk areas,
- the specific targeting of "schools in difficulties",
- providing an Internal Audit Newsletter to schools,
- providing a series of training workshops

Members raised queries / questions including:

- In terms of not taking up undue Internal Audit resources by having to go into schools on an on-going basis, a suggestion made was that as education and improvement advisors were regularly visiting schools, that there should be a systematic checking procedure with officers provided with a tick list of items to be compared to a central record register. *(Note: Questions about safer recruitment were already covered through the annual 'keeping in touch visit' to all schools)*
- As the current report did not provide information on the number of staff (both teachers, ancillary staff and governors) trained in safe recruitment practice, it was suggested that this should be reported back to Committee as part of an update report to the November meeting. The further report to also provide a progress update on the suggestion to introduce a systematic checking system in maintained schools and to also provide details of the responses received from academy schools regarding their compliance with safeguarding recruitment policies. **Action**

**Chris  
Meddle /  
K Grim-  
wade**

It was resolved:

To receive an update report at the November meeting.

## **159. LGSS DRAFT STATEMENT OF ACCOUNTS**

This report presented the final LGSS Annual Report which included the Draft Statement of Accounts for 2014/15 and the Annual Governance Statement.

As an update, it was indicated that the Accounts, which had been audited by KPMG, had been presented to the LGSS Joint Committee at its meeting on 10<sup>th</sup> September. They could not be approved for sign off at that meeting, as an objection received from a member of the public on the Accounts, was still being looked into by the External Auditors. Approval had therefore been delegated to the Chairman of the Committee in consultation with the Director of Finance. The objection was solely to the LGSS Accounts and would have no effect on the sign off of either host authority's individual accounts.

Questions raised Included:

- The affect the new LGSS Legal Services company would have on the accounts in future years. It was indicated that as the company was controlled by the two host authorities, they would still be shown in the accounts.
- LGSS Page 5 – regarding the surplus of £652K a question was raised on what had happened to it. In reply it was indicated that it had been split 50:50 with the County Council's share shown in the other accounts. The sum had been put in reserves to meet income target / transformation work challenges in 2015/16.
- Page 25 - In relation to a query on the top table, it was explained that this was the trading activity with the two authorities. The lower table represented income from all different contracts.
- On page 26 explanation was sought on why the two top bands in the Officer's remuneration table had more people paid at this level than in 2013/14 when income was flat. In response, it was explained that this had been the result of a pay award of 1% in 2014/15 which had pushed some people into the higher band.
- On page 28 – '17 Events after the Balance Sheet date' with reference to a question on the progress on growth which had been the argument for LGSS Law becoming a trading unit, it was confirmed that it was attracting new clients.

It was resolved:

To note the position in respect of the audit of the LGSS Annual Report (Statement of Accounts and Annual Governance Statement) 2014/15.

## **160. INTERIM REPORT ON WORKFORCE STRATEGY**

The Committee noted the update on the progress on the development of a Workforce Strategy for the County Council and agreed to receive a further report at the next meeting in November.

## **161. RISK MANAGEMENT REPORT**

This report provided:

- details of the Key Corporate Risks faced by the Council,
- details of the significant changes to the Corporate Risk Register since the last Report in June 2015
- the profile of risks faced by corporate and executive directorate.

The table in paragraph 3.1 provided an analysis of Directorate Residual Risks as at August 2015.

Appendix 1 illustrated the profile of Corporate Risk against the Council's risk scoring matrix. There were now three red residual risks:

- Risk 1a) 'Failure to deliver a robust and secure Business Plan over the next 5 years'
- Risk 1b) Failure to produce a robust and secure Business Plan (with explanation provided for the change to 1b) as detailed in the report which had also been endorsed by General Purposes Committee on 15<sup>th</sup> September) and
- Residual Risk 9 'Failure to Secure Funding for Infrastructure' which remained unchanged.

The report also provided details of discussions at the Corporate Risk Group (CRG) and recommendations to Strategic Management Team (SMT) regarding the following:

- Risk 15 Failure of the Council's arrangements for safeguarding vulnerable children and adults – SMT had confirmed that the wording was appropriate as the risk was that of the Council's system failing and not the risk of harm to children and adults and therefore the score should remain at the same level.
- Risk 14: Increased demand for services arising from increased financial and social pressure on individuals, families and communities, and, Risk 16: Lack of capacity to resource future demand for services in respect of children and adults

The CRG recommended and SMT confirmed that these two risks should be removed and replaced with one risk: Risk 28 '*Lack of capacity to respond to rising demand for service provision*'.

