

# AUDIT AND ACCOUNTS COMMITTEE



**Tuesday, 23 March 2021**

**Democratic and Members' Services**  
Fiona McMillan  
Monitoring Officer

**14:00**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

## **COVID-19**

During the Covid-19 pandemic Council and Committee meetings will be held virtually for Committee members and for members of the public who wish to participate. These meetings will be held via Zoom and Microsoft Teams (for confidential or exempt items). For more information please contact the clerk for the meeting (details provided below).

## **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. **Public minutes of the Audit and Accounts Committee meetings** **3 - 14**  
**held 26 January and 5 March 2021**  
*- public minutes of the meeting held 5th March 2021 to follow*
3. **Action Log** **15 - 18**
4. **Petitions and Public Questions**
5. **Consultants and Agency Worker Data – Quarter 2 and Quarter 3** **19 - 24**  
**2020-2021**
6. **Safer recruitment in schools update** **25 - 30**

<b>7.</b>	<b>Financial reporting and related matters update</b>	<b>31 - 34</b>
<b>8.</b>	<b>Draft Internal Audit Plan 2021-22</b>	<b>35 - 56</b>
<b>9.</b>	<b>Internal Audit Progress Report</b>	<b>57 - 98</b>
<b>10.</b>	<b>Internal Audit Joint Working Protocol between Cambridgeshire County Council and Peterborough City Council</b>	<b>99 - 102</b>
<b>11.</b>	<b>Use of Regulation of Investigatory Powers Act 2000 (RIPA)</b>	<b>103 - 108</b>
<b>12.</b>	<b>Manor Farm Update</b> <i>- to follow</i>	
<b>13.</b>	<b>Committee Agenda Plan</b>	<b>109 - 112</b>

The Audit and Accounts Committee comprises the following members:

Councillor Terence Rogers (Vice-Chairman) Councillor Peter Hudson Councillor Mac McGuire Councillor Mike Shellens Councillor David Wells Councillor John Williams and Councillor Graham Wilson

*For more information about this meeting, including access arrangements please contact*

Clerk Name: Dawn Cave  
 Clerk Telephone: 01223 699178  
 Clerk Email: dawn.cave@cambridgeshire.gov.uk

## Audit and Accounts Committee: Minutes

Date: 26<sup>th</sup> January 2021

Time: 2pm – 5pm

Place: Virtual Meeting

Present: Councillors I Bates (substituting for Cllr D Wells), P Hudson, M McGuire, T Rogers (Vice Chairman), M Shellens, (Chairman), J Williams and G Wilson

Officers: Alison Balcombe, Gillian Beasley, Dawn Cave, Tony Cooper, Liam Fowell, Graham Hughes, Neil Hunter, Tom Kelly, Richard Lumley, Fiona Macmillan, Chris Malyon

External Auditor: Mark Hodgson (EY)

### 296. Apologies for Absence Declarations off Interest

Apologies were presented on behalf of Councillor D Wells.

*With the Committee's agreement, the Chairman agreed to make a number of changes to the agenda order, including taking the Farms Audit Update in the Internal Audit Progress Report first.*

### 297. Internal Audit Progress Report

The Chief Executive referred to the section of the Internal Audit Progress Report relating to the Farms Audit. At the extraordinary meeting on 23<sup>rd</sup> December 2020, the Committee agreed to appoint Mazars LLP to complete the Farms Audit. Following initial liaison, data sharing protocols and conflict of interest checks were put in place, and Mazars were sent all of the papers that had been provided to the Chief Executive and Internal Auditor. Officers and the Chairman had met with Mazars on 4<sup>th</sup> January 2021, and the Chief Executive had been meeting with Mazars at least twice weekly since then, and was in daily contact with the legal team, ensuring every request from Mazars was met without delay.

The Chief Executive appreciated the imperative to complete this audit, and following discussions with the Chairman, was recommending two additional extraordinary meetings of the Audit & Accounts Committee to deal with this audit: a full day on 5<sup>th</sup> March, and a follow up half day on the morning of 26<sup>th</sup> March, which was the latest possible date the Committee could meet before purdah. The Chief Executive reassured Members that she would personally keep the audit under close review, providing all the information needed so that Mazars could do the work to the required professional standards and within timescales.

A Member thanked the Chief Executive for all her hard work, but said he was still very disappointed, as the report had been expected in December. He asked if it would be possible to bring the full day meeting forward to February, to enable full and transparent discussions to take place well before purdah. Another Member supported these points, and commented that the timeline presented gave no room at all for further delay, and this matter needed to be concluded before the elections.

It was confirmed that the report from Mazars would be received by officers and the Committee five clear days prior to the additional meeting on 5<sup>th</sup> March. In the interest of transparency, this would be presented complete and without officer comments. In terms of assessing potential confidentiality, the Monitoring Officer advised this was a two-stage process. The decision on whether a report should be marked confidential because it contained exempt information and should not be published with the agenda is one for officers and then the decision on whether to exclude the press and public from the committee meeting is for the committee on the day. Officers must work backwards from the prospective decision and apply the relevant legal tests. It was confirmed that the report would be issued in unredacted form to the Committee, but it was not possible at this stage to advise on whether the report contained exempt information, as the report was not yet available. A public interest test would need to be applied by the committee. If, on the Monitoring Officer's advice, the report was considered to be confidential as it contained exempt information, but having considered the legal advice and having applied the public interest test, the Committee decided *not* to exclude the Press and Public at the meeting, the report would be published with immediate effect.

It was confirmed that at the full day meeting on 5<sup>th</sup> March, the Committee would consider the report and make recommendations on actions to be taken. The purpose of the meeting on 26<sup>th</sup> March would be to review the action plan coming out of the 5<sup>th</sup> March meeting and progress made by that date.

One Member felt that there should not be a three week gap between meetings, and suggested an additional meeting take place between those dates. Another Member suggested that officers would need to take time to act and respond to the actions agreed following the meeting on 5<sup>th</sup> March, and this may include actions or information required from external bodies, and it would be wrong to rush this through and push officers too hard. The Chief Executive commented that the action plan coming out of the meeting on 5<sup>th</sup> March would probably be quite detailed, and time would be required to address those action. Another Member commented that whilst the timetable proposed was not ideal, having listened to the Chief Executive and Monitoring Officer, he felt that it was appropriate.

Picking up the points made about public interest, a Member asked if the Monitoring Officer could give that advice in advance of the report being circulated, so there could be transparency on what would be in the public domain and this was agreed by the Monitoring Officer.

Another Member commented that he would be concerned if the report was heavily redacted, as he felt that this was County Council business and in the public interest, especially given the delays involved in the process to date. The Chairman acknowledged these concerns but commented that a decision could not be made before the report and Monitoring Officer advice was available. It was stressed that whatever the outcome, the full report would be available to the Committee.

The Chairman commented that in his 7.5 years' tenure as Committee Chairman, this was the most serious and complex item the Committee had considered. Whilst he was not entirely confident that the proposed timetable would not be further delayed, he acknowledged that regrettably the process had been delayed for entirely legitimate reasons. He praised the hard work of officers involved, especially the Chief Executive, in trying to meet the timescales, but queried whether the Committee would get closure on this issue prior to the May elections, if they took place.

The Chairman formally sought the Committee's views on whether an additional date was required between the 5<sup>th</sup> and 26<sup>th</sup> March. Three Members voted in favour of additional date, and three against. The Chairman therefore used his vote to opt for an additional meeting, and asked the Clerk to identify a suitable date if possible. **Action required.**

*(Gillian Beasley left the meeting)*

## 298. Petitions and Public Questions

There were no petitions or public questions.

## 299. Debt Management Update

The Head of Finance Operations presented a report on progress with debt management.

It was noted that following the disaggregation of LGSS, the Debt Team was now part of the Finance Operations function (Lead Authority Cambridgeshire County Council) under the leadership of the Head of Finance Operations. Debt Management was therefore now within the management purview of the County Council's Chief Finance Officer. As a result of these management changes, the report also outlined areas for improvement and actions taken to date.

The overall debt position was currently £16.96M, which was an increase of £2.14M since this was last reported to the Committee. £2.07M of that £2.14M related to six outstanding invoices that had been issued in October. It was agreed the detail of those six invoices would be circulated to the Committee. **Action required.** Of the £16.96M outstanding, £3.7M comprised potential write offs, unallocated credit notes, instalment/payment

plans, amounts secured against a property, and disputed invoices, leaving a total of £13.26M.

There was a query regarding “pre 18/19 overdue debt”. Officers advised that the team was performing a forensic review of data, and resources had been allocated to focus on that aged debt (730 days+). It was stressed that it was not just the value of the debt but the volume of debt, and that understanding what lay behind this would put the Council in a better position going forward. Officers acknowledged that aged debt was less collectable, and the team was trying to identify the trends behind this, which they would report back to the Committee in due course.

It was observed that there appeared to be a problem with the headings in the table at paragraph 2.1 of the report, in relation to the periods covered, and officers agreed to correct these for future reports **Action required.**

A Member queried the CCG debt, noting that 87% of the debt related to previous financial years, and that CCG finances were very challenging. It was confirmed that most of this debt this related to nursing care. Officers advised that the NHS provided significant income to the Council, which fell into two categories: one related to ‘blocks’ for areas such as Learning Disability and the Better Care fund, and also the current payments related to the pandemic. There were few problems in those areas, with any late payments usually being measured in weeks. The more difficult issue was where amounts related to nursing care for individual clients, and there were two issues with those individual packages: firstly, there was challenge from the NHS from a policy perspective, i.e. that the NHS should actually be paying for the care of those individuals. There were also systematic issues in terms of how payments were actually made. Progress was being made, and officers were working constructively with the CCG, but there remained significant operational challenges. At this point in time, there was no specific provision over and above the normal bad debt provision to write off those amounts, as progress was being made with the CCG, but this would be kept under review. There was a small degree of offsetting in the other direction, but there was no sense that more drastic action needed to be taken.

Noting the statement in the report that “significant movement before year end” was expected in this area, the Chairman asked the Head of Finance Operations to provide an update to the Committee on this point for their 23<sup>rd</sup> March meeting. **Action required.**

With regard to outstanding payments from the CCG for individual clients, a Member asked how old those outstanding invoices were, and at what point they would be written off? Officers advised that most of this related to nursing care, rather than a recurrence of the previous issue. This would continue to be pursued, but would not be concluded by year end. A Member asked how CCG recorded these debts in their accounts. Officers did not know, but suggested it would probably be via an accrual, as it was not a cashflow or accounting issue. Officers advised that they were working through these issues in detail, but it was a very slow process, as the CCG

continued to request different pieces of information. It was confirmed that there had been high level discussions with the CCG's Director of Finance and Chief Executive, and there were periodic meetings with the CCG regarding outstanding work, with significant progress having been made over the previous six months. In response to a Member question on why more robust action was not being taken against the CCG, officers responded that there was potential for the impact to be felt by individual clients, which was clearly undesirable. Some outstanding payments from the Council to the CCG had been withheld, and officers reassured the Committee that in relation to this year's funding, nursing care issues were now resolved, as the CCG was now contributing directly to the nursing homes, so the issue would not recur again in future.