New Risk 27: The Pension Fund is materially under-funded - The Audit and Accounts Committee and the Pension Committee had been made aware that Northamptonshire County Council (NCC) had the above risk

on their Corporate Risk Register and had proposed that this risk should be replicated on the CCC Corporate Risk Register due to funding levels being largely dependent on external factors. SMT endorsed this and General Purposes Committee had also now approved it. The details in respect of Risks 1b, 27 and 28 were included in Appendix 2 of the report.

The Director Customer Services and Transformation highlighted concerns raised at General Purposes Committee that the number of risks was increasing. On risk 1b 'Failure to deliver the current five year Business Plan' it was suggested that the pace of the transformation agenda should be moved forward as a key part of the action plan.

Issues raised by Members included:

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| <ul style="list-style-type: none"> <li>recruitment capacity and effectiveness in terms of the volume of responses the Council receives to job adverts. There was a request to provide some historic analysis of whether there were any issues in recruiting the right calibre of staff, as with continued cuts, local authorities became less attractive places to work.</li> </ul> | <b>Sue<br/>Grace /<br/>Janet<br/>Maulder</b> |
| <b>Action</b>   |  |

On the Corporate Risk Register the following issues were raised

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| <ul style="list-style-type: none"> <li>Risk 1b) - there was nothing showing regarding what activity was undertaken to reduce the risk. <b>Action</b></li> </ul>   | <b>S Grace/<br/>Sue<br/>Norman</b> |
| <ul style="list-style-type: none"> <li>Risk 3 - no active owner or target dates were shown, which had been a request raised at previous meetings. <b>Action</b></li> </ul>  | <b>SG / SN</b>                     |
| <ul style="list-style-type: none"> <li>The Chairman suggested they were looking for a more comprehensive document with all actions and key dates for specific actions – and that some actions with distant completion dates would require milestone dates i.e. not just one target date. <b>Action</b></li> </ul> | <b>SG/ SN</b>                      |
| <ul style="list-style-type: none"> <li>A request for the Committee to be circulated with the Business Planning timetable so they could see the milestone dates that sat beneath the 16<sup>th</sup> February Full Council decision to approve the budget. <b>Action</b></li> </ul>                                | <b>SG/ Dan<br/>Thorp</b>           |
| <ul style="list-style-type: none"> <li>Risk 9 - a request that this should refer to alternative sources of grant funding <b>Action</b></li> </ul>   | <b>SG /SN</b>                      |
| <ul style="list-style-type: none"> <li>Risk 15 - there was a request to specify the multi agencies referred to. <b>Action</b></li> </ul>  | <b>SG/ SN</b>                      |
| <ul style="list-style-type: none"> <li>Risk 20 - the Chairman suggested that included in the key controls and mitigations column should be testing of retained learning. <b>Action</b></li> </ul>   | <b>SG / SN</b>                     |
| <ul style="list-style-type: none"> <li>Risk 21 - It was suggested that the pandemic flu was a trigger rather than a result and in the control section no 5 there was a request to provide information on later IT stages. <b>Action</b></li> </ul>  | <b>SG / SN</b>                     |

- Risk 24 - Review of e-Safety Policy –currently showing amber  
There was a request to ensure it was signed off as the target date showed November 2013. **Action** **SG / SN**

- Risk 26 - Key controls and mitigations section. The Chairman suggested that numbers 2,3 & 4 did not read as controls and suggested that they should be revisited. **Action** **SG / SN**

- A question was raised on whether the City Deal should feature on the Council's Corporate Risk Register. In response, it was indicated that it was not currently on the Register but the Director, Customer Services and Transformation would check if it was on the ETE Risk Register. The query was regarding whether there were implications of the City Deal Capital Programme on the Council's Capital Programme. *(Note the above suggestion would initially be taken to the Corporate Risk Group which might result in a recommendation to SMT)* **Action** **SG / Neil Hunter**

The report was noted.

## 162. INTERNAL AUDIT REPORT TO 2015

It had not been the possible to finalise this report at the time of the initial agenda despatches. The Chairman agreed to take it late as it was one of the standard reports due to come forward to the meeting.

The report set out the main areas of audit coverage for the period 1<sup>st</sup> July to 31<sup>st</sup> August 2015 and the key control issues arising.