With regard to debt performance, the in-year collection rate was 6.1% lower than the previous year, but still above the CIPFA benchmark. The volume of invoices cleared had increased by 5% to 91%, which was expected to increase. Collection rates for the current financial year by month was noted, and Members noted a decrease towards the end of 2020, which was attributed to payment issues related to the pandemic. In terms of the overall debt position, this had reduced by £7.43M for 2020/2021, whilst for the calendar year 2019/20, the overall debt position had reduced by £6.2M. In response to a Member question, it was confirmed that 1-30 days was not regarded as a debt in terms of debt management.

In terms of the £5.62M debt over 730 days, £1.32M was in active recovery. As previously advised, a forensic approach was being taken to manage this debt. Overall debt movement to 1 December 2020 has gone down by £7.43M, and 52% of that related to debt over 1 year old, demonstrating how aged debt was actively being pursued and recovered.

It was noted that in the table entitled "Collection rates – 2019/20", the title "no. of invoices" had been duplicated in two successive rows – officers agreed to correct this for future reports to "invoices issues" and "invoices closed" respectively. Action required.

In terms of Income processing under Accounts Receivable, this data had not previously been provided to the Committee. This data demonstrated income received which needed to be manually processed by Accounts Receivable. There were two suspense accounts, one relating to the bank statement (e.g. BACs, Standing Orders) whilst the other was for direct banking, in areas such as libraries and transport, i.e. banking cash and cheques. Members noted the current and historic balances, with the current balance reducing to £310K. The direct banking suspense account did not impact on the debtors balance as it was not budgeted income. There were various reasons why there was a lack of information on these receipts, e.g. monies paid on someone else's behalf, and this reflected faults at the individual payee end, where there was no remittance advice, so the sums were unallocated in the income report. Significant progress had been made, but the remaining transactions tended to be items that were more difficult to identify. There was a monthly reconciliation process, and control account reviews had been set up.

A Member observed that in terms of the sums in the income suspense accounts, October 2020 appeared to be an anomaly. Officers outlined the possible reasons for what was probably a one off payment, and agreed to provide the Chairman with the detail. **Action required.**

Officers detailed the research performed on aged debt: a service improvement plan had been implemented, and a number of issues had been addressed including concerns on billing accuracy, such as incorrect billing addresses for some of the smaller NHS debts. There were also issues where the budget holder did not raise a Purchase Order, which primarily related to billing between teams. It was noted that workshops were being held to better understand the issues, and an action plan was in place, with specific resource allocated for this purpose. An interim debt officer with significant experience had also been recruited to help resource the team, but it was noted that the new team needed greater understanding of the case management workload before considering whether any further resource was required.

The Chairman noted comments in the report regarding remote working since the beginning of the pandemic, specifically references to a lack of visibility and productivity issues, and he cautioned against a lack of trust in staff. Officers advised that the intention was very much about working with staff.

The Chairman thanked officers for a very comprehensive report.

It was resolved to:

- a) Note the actions and approach being taken to manage income collection and debt recovery;
- b) Agree that a further update will be provided on the position at the end of Quarter 1 2021/22.

### 300. Financial Reporting and related matters update

The Committee considered a report setting out progress with the Statement of Accounts for the year ending 31 March 2020, preparations for the year-end process for 2020-21, national updates and context, and other connected matters.

With regard to the 2019/20 final accounts, Members were reminded that at their November meeting they had considered the Statement of Accounts ahead of finalisation, alongside the draft findings from the external auditor for 2019-20. At that meeting the Committee had delegated responsibility to the Committee Chairman and the Chief Finance Officer to approve and sign the final accounts, taking account of the matters outstanding. Regrettably, whilst good progress had been made with those remaining audit procedures, it had not been possible to finalise those accounts. The report set out both the local and national issues, including the wider context of challenges in the audit sector. An update was



provided on the outstanding issues. Progress was noted against those areas highlighted at the November meeting as being outstanding. The outstanding issues around borrowing, cash and cash equivalence, and Group consolidation had been resolved between the Council and EY. The remaining issues related to Payroll, where there were further reconciliation issues to be resolved, and the Revaluation reserve, where a technical piece of work was required, which would require the support of a specialist accountant. However, the most significant issue related to valuation adjustments required to Rural Estates, solar farms and Education assets. The specific issues with investment assets in central Cambridge had now been dealt with, but some issues were being resolved relating to other Fixed Assets such as depots, Park & Ride sites. The most significant matter related to schools, and the split between developed and undeveloped land: there had been a significant error in the Council's original published figures, but a proposal on how this could be dealt with had been put forward. This was a simple but highly material error which needed to be tested via EY. This dialogue was continuing but had not yet been concluded on this matter.

Officers reassured the Committee, that whilst the resource position was quite constrained and specific external expertise was required, they were confident that they were 3-4 weeks away from concluding those matters from signing accounts.

In response to a Member question about a press report on twelve Councils at risk of issuing 114 notices, officers confirmed that Cambridgeshire was not at risk, the Council was a going concern, and EY were satisfied with cashflow projections. Mark Hodgson advised that EY had finished their work on Going Concern and concluded there was no material uncertainty.

The report also set out progress with scheduled and targeted areas for delivery of the Statement of Accounts in 2020-21, in light of a number of areas for improvement identified in recent years. It was recognised that the longer it took to complete one year's accounts would have a negative impact on the process in successive years.

Noting the statement "Review and formalise process for property valuations, particularly the roles and responsibilities of Property and Finance teams." as one of the outstanding areas in the preparation for the 2020/21 Statement of Accounts, a Member asked if the follow-up meeting for late January had taken place. Officers confirmed that a number of meetings had happened, focusing on defining responsibilities. This would be the second year with an independent valuer, and the team were keen to ensure that this process was working as effectively as possible.

In response to a question on communications with BDO, the Chairman advised that he had written in strong terms to a senior BDO executive, and received a response the same day. He was expecting further information shortly and would circulate that to the Committee. The issues around the ongoing delay were noted.

There was a question as to whether the disaggregation of LGSS had impacted on the Finance team. Officers advised that the changes had resulted in both opportunities and challenges, with services coming back to the Council in different waves. Clarified accountability was one of the greatest benefits, but a risk was not having the resilience to draw on a wider range of staff when necessary.

One Member asked about the 2019/20 accounts, and in view of the comments about the treatment of grants and reserves, whether that would affect the end of year position in terms of business planning moving ahead. Officers responded that the pandemic had impacted on the audit in 2019/20, particularly in terms of property valuation and material uncertainty, in addition to the operational impact on producing the accounts and audit. More grants had been referred in the current (2020/21) year, and this would form an additional audit burden. The issues such as school classification did not impact on business planning going forward.

The Assistant Director for Property updated the Committee on the Property Asset database. The team currently used a legacy system which was twelve years old, but the data within that system was not up to date. As part of a service improvement plan, a new database would be procured, which would fundamentally list all property assets, and provide a full range of services. This would deliver a more efficient, effective and bespoke financial system, enabling a better service to be provided going forward. The Property team are working with colleagues in IT and Procurement on this, however services have been tied up over the last year with COVID responses, such as IT and the accelerated move to remote working across the Council. The Property Asset database would be a large, complex IT project, and there were procurement timetables and constraints that needed to be considered too.

One Member asked whether “the entire estate” included Farms estates and movable assets (artefacts/valuables). It was confirmed that the latter was not included, but all property and buildings such as the Farms estate were included. It was also noted that the majority of valuable artefacts had been disposed of, and there was an inventory of any remaining artefacts.

With regard to the new system, one Member urged officers to work with peer authorities and seek collaborative opportunities when attempting to identify a suitable property asset database. Officers confirmed that they had been working with other authorities including Cambridge City Council to simplify and expedite the process. It was noted that when the K2 system had been procured with Northamptonshire County Council, there had been issues around the suitability of that system for Cambridgeshire’s requirements, and the team were keen to avoid similar issues going forward.

The Chairman observed that for several years the External Audit had highlighted the lack of property database. He asked the External Auditor, Mark Hodgson, whether he had any advice to offer on asset registers? Mark agreed that there were well known products available and peer authorities

had procured similar systems. Having an Asset Register in place key driver in the timely preparation of both the accounts and the audit.

It was resolved to note the report.

### 301. Internal Audit Update Report

The Head of Internal Audit and Risk Management presented a report that provided an update since the previous meetings. He reminded Members that following the outbreak of the pandemic in March 2020, it had been agreed to pause the agreed 2020/21 Audit Plan and to fully align resources to risks being managed by the County Council, consistent with the service's Business Continuity Plan. This has been achieved by increased consultation and through direction by the Council's Deputy Chief Executive and Chief Financial Officer. The pandemic continued to impact on audit work, but the audit programme was dynamic and there were areas where the audit process could actively assist services.

Work on key financial systems needed to be prioritised in the current financial quarter. The position on other areas was noted:

- Key Performance Indicators, Key Policies and Infection Control Grant 2 – these were all at draft report stage and would be considered at the March Committee;
- Schools Finance Monitoring and LGSS Law Client Side – both these audits were in progress;
- Treasury Management – this audit report had been drafted and was almost complete;
- Accounts Payable, Accounts Receivable and Debt Recovery – these audits were due to be completed by March;
- Community Capital Fund – this was in progress;
- Highways Contract OBR – this would be considered in the confidential session later in the meeting;
- Foster Overpayments recovery review, and SEND – both these audit were being progressed and were towards the draft stage;
- Daily Spend – Over £20K, and Teaching Apprenticeship Grant – both audits were at draft stage.

Members noted management actions listed in the appendix to the report, and progress against these.

Members noted that local authorities were mandatory participants in the National Fraud Initiative (NFI), so Internal Audit would be participating in NFI in 2021/22.

Work in risk management was progressing, but the update had been rescheduled to the March Committee meeting due to operational pressures. The Committee was reassured that risk management continued to be considered regularly at JMT meetings.

Appendix A of the report highlighted current progress. All those audits removed from the 2020/21 Plan were being assessed against risk methodology, and tracked quarterly. A Member asked about the PFI Rebate, which was marked as completed, and how much work that had involved. It was agreed that officers would report back. Action required.

In response to Member queries, it was confirmed that:

- the draft report had been issued to the “County Farm processes and procedures”, which was a separate matter to the ongoing audit relating to Manor Farm. The Head of Internal Audit explained that last year the team had been asked by the Service to provide a consultancy type overview of the service, in terms of internal controls, risk management, etc., so this was essentially an advisory piece of work. It was confirmed that it was likely that details of that wider review would be included in the Manor Farm audit;
- grant was allocated every year for pothole action fund.
- the General Ledger audit had commenced, and the final report was expected before the end of March;
- the Pensions audit had not commenced;
- the new “Less than best process and rent reviews” related to Early Years;
- there had been slippage in the Ely Bypass Review, and this issue needed to be considered by both Constitution & Ethics Committee and full Council;
- that the revised target date for the Foster Contract Management audit was 31/03/21;
- that “CCC client modelling for This Land” basically related to the Council securing the anticipated outcomes from its relationship with This Land.

It was resolved to note the report.

### 302. Exclusion of Press and Public

It was resolved:

to agree that the press and public be excluded from the meeting on the grounds that the report contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed in discussion, as it contained information relating to the financial or business

affairs of any particular person (including the authority holding that information)

303. Internal Audit Progress Report - Highways Contract Appendix

The Committee received an update on the Highways Contract.

It was resolved to receive a further update at the March meeting.

304. Minutes of the Audit and Accounts Committee meetings 24<sup>th</sup> November and 23<sup>rd</sup> December 2020

It was resolved to note the minutes of the meeting held on 24<sup>th</sup> November and 23<sup>rd</sup> December 2020 as a correct record.

305. Minute Action Log Update

It was resolved to note the Minute Action Log.

306. Forward Agenda Plan

To note the Forward Agenda Plan with the changes agreed.



## Audit and Accounts Committee Minutes-Action Log

This is the updated action log as 15<sup>th</sup> March 2021 and captures the actions arising from the most recent Audit and Accounts Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

### Minutes of 26<sup>th</sup> January 2021

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
297	Internal Audit Progress Report	Dawn Cave	Identify additional A&AC meeting date for Manor Farm audit update in March.	Meeting arranged.	Completed
299	Debt Management Update	Alison Balcombe	£2.07M of outstanding debt related to six invoices issued in October. Detail of those six invoices would be circulated to the Committee.		
299	Debt Management Update	Alison Balcombe	Highlighted a problem with the headings in the table at paragraph 2.1 of the report, in relation to the periods covered. Officers agreed to correct this for future reports.	To be addressed in future reports.	Ongoing
299	Debt Management Update	Alison Balcombe	Noting that “significant movement before year end” was expected in this area, Head of Finance Operations to provide an update to the Committee on this for the 23/03/21 meeting.		
299	Debt Management Update	Alison Balcombe	Table entitled “Collection rates – 2019/20”, the title “no. of invoices” had been duplicated in two	To be addressed in future reports.	Ongoing

			successive rows – officers agreed to correct this for future reports to “invoices issues” and “invoices closed” respectively.		
299	Debt Management Update	Alison Balcombe	October 2020 appeared to be an anomaly in terms of sums in the income suspense accounts. Officers outlined the possible reasons for what was probably a one off payment, and agreed to provide the Chairman with the detail.		
301	Internal Audit Update Report	Neil Hunter	Queried the PFI Rebate, which was marked as completed, and how much work that had involved. It was agreed that officers would report back.	This was a specific query about an insurance clause on a schools PFI and was more of an advisory role that took two days of audit resource.	

### Minutes of 24<sup>th</sup> November 2020

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
281	Statement of Accounts 2019-20: a) Asset Register System Progress Report	Councillor Shellens	The Chairman to raise continued concerns with Chairman of Commercial and Investment Committee	Concern expressed by Committee that due to the apparent lack of progress obtaining a reliable IT system, the Council could not identify all its assets accurately with the resultant continued impact on Accounts production	In progress



287.	Internal Audit Progress report: a) Risk Register	Neil Hunter	A further report presented to the March Committee.	Included in the 23/03/21 agenda.	Completed.
	b) More detail required on the 42 Items removed from the Audit Plan		Regarding the 42 items had been removed from the Audit Plan and 27 not started, Chairman requested Internal Audit email the Committee to explain how it was intended to reschedule them, and the explanation should be provided for each of the removed items in the January update. This could be by a simple one line addition e.g. Moved to March 2021	Reported in the January update and new methodology proposed in the internal audit progress report on this Agenda.	Completed

### Minutes of 30<sup>th</sup> October 2020

273.	Whistleblowing Policy Annual Report  a) Suggestions for future reports	Neil Hunter	Providing more detail in terms of the staff survey sample in terms of the number used what percentage this was of the total County Council workforce.	To be kept on log until the Annual Report was resubmitted in 2021	Action ongoing
	a) To show changes to the Policy		Request that changes should be shown using sidebars so that Members could see the changes made to the previous version.	To be kept on log until the Annual Report was resubmitted in 2021	Action ongoing

274.	Internal Audit Draft Annual Report 2019-20				
	a) National Fraud Matching Exercise	Neil Hunter	The Chairman queried whether for all the effort undertaken to detect fraud as set out in the table in paragraph 4.6.12 was worth the time and effort involved for what appeared to be relatively small savings / overpayments and whether a year off from such activity would allow resources to be re-directed to higher yielding saving areas. The suggestion would be taken back to the Counter Fraud Team.	Included in the January 2021 Internal Audit Progress Report update	Completed
	c) Para 4.7.2 - Cybersecurity and Public Sector Compliance	Neil Hunter	In reply to a query on what cyber security weaknesses had been found, details could be provided in an email outside of the meeting on the progress of the agreed actions to address the control weaknesses identified in the Cybersecurity and Public Sector compliance review as this was not appropriate to be discussed in a public meeting.	Chair updated by email on 26th January 2021.	Completed

## Consultants and Agency Worker Data – Quarter 2 and Quarter 3 2020/2021

To: Audit and Accounts Committee

Date: 23 March 2021

From: Janet Atkin, Assistant Director, HR Services

Electoral division(s): All

Purpose: To present information on the use of consultants in Quarter 2 (July to September 2020) and Quarter 3 (August to December 2020).

Recommendation: The Audit and Accounts Committee is asked to note the current data on the use of consultants and agency workers.

### Officer contact:

Name: Janet Atkin  
Post: Assistant Director, HR Services  
Email: [janet.atkin@cambridgeshire.gov.uk](mailto:janet.atkin@cambridgeshire.gov.uk)  
Tel: 07775 024309

## 1.0 Introduction

- 1.1 Information covering the Council's usage of consultants is presented to Audit and Accounts Committee on a six monthly basis. This report outlines information on the use of consultants in Quarter 2 (July to September 2020) and Quarter 3 (August to December 2020).

## 2.0 Reporting on Consultants

- 2.1 OPUS Cambridgeshire provide information on consultants that have been engaged through them. The Finance team have provided details of consultants paid via invoice and coded to the consultancy code (D4100).

## 3.0 Quarter 2 (July to September 2020) Consultant Summary

- 3.1 There were three consultants engaged via OPUS in quarter 2. One of these engagements has now ended. This compares to six consultants engaged via OPUS in Quarter 1. Details of each of the consultant placements that have been engaged via OPUS are given in the table below.

Consultants engaged via OPUS Q2			
Area	Output engaged to deliver	Spend in Q2	Ongoing/ended
LGSS IT	Network Firewall Consultant	5,002	Ended
P&E	Joint Professional Services Procurement	3,713	Ongoing
P&E	Development Management Officer (Planning)	14,495	Ongoing

- 3.3 Information on the spending coded to the consultancy code (D4100) is given in appendix A. In Q2 payments were made by invoice to 25 suppliers providing consultancy services. This is not in itself a significant number considering the size of the Council, its diverse nature of services and the shared working agendas that exist.

## 4.0 Quarter 3 (August to December 2020) Consultant Summary

- 4.1 There were two consultants engaged via OPUS in Q3, of these placements one has now ended. Details are given in the table below.

<b>Consultants engaged via OPUS Q3</b>			
<b>Area</b>	<b>Output engaged to deliver</b>	<b>Spend in Q3</b>	<b>Ongoing/ended</b>
P&E	Joint Professional Services Procurement	2,640	Ended
P&E	Development Management Officer (Planning)	14,861	Ongoing

- 4.2 Information on the spending coded to the consultancy code (D4100) in Q3 is given in Appendix B. Payments by invoice to 24 suppliers providing consultancy services. As stated above this number is reasonable considering the Council's size, its diverse range of services and the current working agendas.

## 5.0 Agency worker data in Quarter 2 and Quarter 3

The Audit and Accounts Committee also asked for information on the agency spend on a quarterly basis. Information on the amount spent on agency workers in quarter 2 and quarter 3 is given in the tables below.

<b>Period</b>	<b>Total spend on agency workers</b>	<b>Comparison to this quarter in the previous financial year</b>
Q2 of 2020/2021	£1.366m	Spending on agency workers in Q2 of 2019/20 was £2.232m. There has been a reduction of 0.866m this year.
Q3 of 2020/2021	£1.598m	Spending on agency workers in Q3 of 2019/20 was £1.951m. There has been a reduction of 0.353m this year.

- 5.1 The highest level of agency worker use is within services providing social care, particularly children's social care. This is in line with the position in other local authorities. The majority of the quarterly spending is on individuals engaged to undertake qualified social care roles covering front line positions. Proactive work is ongoing to decrease the need for agency social workers.
- 5.2 Spending on agency workers should be considered in the context of our overall workforce costs. Spending on agency workers in Q2 represents 4.19% of workforce spending. Spending on agency workers in Q3 represents 3.76% of workforce spending. Spending on agency workers in each quarter has reduced when compared to the same quarters of the previous financial years.