It was reported that in the last quarter the Audit Plan had been re-assessed in line with current risks facing the organisation and updated accordingly. An on-going re-evaluation would be required throughout the year and, on a quarterly basis, the Audit Plan would be formally re-assessed and resources re-prioritised towards the areas of highest risk. This review had resulted in a significant change to the proposed plan for the year.

Appendix 1 provided details of the updated 2015/16 Audit Plan providing the status of each planned review. Table 2 provided details of the final assignments and the assurance opinion given relating to the following:

No .	Directorate Description /	Assignment	Assurance Opinion
1	Children, Families and Adults	Vulnerable Clients Monies Management	Limited
2	Children, Families and Adults	Better Care Fund	Substantial
3	Children, Families and Adults	Traded Services	Moderate
4	Economy, Transport and Environment	Waste PFI	Substantial



5	Economy, Transport and Environment	March Estover Playing Fields	N/A
6	Economy, Transport and Environment	Central Library Enterprise Centre	N/A
7	Economy, Transport and Environment	Highways Revaluation	N/A

Section 4 provided details of the Fraud and Corruption update and included progress on police referral outcomes and referrals to the Service. A fuller update was requested for the next meeting. **Action**

**N Hunter**

Section 5 provided details of the implementation of Management Actions and those still outstanding. This highlighted that while there were currently no outstanding fundamental recommendations, 18 significant recommendations were still to be implemented. These were currently the subject of a review by Internal Audit to determine if they were still relevant and merited the significant categorisation. The Chairman stated that the aim should be to reduce 'Significant recommendations outstanding' to zero and suggested that two weeks before the next meeting if any were still outstanding, the appropriate managers should be called to attend the Committee to explain the reasons. **Action**

**N Hunter**

Section 6 set out summaries of completed audits with moderate or less assurance.

The Chairman requested an update on safeguarding in schools. In reply it was indicated that liaison was taking place with the service to check five key controls with the intention that Internal Audit would write to headteachers to say when they would be visiting their schools. A newsletter had been produced on their findings and this would be shared, along with the training opportunities available.

It was resolved to:

- a) note the progress being made against the approved Internal Audit Plan.
- b) Approve the in-year changes to the Internal Audit Plan and the proposed changes to the reporting of audits.
- c) Note the material findings and themes identified by Internal Audit reviews completed in the period.

The report was noted.

## **163. ACTION LOG FROM MINUTES**

The Committee noted the completed actions / updates provided in relation to the Minutes from the last meeting as set out in the report. The following issues were raised as listed overleaf:

### **1) 7a) Minute 139 Integrated Resources and Performance Report**

At a previous meeting reference had been made to the tables shown in paragraphs 4.2, 4.3, 4.4 and 4.5, with several of the budget figures for children and adult clients showing considerable increases from the original estimate. This poor forecasting record had been a recurring theme for a number of years and the Chairman questioned how they were carried out. The action previously agreed was that this should be an area for review by Internal Audit.

An oral update indicated that an Internal Audit review was being progressed. **Action**

**N Hunter.**

### **2) 91) LGSS Draft Statement of Accounts**

In relation to the request to provide the members of the Committee with a copy of the 2015/16 LGSS Business Plan, this had been provided as a link to the Website following the July meeting. The Chairman indicated that he had not been able to open it and therefore requested that an electronic attachment should be sent.

**RVS. / I.  
Jenkins**

### **3) Minute 148 Internal Audit Report**

In relation to the request to provide a summary of the 12 monthly spend of the authority showing the percentage of payments that were published as part of the payments over £500, this information had been provided after the July meeting and was also included as Appendix 2 to the report. Further to the information provided, the Chairman requested further information of the definition of what was classified as not being required to be published. **Action**

**S.  
Heywood**

## **164. DRAFT AGENDA PLAN**

The Draft Agenda Plan which would be updated for the additional reports requested during the current meeting was noted.

Additions requested were:

a) for Internal Audit to carry out a review of how concessionary fare figures were audited.

**N Hunter**

b) as there was still no date for a final report on Home to School Transport, there was a request for details of milestones for the project.

**K Grim-  
wade**

c) Update on Fraud investigations.

**N Hunter**

## **165. DATE OF NEXT MEETING 2.00 p.m. TUESDAY 24<sup>th</sup> NOVEMBER 2015**

Chairman  
24<sup>TH</sup> November 2015