Area	Spend in Q2	Description	Budget Holder (where recorded)
Capital Receipts Expenses	436	Fees for A14 Huntingdon to Cambridge	John MacMillan
Local Safeguarding Children's Board	3,612	Chair Person Fee 2020/21	Sally Giddins
SEND Specialist Services	4,675	Consultancy Management - Covid 19	Joanna Hedley
Connecting Cambridgeshire	24,700	Connecting Cambridgeshire Technical Assurance Support	Noelle Godfrey
Asset Planning	900	Eastern Highways Alliance - Highways Conditions Survey Framework - Annual Fee for 2019/20 and 2020/21.	Barry Wylie
Operations - Norwich	180	Configure/test & migration for Norwich City Council	Justine Hartley
Capital Receipts Expenses	4,475	ECDC Outline Planning Application - Isleham and Swaffham Bulbeck	John MacMillan
GCP - Smart Cambridge	34,440	Programme management services relating to Smart Cambrige and GCP Trasnport Programmes	Noelle Godfrey
Corporate IT Managed	12,800	Consultancy agreement - LGSS CCC IT	Matthew Jones
Local Safeguarding Children's Board	1,700	Independant Report Author Fees	Sally Giddins
Domestic Violence & Sexual Violence	4,875	Consultancy Management	Julia Cullum
County Planning, Minerals & Waste	723	Medworth Energy from Waste	Emma Fitch
Shire Hall Relocation	22,482	Project Management support and Spokes planning support work - Shire Hall Relocation	
Local Safeguarding Children's Board	3,600	Chair Person Fee 2020/21	Sally Giddins
Housing Related Support Contracts – Adults & Children	1,925	20-21 Homelessness Consultancy	Lisa Sparks
Archives	1,287	Evaluation framework and report for the 'Great History Chase' project	John Akeroyd
Asset Planning	25,066	Scanner Survey	Barry Wylie
Special Projects Manager (Energy)	1,646	Client support agreement	Cherie Gregoire
Health & Safety	710	Hinchingbrooke Fire Station Asbestos Survey	Philip Hill
Transformation Team	19,973	Research to understand the impact of COVID-19 on communities	Amanda Askham
Programme Manager (Energy)	154,726	North Angle - second phase of works and Comberton Village College - Energy Performance Contracting Works	Claire Smith
Schools Improvement Service	9,518	Education Advisor	Rosemarie Sadler
Schools Improvement Service	1,440	Education Advisor	Rosemarie Sadler
Schools Improvement Service	18,840	Education Advisor	Rosemarie Sadler
Schools Improvement Service	2,160	Education Advisor	Rosemarie Sadler

Area	Spend in Q3	Description	Budget Holder (where recorded)
GCP - Smart Cambridge	30,000	Cambridge Autonomous Bus Demonstration Programme	Noelle Godfrey
Corporate IT Managed	19,200	Consultancy agreement - LGSS CCC IT	Matthew Jones
Local Safeguarding Children's Board	3,612	Chair Person Fee	Sally Giddins
SEND Specialist Services	825	Consultancy Management - Covid 19	Joanna Hedley
County Planning, Minerals & Waste	1,706	Advice related to Planning Application	Emma Fitch
County Planning, Minerals & Waste	19,790	Cambs and P'boro Minerals and Waste Local Plan work	Emma Fitch
Connecting Cambridgeshire	21,850	Connecting Cambridgeshire Technical Assurance	Noelle Godfrey
Exec Director	33,600	Audit reviews and Consultancy Management	Stephen Cox
GCP - Smart Cambridge	22,960	Programme management services relating to Smart Cambridge and GCP Transport Programmes	Noelle Godfrey
Local Safeguarding Children's Board	9,178	Chair and Author Fees	Sally Giddins
Local Safeguarding Children's Board	1,913	Independant Report Author Fees	Sally Giddins
Early Years	11,040	Forest School training	Annette Brooker
County Planning, Minerals & Waste	750	Agricultural Aftercare	Emma Fitch
County Planning, Minerals & Waste	1,900	MVV Wisbech Medworth EfW CHP Proposal	Emma Fitch
Programme Manager (Energy)	93,941	Energy Performance Contracting works	Claire Smith
Asset Planning	106	EHA SCRIM Survey	Barry Wylie
Shire Hall Relocation	8,616	PM support - Shie Hall Relocation	
Business Systems	1,500	HSM Professional Services (remote work)	Lewis Smith
Local Safeguarding Children's Board	3,900	Chair Person Fee	Sally Giddins
Flood Risk Management	15,077	Bar Hill surface water alleviation project	Julia Beeden
Connecting Cambridgeshire	2,200	Cost to provide Report & indicative Drawing - Peterborough wifi	Noelle Godfrey
Schools Improvement Service	2,350	Education Advisor	Rosemarie Sadler
Schools Improvement Service	17,280	Education Advisor	Rosemarie Sadler
Schools Improvement Service	4,080	Education Advisor	Rosemarie Sadler



## Safer Recruitment in Schools Update

To: Audit and Accounts Committee

Date: 23 March 2021

From: Senior Adviser for Leadership

Electoral Division(s): All

Purpose: Schools Safer Recruitment Update

Key Issues: To update the Committee on the Schools Intervention Service monitoring of the Leadership of Safeguarding including safer recruitment in maintained schools for the period September 2020 to the end of February 2021.

Recommendation: To note and comment on the report.

### Officer contact:

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## 1. Safeguarding Reviews rolling programme

- 1.1 The rolling programme of Safeguarding Reviews ceased last March 2020 as a result of the Corona Virus Lockdown and the need for the Leadership Advisers to become involved in the Local Authority emergency response to the situation.
- 1.2 From September 1<sup>st</sup> 2020 however, these reviews recommenced and, in order to strengthen the Leadership and Management of Safeguarding across Cambridgeshire Schools, the Leadership Team has been involved in carrying out Safeguarding Reviews and Health Checks for all LA maintained primary schools in Cambridgeshire, as well as some secondary academies and Special schools following our already established biannual cycle, plus for some additional schools cancelled due to COVID. From January 2021 the team also began conducting Safeguarding Reviews for all Peterborough maintained schools.
- 1.3 Given that Safeguarding is a priority for the School Improvement Team generally, these reviews have been split across the year into three priority groups against agreed criteria. Some of these have been in-school face to face meetings, but many have been held virtually because of social distancing, etc. It is intended that, once restrictions are lifted, all virtual reviews will be followed up with short visits to double check key documents and files including the Single Central Record, Employment and Child Protection File, as well as to follow up on any areas of weakness identified in the review documentation.
- 1.4 Academies and multi-academy trusts who purchase the Leadership Adviser offer continue to have a free safeguarding review annually and these have now been completed. Other Cambridgeshire academies sometimes purchase reviews on a 'pay as you go basis', however many wish to source such reviews from other providers or from within their own Trusts. We have also recently concluded our commitment to the DEMAT Trust where we have supported their Leadership of Safeguarding training as well as carried out independent safeguarding reviews and health checks for their schools.
- 1.5 Between September 1<sup>st</sup> 2020 and March 1<sup>st</sup> 2021 (6 months) the two leadership Advisers have completed:

- 78 Safeguarding Reviews across Cambridgeshire and Peterborough

Of these:

- 59 were primary schools across Cambridgeshire and Peterborough
- 50 were primary schools in Cambridgeshire
- 9 were primary schools in Peterborough
- 1 was a Peterborough Secondary School

- 3 were special schools in Cambridgeshire and Peterborough
- 15 were academy primary schools

1.6 Key themes emerging from these reviews:

General strengths:

- Safeguarding Policies and Website Compliance with Essential Documents on File
- Monitoring of Vulnerable Groups including vulnerable groups
- Safer Recruitment
- Provision for GDPR

General weaknesses:

- Complaints and Allegations in respect of application of policy and procedure
- Health and Safety in respect of Risk Assessments for inner/Outer Site Areas

2. Training, support and monitoring

2.1 The Local Authority Safeguarding and Child Protection Team provides a wide range of Child Protection related courses to nearly all maintained schools, academies and independent schools in Cambridgeshire and Peterborough.

2.2 The Leadership Team also offers a full range of training for all schools and education providers across both Cambridgeshire and Peterborough. Currently all of this training is delivered 'virtually' in line with Government COVID guidance, and the programme includes:

- Half-day conferences
- Safer Recruitment Training – both full and refresher courses
- Complaints and allegations training
- Governor Services organised training and briefings for governors and Cam Clerks
- Induction for Peterborough Schools re- Complaints Policy
- Academy Schools general safeguarding training.
- Bespoke Training for individual Governing Bodies
- New Headteacher Induction Programme – Safer Recruitment and the Wider Safeguarding Culture
- Deputy Heads Leadership Course - Policy compliance and the Wider Safeguarding Culture

3. Safer Recruitment Training

3.1 The Governor Services team continues to offer well attended Safer Recruitment Training across the county, which the Leadership Advisers conduct on their behalf. Both refresher and full training is offered, and the training is based on nationally accredited materials.

- 3.2 Diane Stygal and Phil Nash are both nationally accredited trainers and deliver the Safer Recruitment training for the Schools Intervention Service.

#### 4. Local Authority Designated Officer (LADO)

- 4.1 The Leadership Advisers continue to work with schools and the LADO when allegations are made against adults who work with children. We are kept informed of allegations and often attend Allegations Meetings.
- 4.2 In the last 6 months we have attended 29 LADO Allegation Management Meetings ranging across primary, secondary and special schools.

#### 5. Outcomes

- 5.1 All of the maintained schools inspected in Cambridgeshire have had 'effective' judgements for safer recruitment since the start of the academic year. One school received an 'inadequate' judgement last June 2020 during a Section 5 inspection. The School Improvement Service and Leadership Team were swift to intervene however and during their re-visit in October 2020 this judgement was reviewed and the school found to be 'effective' again.

#### 6. Intervention

- 6.1 The School Improvement Advisers and English and maths advisers are also ensuring that Safeguarding is at the heart of their work and comment on safeguarding after each visit. There is now a box for Safeguarding comments added into the Note of Visit format.
- 6.2 All SIS team members have a safeguarding objective as part of their Performance Appraisal and also:
- Ask questions of senior leaders to probe the Wider Safeguarding Culture of a school
  - Check the SCR and HR files
  - Enquire about CP records
  - Ensure that schools have sufficient, recently trained DSLs
  - Update chronolators as appropriate (chronolators are evidence based tables where concerns are listed in respect of information sharing across teams).
  - Have checked off COVID risk assessments
  - Ensure Safe and Well checks are taking place
  - Analyse school Recovery Plans
  - Look at Remote Learning Plans
  - Support schools to improve attendance rates
  - Ensure members of the Governing Body are fulfilling their safeguarding responsibilities

## 7. Conclusion

- 7.1 We continue to see a positive safeguarding picture across Cambridgeshire schools. The reviews demonstrate that there are usually minor improvements that schools can make. The picture across Peterborough is not quite as easy to summarise given we have only just begun our work there.



## Financial reporting and related matters update

To: Audit & Accounts Committee

Meeting Date: 23 March 2021

From: Deputy Chief Executive and Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable

Key decision: No

Outcome: That the Committee is appraised of the progress with the Statement of Accounts for the year ending 31 March 2020, preparations for the year-end process for 2020-21, national updates and context and other connected matters.

Recommendation: Audit and Accounts Committee is invited to note this report.

### Officer contact:

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## 1. 2019-20 Statement of Accounts

- 1.1 In the January report to this Committee we set out that the auditor and the Council are ensuring completion of the process according to professional and quality standards, recognising that this has had an impact on delaying the final results. There continue to be no arising issues identified since November which are in dispute with the auditor in terms of accounting treatment.
- 1.2 Much of the focus since the last Committee has been on property valuations and the six specific areas set out in that report (schools, investment properties, car parking, solar farm, operational assets (particularly in Cambridge City) and valuation methodology). These have required input in turn from the Council's appointed valuer, an external firm of chartered surveyors.
- 1.3 As at 15 March 2021, of the remaining items required to complete the audit, seven areas are with the auditor for review (including schools and nursery valuation, cash follow-up and for the specific assets referred to in 1.2). Going concern information has been updated to reflect the latest position. The Council is due to reply to remaining requests on payroll, valuation of an annex at an individual school, and unrecorded liabilities by mid-March. The final stage is to input the results of the valuation and other adjustments into the accounts, once the auditor is content.
- 1.4 The nature of the audit is that where specific issues are detected they can have a wider and enlarged impact as a result of extrapolating conclusions from a sample to wider population. Particularly in relation to the Council's assets, there has been close and iterative liaison in recent weeks between the Council's accountants and surveyors, our appointed professional valuers and the auditor, in order to reach an acceptable outcome. We have also seen the review process at the auditor raise additional queries around schools cash balances, accumulated absences and accounting for grants received in advance, amongst other issues. These were unforeseen requests at the January audit committee, which have been responded to proactively and collaboratively. We will provide a further verbal update on progress at the Committee meeting.

## 2. 2020-21 Statement of Accounts

- 2.1 On 9 March 2021, following consultation, the government laid regulations that amend the draft and final deadlines for principal local authorities, including Cambridgeshire County Council, for the years ending 31 March 2021 and 31 March 2022. In both years the date for publication of draft accounts is 31 July and the date for completion of the audit is 30 September. For 2019-20, extended deadlines operated as a consequence of the pandemic, although a large number of authorities, including Cambridgeshire, did not meet those dates for audited accounts. Mindful of the sector-wide issues considered in the Redmond Review (and reported to this Committee in January), and the specific issues faced by CCC, that the deadlines have not immediately reverted to the tight timescales that operated in 2018-19 is welcome.
- 2.2 Prior to the formal confirmation of these stipulated timescales, the Council's external auditor had set out its work plan for phasing audit activity across local government clients in the East of England. It is intended that the Pension Fund audit will commence in June 2021



with the Council's main accounts audited from October 2021. While the Council is confident that draft accounts will again be published in accordance with the timescales by the end of July, the planned audit dates mean that the audit will not be completed to timescale, which will require the Council to publish a notice explaining the reason for this. Additional preparation time for the audit will be beneficial in terms of the quality assurance the Council can itself undertake, following a number of time consuming issues in recent years, and it is recognised there is a finite amount of experienced public sector audit resource available to the audit firms across the region. Representations have however been made to EY to request that sample selection and initial procedures begin earlier than October, to enable the most effective progress given previous experience.

2.3 Further to the fuller update and explanation of areas for improvement identified in the January report. Two areas are highlighted for the Committee's attention:

- Property valuations – revised approach agreed with Property team taking the lead on instructions to the external valuer. Valuations for the current year are underway and due in the next 3 weeks. The Chief Finance Officer has agreed permission, in accordance with CIPFA / RICS conditions, that exceptionally, due to the pandemic, external (rather than full) inspections will be relied upon for 2020-21.
- Accruals and purchase orders – revised process agreed and finance business partners have completed a detailed analytical review to close unneeded purchase orders and aid the accruals process at year-end

### 3. Value for Money Opinion 2017-18

3.1 The Council's then external auditor, BDO LLP, gave the financial statements opinion for 2017-18 on 6 August 2018, with the value for money opinion to follow at a later date. The Council has repeatedly pressed BDO to progress their conclusions in this area since then and in November 2019, the then Chairman of this Committee wrote formally to BDO to express significant concern at the delay in concluding the process. BDO replied formally to Cllr Shellens in September 2020, apologising for the delay, and setting out the remaining steps with a report to this Committee anticipated in January 2021. During the first months of 2021 BDO have advised that a key team member has been unwell and that they have also sought legal advice on their final conclusions.

3.2 Most recently, at the beginning of March 2021, a manager at BDO contacted the Council to raise further queries about two contracts that the Council had entered into: one commencing in 2015 and another relating to 2015 and 2016. The Council has replied to BDO. The firm have stated they anticipate reporting on value for money shortly, with the determination of objections lodged in 2017 and 2018 happening subsequently and separately. A verbal or addendum update will be given at the meeting of this Committee, contingent on the form of report that BDO issue and the extent to which the Council needs to provide management action commentary alongside this.

- 3.3 Matters have progressed sufficiently for EY to commence some areas of value for money review, for the years for which they are responsible. This is welcomed.

## 4. Significant Implications

- 4.1 Resource Implications
- 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications
- 4.3 Statutory, Legal and Risk Implications
- 4.4 Equality and Diversity Implications
- 4.5 Engagement and Communications Implications
- 4.6 Localism and Local Member Involvement
- 4.7 Public Health Implications
- 4.8 Environment and Climate Change Implications on Priority Areas

This report refers to the progress being made with the Statement of Accounts in the context of the relevant regulations and statutory framework. There are no other significant implications.

## 5. Source documents

- 5.1 January 2021 report to this Committee  
[Council and committee meetings - Cambridgeshire County Council > Meetings \(cmis.uk.com\)](https://cmis.uk.com/council-and-committee-meetings-cambridgeshire-county-council-meetings)
- 5.2 Accounts and Audit (Amendment) Regulations 2021  
[The Accounts and Audit \(Amendment\) Regulations 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uksi/2021/1222)

## Draft Internal Audit Plan 2021 - 22

To: Audit & Accounts Committee

Date: 23 March 2021

From: Neil Hunter, Head of Internal Audit and Risk Management

Purpose: To present the draft 2021 - 22 Internal Audit Plan and invite comments from Audit & Accounts Committee.

Recommendation: The Committee is asked to consider and comment on the contents of this report, and approve the proposed 2021 - 22 Audit Plan and approach, subject to any changes agreed at the meeting.

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## 1. BACKGROUND

- 1.1 The role of Internal Audit is to provide the Audit Committee and management with independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 1.2 This report outlines a draft Internal Audit Plan for 2021 – 22 and a proposed approach to targeting audit resource throughout the year.

# 1. The Internal Audit Plan

## 1.1 Background

- 1.1.1 CIPFA and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) in April 2013. The PSIAS set out the standard for internal audit across the public sector.
- 1.1.2 The principles in the PSIAS are consistent with the previous CIPFA code of practice for internal audit which applied across local government. They include the need for risk-based plans to be developed for internal audit and for plans to receive input from management and the 'Board'; for the purposes of the key duties laid out in the PSIAS, the Audit & Accounts Committee is effectively the 'Board' for the Council.
- 1.1.3 Under the Local Government Act, the Council's Section 151 officer is responsible for ensuring that there are arrangements in place for the proper administration of the Authority's financial affairs. The work of Internal Audit is therefore directly relevant to these responsibilities.

## 1.2 Audit Planning

- 1.2.1 PSIAS Performance Standard 2010 – *Planning* states that:

*“The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.”*

- 1.2.2 The standards refer to the need for the risk-based plan to consider the organisation's risk management framework, and to take into account the requirement to produce an annual internal audit opinion and the assurance framework.
- 1.2.3 Within the Council, the Chief Audit Executive is the Chief Internal Auditor for the purposes of the PSIAS. Performance Standard 2450 – *Overall Opinions* states that:

*“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.”*

- 1.2.4 The risk-based plan therefore needs to include an appropriate and comprehensive range of work which is sufficiently robust to confirm that all assurances provided as part of the system of internal audit can be relied upon by the Audit & Accounts Committee. The Chief Internal Auditor will ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the internal audit plan.

### 1.3 A new approach to the Annual Plan

#### Current Approach

- 1.3.1 For a number of years, Internal Audit at Cambridgeshire has aimed to maintain a dynamic Audit Plan, in order to allow the regular re-prioritisation of resources towards the areas of highest risk. This has involved setting a risk-assessed annual Internal Audit Plan at the start of each financial year, which is then reviewed, challenged and updated on a quarterly basis with input from JMT, the Section 151 Officer, and the Audit & Accounts Committee.
- 1.3.2 While this approach has proved largely successful, the impact of the Covid-19 pandemic and the extent of additional reactive work required of Internal Audit in the 2020/21 financial year, has identified the potential to further improve the way that the Audit Plan is created and managed. This aims to increase flexibility while providing greater assurance that minimum audit coverage is always maintained, and that audit resource is prioritised to the areas of greatest risk.

#### Proposed Approach

- 1.3.3 In continuing this approach, Internal Audit has recognised that the service's Annual Plan essentially comprises two key elements:

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

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

- 1.3.4 Up to now, there has been no separation of these two elements of the Audit Plan, which simply outlines a list of all the areas of work that Internal Audit are expected to complete over the course of a financial year. Internal Audit is now proposing to separate out these two elements within the Plan.
- 1.3.5 The 'flexible' element of the Plan will be presented as a series of rolling quarterly Audit Plans, with quarterly risk assessments ensuring that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of

highest risk, and subject to challenge and comment by both JMT and the Audit & Accounts Committee.

1.3.6 In practice, this means that the 'core' element of the Plan will be set annually as before. In the quarterly Internal Audit reporting, JMT and the Audit & Accounts Committee will be asked to approve the next quarter's 'flexible' plan. They will also be provided with a current 'indicative' draft of the audits that are likely to be included in the following four quarters after that i.e. a full-year forecast of upcoming audits based on the current risk assessment, for review and challenge.

1.3.7 This approach is expected to bring a number of benefits:

- Greater flexibility to introduce and reschedule planned audits in line with current emerging risks, or pressures being faced by the service due to be audited. This is expected to be particularly critical in 2021/22, given the ongoing impacts of the Covid-19 pandemic.
- A reduced need to 'cancel' audits when the risk environment changes, as the Audit Plan is no longer constrained by the year-end.
- Improved targeting of resource to areas of greater risk, with the highest risk areas always prioritised for the next quarter's work.
- Ensuring greater efficiency by eliminating the artificial cut-off of 'year end' for audit work and reducing the 'lull' at the start of a new financial year while new audits are initiated.
- Ensuring that when changes are made to the Audit Plan throughout the year, any impact of those changes on the Chief Audit Executive's ability to deliver an annual internal audit opinion is more easily understood.

## 1.4 How assurance can be given

### The Risk Assessment Process

1.4.1 In order to develop the Audit Plan, there must first be a sound understanding of the risks facing the Council. In developing the Plan, Internal Audit undertakes a full risk assessment which includes:

- Review of the corporate risk register
- 'Horizon scanning' to identify key legislative changes etc. which may impact the Authority's risk environment in the future
- Engaging with senior management
- Reviewing the outcomes of previous audit work and follow-ups on the implementation of agreed audit actions

- Identifying areas which have not recently been audited
  - Benchmarking against Audit Plans developed by other Local Authorities
- 1.4.2 Potential audit areas identified through this process are then assessed and weighted according to the level of potential risk they relate to, and the level of urgency to complete an audit of this area. This enables Internal Audit to produce a list of audit areas which are clearly prioritised by risk.
- 1.4.3 It is therefore proposed that going forwards, this risk assessment will be updated on a quarterly basis, to ensure that upcoming planned audits are always prioritised on the basis of a current risk assessment. This will then be reviewed and challenged by JMT and the Audit & Accounts Committee.

#### Assurance Blocks

- 1.4.4 The Audit Plan reflects the environment in which public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, better assurance, safeguarding and achieving best value. The planned audit coverage is intended to ensure stakeholders receive a valuable assurance and that the Internal Audit service tangibly adds value to the organisation.
- 1.4.5 In order to achieve this cross-cutting assurance, the Internal Audit Plan is based on 'assurance blocks' that each provides an opinion over key elements of the control environment, targeted towards in-year risks, rather than a more traditional cyclical approach examining each system over a number of years. These assurance blocks are summarised below for ease of understanding, as well as to demonstrate how cross-cutting assurance on the organisation's control environment can be given:

#### Value for Money

- 1.4.6 In order to address increased financial pressure on the organisation, the Council needs to ensure that it maintains a drive to achieve value for money across the entire organisation. Providing assurance over this area includes consideration of financial planning and forecasting; investments and income collection; demand management; and effective management of services to achieve their key objectives.

#### Procurement & Commissioning

- 1.4.7 Procurement and commissioning remains a key area of risk for the Council. When conducting procurement exercises, the Council should ensure that commissioning activity achieves the desired outcomes and that contracts include proportionate controls on quality and delivery. Once contracts are in place, effective contract monitoring is essential - not only to ensure that expected outcomes are achieved, but also that the Council achieves good cost control and does not pay more than it should.
- 1.4.8 Higher-risk contracts have been selected for review, incorporating open-book assurance where possible, to ensure that these are operating in



accordance with the terms of the contracts and value for money is being achieved by contract management activities. Work to examine the commissioning process as a whole is also included in this assurance block.

### Safeguarding

- 1.4.9 Safeguarding is a key risk area, and thus also a key area of assurance for the County Council. Internal Audit work in this area includes review of the frameworks in place to manage safeguarding risk, including policies, procedures and quality assurance processes. This assurance block also incorporates review of processes to safeguard Council staff and tenants, such as health and safety policies and fire safety checks.

### Project Management & Transformation

- 1.4.10 In order to address increased financial pressure on the organisation, the Council needs to transform and develop more effective working across all services. This work provides cross-cutting assurance over the management of key risks which accompany major transformation, and that benefits are delivered as planned.

### ICT and Information Governance

- 1.4.11 Increasingly, the Council's operations are run through digital platforms which store and process large quantities of confidential data. As the Council is also subject to extensive legislation regarding its responsibilities in handling, storing and sharing data, this is a key risk area for the organisation. This assurance block covers the Council's ICT infrastructure, strategy and compliance, along with closely related risk areas such as information governance, information security, Freedom of Information Act compliance, and records management.

### Financial Governance

- 1.4.12 This is the traditional area of internal audit work, and very much focuses on providing the Section 151 officer assurance that "the Council has made arrangements for the proper administration of its financial affairs." A core element of this work is the annual reviews of key financial systems, and in particular those financial systems which have the highest level of financial risk, such as Accounts Payable and Payroll. Other audit work undertaken as part of the Financial Governance assurance block includes review of financial regulations, budgetary control, provision of assurances over the use of grant funding from central government, and wider elements of organisational financial management.

### Business Continuity

- 1.4.13 This assurance block covers the arrangements in place to ensure continuity of core Council services in the event of business disruption and/or major incidents. As well as business continuity policy and planning, Internal Audit

work in this area includes consideration of arrangements to ensure supplier resilience, and planning for recruitment and retention of staff particularly in high-risk areas such as social care.

### Fraud & Corruption

- 1.4.14 This is a key development area, and a high-risk area across the public sector. The bulk of the time allocated to providing assurance over fraud and corruption is set aside for risk assessment of whistleblowing referrals, and for fraud investigation work on a reactive basis, when concerns are raised either via whistleblowing routes or by senior management. All reactive investigative work by Internal Audit also includes pro-active consideration of the control environment in place to prevent and detect fraud and corruption, and formal reporting on any recommendations to strengthen internal control in this area.
- 1.4.15 In addition to this, time is set aside for an annual review of whistleblowing arrangements and the Council's anti-fraud and corruption culture.

### Risk Management

- 1.4.16 This assurance block provides assurance over the operation of the Council's risk management framework, both in terms of the formal strategic risk management process and deep-dive thematic reviews that focus on the way individual risks are managed in practice across the Council.

### Governance

- 1.4.17 The Plan incorporates annual assurances over core elements of the organisation's overall control system, including core corporate policies and procedures which drive organisational culture and risk appetite, performance management, and the Council's Code of Corporate Governance. These reviews provide assurance that key policies and procedures are up to date; fit for purpose; effectively communicated; routinely complied with across the organisation; as well as being monitored and regularly improved.

## 1.5 Plan Summary and Resources

- 1.5.1 In summary, the Audit Plan maintains a focus on risk-based and compliance audits as well as providing assurance on key financial systems. This reflects the need to focus on the management of emerging risks and to ensure the continued operation of key controls within the Council's governance arrangements, systems and processes. Maintaining an Audit Plan which is dynamic, challenging and prioritised based on the organisation's risks is not a new concept; however, in the current environment it is ever more critical if Internal Audit is to help the Council to respond effectively to the scale of change required in 2019/20 and beyond.

*Planned Audit Days for 2021/22*

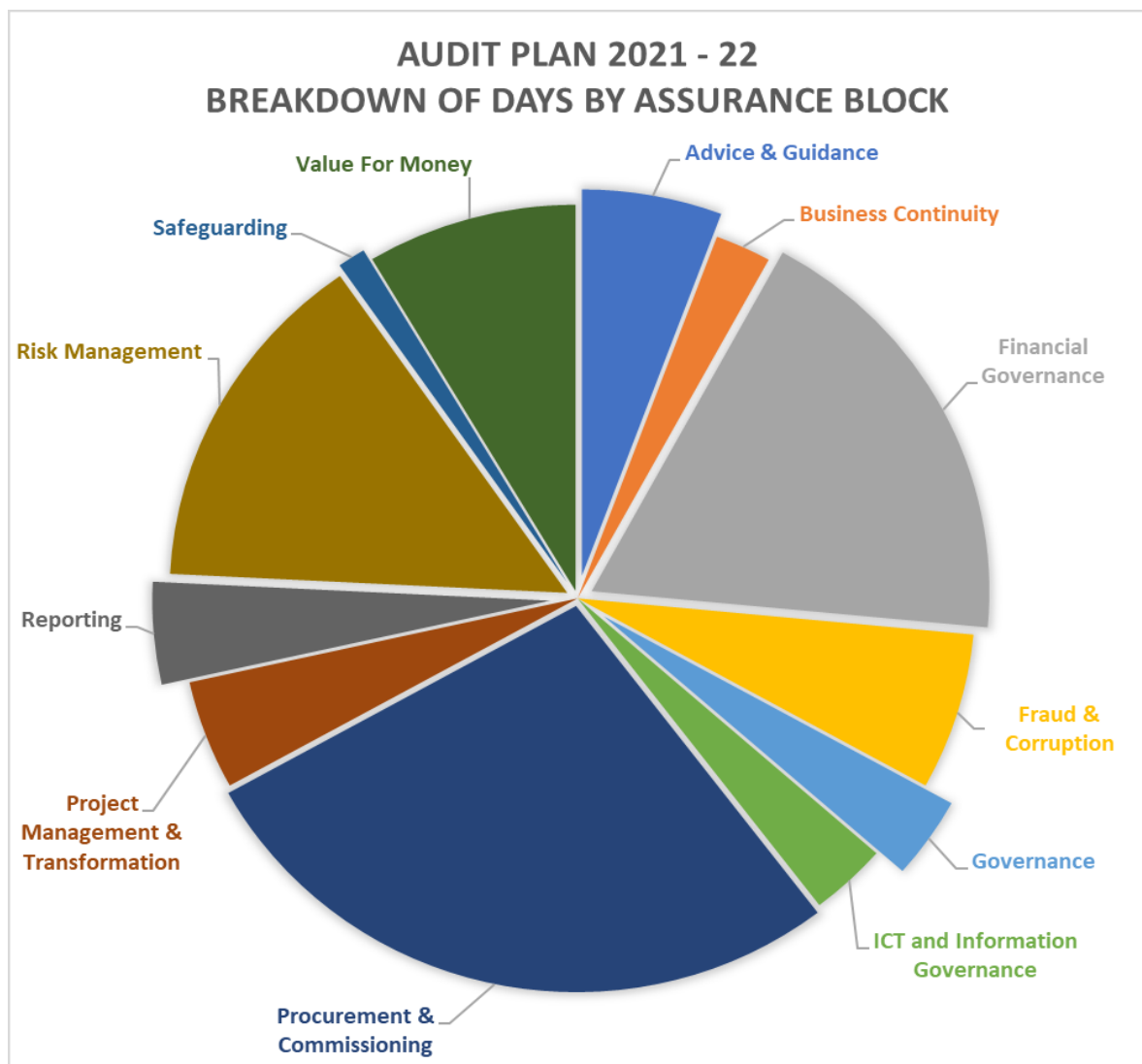
1.5.2 The Internal Audit coverage for 2021/22 is proposed as 1,750 days, in line with previous years. This is split across the 'core' and 'flexible' plans as follows:

- 'Core' Plan: 882 days
- 'Flexible' Plan: 865 days

1.5.3 In practice, this means that the 'flexible' plan will be split into rolling quarterly plans of around 216 days each; the precise number of days included each quarter is likely to vary slightly around this number, to maintain some flexibility based on the audits prioritised for inclusion in that quarter.

*Analysis of Audit Plan by Assurance Block*

1.5.4 Visualising how the proposed Audit Plan is broken down by assurance block helps to demonstrate how the planned reviews will provide coverage of key organisational risk areas. The proposed approximate split of time across the 2021/22 Audit Plan by assurance block (based on the current indicative assessment of all four quarterly 'flexible' plans) is as follows:



1.5.5 In particular, this analysis clearly demonstrates the overarching focus of the Plan on financial governance and procurement/contract management, while also providing coverage across broader risk areas.

1.5.6 As the 'flexible' Plan continues to be re-assessed and developed throughout the year, the weighting of the revised plan across these different risk areas will change. This chart can be updated and re-presented on an ongoing basis to provide key stakeholders with assurance that, as the plan changes throughout the year, it still maintains core coverage of the organisation's key risks.

## 1.6 The draft Internal Audit Plan 2021/22

The 'Core' Internal Audit Plan 2021/22:

1.6.1 The draft 'Core' Internal Audit Plan for 2021/22 is presented below:

Audit	Directorate	Assurance Block	Days	Description
<b>Total Days in the Core Internal Audit Plan:</b>			<b>882</b>	
<b>Annual Audit Reviews of Key Financial Systems</b>			<b>150</b>	
Accounts Receivable	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Purchase to Pay	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Payroll	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
General Ledger	CCC	Financial Governance	10	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Bank Reconciliation	CCC	Financial Governance	5	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Treasury Management	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
VAT	CCC	Financial Governance	5	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Financial Systems IT General Controls	CCC	Financial Governance	10	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Debt Recovery	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
Pensions	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; inc. transactional testing across core systems.
<b>Grant Certification Work Required In-Year</b>			<b>87</b>	
Troubled Families	P&C	Financial Governance	40	Annual cycle of grant certification requirements.
Active Travel Fund	P&E	Financial Governance	5	Annual grant certification requirement.
Local Transport Capital Block Funding (Highways)	P&E	Financial Governance	5	Annual grant certification requirement.
Pothole and Challenge Fund	P&E	Financial Governance	5	Annual grant certification requirement.
Disabled Facilities Grant	P&C	Financial Governance	2	Annual grant certification requirement.
Basic Needs Funding	P&C	Financial Governance	5	Annual grant certification requirement.
Test Track & Trace Grant	CCC	Financial Governance	5	Grant certification requirement.
Covid Grants Contingency	CCC	Financial Governance	20	Contingency for any certifications required for additional Covid-related grants.
<b>Annual Allowance for Fraud Investigations &amp; National Fraud Initiative</b>			<b>115</b>	
Fraud Investigations	CCC	Fraud & Corruption	75	Receive whistleblowing referrals and allocation of time to investigate alleged fraud

				or theft.
National Fraud Initiative	CCC	Fraud & Corruption	40	Management of statutory National Fraud Initiative.
<b>Strategic Risk Management and Assurance</b>			<b>255</b>	
Annual Assurance on Risk Management	CCC	Risk Management	5	Maintaining the CRR, reporting to stakeholders and providing an annual assurance over the Council's Risk Management framework.
Strategic Risk Management Assurances	CCC	Risk Management	40	Strategic reviews to assess the level of assurance that can be provided over management of the Council's top corporate risks and top directorate-level risks, on a quarterly basis.
Risk Management	CCC	Risk Management	60	Strategic risk management processes, workshops and reporting.
Compliance - Corporate and Key Directorate Risks	CCC	Risk Management	150	A programme of compliance checks on key controls mitigating the Corporate risks and top 3 Directorate-level risks to provide assurance on whether critical controls are routinely complied with in practice. Each risk will be audited once during the audit cycle.
<b>Core Procurement &amp; Commissioning Audit Work</b>			<b>40</b>	<b>(plus min. 200+ days in rolling Audit Plan)</b>
Procurement Compliance	CCC	Procurement & Commissioning	20	Review of sample of invoices, to provide assurance over risk that best value is not being achieved across all Council procurement. Once invoices have been selected, the review will work backwards through the commissioning process to confirm compliance and VFM.
Procurement Governance	CCC	Procurement & Commissioning	20	Review covering policies and procedures governing procurement processes, and arrangements for monitoring compliance with procurement policies. Assurance over risk that best value is not being achieved across all Council procurement.
Contract Reviews	CCC	Procurement & Commissioning	(N/A)	A minimum of 200 days is committed to review of contracts and commissioning. The specific reviews undertaken will be identified through the quarterly risk assessment process and included in the 'flexible' Plan.
<b>Annual Core Governance Reviews</b>			<b>60</b>	
Annual Governance Statement/Code of Corporate Governance	CCC	Governance	15	Annual Governance Statement/Code of Corporate Governance.

Corporate Key Performance Indicator Framework	CCC	Governance	5	Providing an annual assurance over the effectiveness of the Council's corporate Key Performance Indicator framework.
Annual Key Policies & Procedures Review	CCC	Governance	5	Following previous year audit reviews of core policies and procedures, this review will provide assurance that key policies are reviewed, updated and accessible to staff.
Whistleblowing Policy Annual Review	CCC	Governance	15	Work to review the whistleblowing policy, conduct awareness-raising activities across the organisation, and produce the annual report on whistleblowing cases.
Schools Payroll & Safe Recruitment	P&C	Governance	20	Annual assurance over schools payroll systems and safer recruitment processing, considering assurance available from schools payroll providers; sample testing of schools; and assurance available from the Schools Intervention Service and Finance teams. Individual schools testing to be conducted as part of the Flexible Plan.
<b>Advice &amp; Guidance Work</b>			<b>100</b>	
Advice & Guidance	CCC	Advice & Guidance	50	Providing support and guidance to staff on ad-hoc queries.
Freedom of Information Requests	CCC	Advice & Guidance	5	Allowance of time to respond to FOI requests received in-year.
Follow-Ups of Agreed Actions	CCC	Advice & Guidance	45	Confirming agreed actions have been implemented to reduce key organisational risks.
<b>Management &amp; Committee Reporting and Planning</b>			<b>75</b>	
Committee Reporting	CCC	Reporting	25	Reporting to Audit and Accounts Committee.
Management Reporting	CCC	Reporting	25	Reporting to JMT.
Audit Plan	CCC	Reporting	25	Development of the Internal Audit Plan and in-year revisions/updates.

### The 'Flexible' Internal Audit Plan 2021/22:

- 1.6.2 The draft 'Flexible' Internal Audit Plan for Q1 2021/22 is presented below for review, challenge and approval. This includes time for reviews that have been commenced late in the 2020/21 financial year, where Internal Audit work will continue into 2021/22. As part of the risk assessment process, audit reviews that have not been commenced as part of the 2020/21 Audit Plan have been given additional weighting for review in the first quarter of 2021/22.
- 1.6.3 The current indicative 'Flexible' Internal Audit Plans for the next four full quarters, based on the current risk assessment, are also presented at Appendix A of this document for consideration and challenge.

Audit	Directorate	Assurance Block	Days	Description
<b>Quarter One Flexible Internal Audit Plan:</b>			<b>240</b>	
Highways Contract	P&E	Procurement & Commissioning	50	Open Book Review work on Highways contract to ensure that CCC does not overpay on this high cost contract. This work is ongoing from 2020/21.
Project Management Framework	BI&D	Project Management	20	Audit review and support to the work to develop a Council-wide project management framework and project assurance arrangements. This work is ongoing from 2020/21.
Projects Assurance	BI&D	Project Management	40	Work to implement the project assurance methodology alongside the Transformation Team and conduct separate individual reviews of project management and governance by Internal Audit. This work is ongoing from 2020/21.
Integrated Drug and Alcohol Treatment System	PH	Procurement & Commissioning	30	Review of the controls and contract management in place for the Cambridgeshire Integrated Drug and Alcohol Treatment System contract which was awarded in May 2018 and has an annual value of £4.875m.
Provision of Community Equipment Services	P&C	Procurement & Commissioning	30	Review of the controls and contract management in place for the Provision of Community Equipment Services contract with an annual value of £4.36m. This work is ongoing from 2020/21.
Capital Project Variations and Overspends	CCC	Project Management	20	Review of a sample of capital projects which have experienced significant overspends or variations, to gain assurance over risk and issue management, and identify any lessons learned for dissemination. This work is ongoing from 2020/21.
Contract Management - CCS and Healthy Child	P&C	Procurement & Commissioning	30	The Healthy Child programme has a £12m annual value and was a direct award via a Section 75 agreement. This work is ongoing from 2020/21.
Investment Properties	Resources	Value For Money	20	The Council is increasingly investing in property at a high cost. Review of investments, process, strategy and risk especially in light of new guidance on use of loans from PWLB. High reputational risk. This audit was previously deferred from the 2020/21 Audit Plan.

## 1.7 Conclusions

- 1.7.1 The 2021/22 Audit Plan has used a risk-based approach to prioritising internal audit work and includes sufficient coverage to ensure an evidence-based assurance opinion on the control environment can be provided at the end of the year.



- 1.7.2 The new approach to ongoing audit planning throughout the year creates a service that is highly responsive in nature, and all efforts will be made to maximise coverage to provide the most effective and agile internal audit service possible that maintains a constant focus on the key risks facing the organisation throughout the year.
- 1.7.3 Progress against the plan will be monitored throughout the year and key issues reported to JMT and the Audit & Accounts Committee each quarter.

## APPENDIX 1 – DRAFT INTERNAL AUDIT ‘FLEXIBLE’ PLANS Q2 – Q5

Audit	Directorate	Assurance Block	Days	Quarter	Description
<b>Current Proposed Flexible Internal Audit Plan for Q2:</b>			<b>220</b>		
Contract Management - Supported Living	P&C	Value For Money	20	Q2	Review of the Supported Living contract. This audit was previously deferred from the 2020/21 Audit Plan.
Business Planning	CCC	Financial Governance	30	Q2	Review of governance, compliance, management and monitoring, and benefits realisation.
Adult's Social Care Commissioning Strategies	P&C	Procurement & Commissioning	30	Q2	Review of strategic planning for commissioning and contracting across Adults Social Care, to provide assurance that commissioning is pro-active, considers demand and how this may be managed, and takes into account the condition of local markets. This audit was previously deferred from the 2020/21 Audit Plan.
Loans to External Organisations	Resources	Financial Governance	20	Q2	Review of the Council's policies on providing loans to external organisations and compliance with policy in practice. This audit was previously deferred from the 2020/21 Audit Plan.
Rental Income	Resources	Value For Money	20	Q2	Ensuring that the Council maximises the value of its property. This audit was previously deferred from the 2020/21 Audit Plan.
Waste PFI	P&E	Procurement & Commissioning	30	Q2	Council's biggest PFI contract, £35m p.a. gross budget. Renegotiation of the contract to resolve legacy issues re: retention of monies. The scale of the contracts means this is a key financial risk for the Council. This audit was previously deferred from the 2020/21 Audit Plan.
Cambridgeshire County Council Client Monitoring Arrangements for This Land Ltd	Resources	Value For Money	30	Q2	A review to provide comprehensive follow-up on findings and implementation of actions following the review of This Land Ltd in 2019/20. This audit was previously deferred from the 2020/21 Audit Plan.

Fees and Charges Policy & Compliance	BI&D	Financial Governance	20	Q2	Review to cover the risk that processes around setting fees and charges are not followed, leading to the Council missing out on income or legislative non-compliance. This audit was previously deferred from the 2020/21 Audit Plan.
ICT Security	C&D	ICT and Information Governance	20	Q2	Review of ICT security strategy and compliance with key measures such as PSN etc.
<b>Current Proposed Flexible Internal Audit Plan for Q3:</b>			<b>245</b>		
Contract Management - Cambridgeshire Energy Performance Contracting Project	P&E	Procurement & Commissioning	30	Q3	Review of contract management within the Cambridgeshire Energy Performance Contracting project, which holds two major contracts with a combined annual value of £11m. This audit was previously deferred from the 2020/21 Audit Plan.
Street Lighting PFI	P&E	Procurement & Commissioning	30	Q3	2nd highest gross budget, previous audits have identified weak contract management. Risk of failure to achieve best value. This audit was previously deferred from the 2020/21 Audit Plan.
Children's Social Care Commissioning Strategies	P&C	Procurement & Commissioning	30	Q3	Review of strategic planning for commissioning and contracting across Children's Social Care, to provide assurance that commissioning is pro-active, considers demand and how this may be managed, and takes into account the condition of local markets.
Use of Block Contracts	P&C	Procurement & Commissioning	30	Q3	Significant use of block contracts in Adults & Older Peoples services.
Insurance Fund	Resources	Value For Money	20	Q3	Previously managed via LGSS. Review of insurance policies, service management and compliance.
Budgetary Control	CCC	Financial Governance	20	Q3	Review of the policies and procedures that underpin the Council's system of budgetary control, as well as compliance with key controls by budget holders.

Recruitment Processes in Children's Social Care	P&C	Business Continuity	20	Q3	Review requested by the Service Director for Children & Safeguarding. This would aim to provide assurance that the process in place is streamlined and sufficiently robust to ensure that only good-quality candidates are appointed, as well as considering safe recruitment issues. This audit was previously deferred from the 2020/21 Audit Plan.
Individual Schools Finance Audits	P&C	Financial Governance	50	Q3	Focus on schools payroll, finance and financial governance arrangements with audit visits to a selection of higher-risk schools identified through the Schools Causing Concern process.
ICT Disaster Recovery	C&D	ICT and Information Governance	15	Q4	Review of policies and procedures relating to disaster recovery surety in ICT, including compliance with testing and policies.
<b>Current Proposed Flexible Internal Audit Plan for Q4:</b>			<b>220</b>		
Safeguarding Assurances	P&C	Safeguarding	30	Q4	Review of assurances over the Council's safeguarding arrangements for children and adults, including internal review processes, contractual assurances, and assurances received from third parties such as Ofsted, peer reviews etc. This audit was previously deferred from the 2020/21 Audit Plan.
Client-side Review of LGSS Law	L&C	Procurement & Commissioning	20	Q4	Client-side review of Cambridgeshire's LGSS Law legal provision.
New Schools Building	P&C	Procurement & Commissioning	20	Q4	Education Property has a Design & Build contract with an annual value of £100m. This audit was previously deferred from the 2020/21 Audit Plan.
Adult Social Care Finance	P&C	Financial Governance	20	Q4	Assurance following the major restructure and centralisation of the Adults Social Care Finance team, particularly reviewing invoicing processes, cost recovery and the link to debt management. This audit was previously deferred from the 2020/21 Audit Plan.
Contract Management	CCC	Procurement & Commissioning	20	Q4	Noted as a risk area given the outcomes from recent audits. Lack of detailed contract management guidance available to managers in the organisation. High impact area.

Supplier Resilience Reviews	CCC	Business Continuity	20	Q4	Review of a sample of key strategic suppliers, with a focus on suppliers of care and transport to vulnerable service users, to identify assurances in place over supplier resilience and continuity planning.
Traded Services	P&C	Value For Money	20	Q4	Risk of a lack of clear policies around charging for services, particularly outside the remit of 'traditional' traded services. Risk that full costs, including overheads, are not being passed on when we charge for items and services.
Cost Recovery	CCC	Value For Money	20	Q4	A risk area as much of the P&E directorate now carries out work for the Combined Authority, GCP etc. and this is expected to be fully recharged for. Question of whether all costs are being recovered and whether proper systems are in place for this. May also be relevant for cross-Council and/or partnership working elsewhere at CCC.
Information Security	C&D	ICT and Information Governance	20	Q4	Review of arrangements for controlling information security risk, with a focus on: policies and procedures; compliance with legislative requirements; communication and staff awareness; compliance monitoring; and incident handling.
Contract Management - Minor Works Framework	Resources	Procurement & Commissioning	30	Q4	Annual value of £8m. This audit was previously deferred from the 2020/21 Audit Plan.
ICT Strategy	C&D	ICT and Information Governance	20	Q4	Following ICT moving in-house from LGSS, a review of current strategy and governance within the ICT service
Climate Change & Environment Strategy	CCC	Governance	20	Q4	Review of the Council's Climate Change and Environment Strategy, how the aims of this strategy are reflected in broader corporate policies and governance processes, and progress with action plans within the strategy.
<b>Current Proposed Flexible Internal Audit Plan for Q5:</b>			<b>210</b>		
Capital Strategy	Resources	Value For Money	20	Q5	Review of the Council's Capital Strategy, in light of the CIPFA Prudential Code requiring Local Authorities to have a Capital Strategy in place from April 2019. This audit was previously deferred from the 2020/21 Audit Plan.

Social Care Transitions	P&C	Value For Money	20	Q5	Review of service user transitions between child and adult services including LD, PD and LAC, with a focus on providing assurance that processes are streamlined and efficient. This audit was previously deferred from the 2020/21 Audit Plan.
Contract Management - Public Transport, Park & Ride, and Guided Busway Contract	P&E	Procurement & Commissioning	30	Q5	Annual value of £3m. This audit was previously deferred from the 2020/21 Audit Plan.
Health, Safety & Wellbeing Policy Compliance	CCC	Safeguarding	15	Q5	Review of compliance with key controls within the Council's Health, Safety and Wellbeing Policy. This audit was previously deferred from the 2020/21 Audit Plan.
Financial Regulations Monitoring & Compliance, including Delegated Authorities	CCC	Financial Governance	20	Q5	Review to ensure that budget variations are approved in line with the requirements of the Financial Procedure Rules and the Constitution.
Demand Management Strategies	CCC	Value For Money	20	Q5	Community resilience; review how the Council is working to reduce demand for high-cost services and whether plans to manage demand in one area end up increasing demand in another area.
ICT Change Management	C&D	ICT and Information Governance	20	Q5	Review of policies, procedures and compliance with managing change in ICT systems and processes.
ICT Incident and Problem Management	C&D	ICT and Information Governance	20	Q5	Review of policies, procedures and compliance with managing identified incidents, issues and problems with ICT systems and services.
ICT Procurement	C&D	Procurement & Commissioning	20	Q5	Review of ICT procurement function including commissioning, contract management, efficiencies etc.

ICT Asset Inventory	C&D	ICT and Information Governance	15	Q5	Review of how physical ICT assets are inventoried and managed throughout the Council, especially with the move to increased remote working.
Procurement Team Oversight of Major Procurements Compliance	Resources	Procurement & Commissioning	10	Q5	Recommendation from a previous audit that a monthly report of all purchase orders above £100k raised in the last month is extracted from ERP and that this is compared to the known contracts that have been created in the last month to check for contracts above £100k that were not overseen by the Procurement Team. Procurement have indicated that this would be too expensive for them to implement so Internal Audit will conduct compliance testing on this key control.





## Internal Audit Progress Report

To: Audit & Accounts Committee

Date: 23 March 2021

From: Neil Hunter, Head of Internal Audit and Risk Management

Purpose: To report on the main areas of audit coverage for the period to 1st March 2021.

Recommendation: The Committee is asked to note and comment on the report

### 1. Background

- 1.1 The role of Internal Audit is to provide the Audit & Accounts 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.
- 1.2 Cambridgeshire County Council (CCC) Joint Management Team (JMT) considered this report on 4th March 2021 prior to its submission to the Audit & Accounts Committee on 23rd March 2021.

#### Officer contact:

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# LGSS Internal Audit & Risk Management

Cambridgeshire County Council

*Update report*

*As at 1<sup>st</sup> March 2021*

## *Section 1*

### **1 INTRODUCTION**

- 1.1 Following the outbreak of the pandemic it was decided to pause the agreed 2020/21 Audit Plan and to fully align resources to risks being managed by Cambridgeshire County Council, consistent with the service's BCP. This has been achieved by increased consultation and direction by the Council's Deputy Chief Executive and Chief Financial Officer.
- 1.2 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Resources

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Key Financial Systems Audits

SECTION 6: Follow Up of Agreed Audit Actions

SECTION 7: Fraud Investigations

SECTION 8: Risk Management

APPENDIX A: Internal Audit Plan Progress 2020/21

APPENDIX B: Outstanding Agreed Actions

APPENDIX C: Corporate Risk Register

## 2 *INTERNAL AUDIT RESOURCES*

- 2.1 As outlined above, the original 20/21 Internal Audit Plan (circa 1,750 days) was paused in accordance with business continuity procedures and the team has been deployed to the areas of greatest need.
- 2.2 In reality, the work of the team is still being significantly impacted by the rapidly changing environment and it is envisaged this will continue forward for the foreseeable future.
- 2.3 As reported and agreed at the 26th January 2021 Audit & Accounts Committee meeting, the agreed Plan recommended for approval at Appendix A exceeds days available. This allows for some flexibility should planned work need to be rescheduled due to organisational service pressures but will also ensure that the audit team has a medium term indicative plan and work-streams that will stretch into the 2021/22 financial year. Following the success of this methodology and the positive impact of being able to target resources directly towards key risk areas that emerge, the audit team will continue this approach going forward.
- 2.4 It is expected that new risks will emerge throughout 'normal' yearly cycles and it is especially so this year. This is the reason why the Plan is submitted to JMT and the Audit & Accounts Committee approximately each quarter for challenge and direction, ensuring that resources are targeted towards those areas of highest organisational need. The internal audit team has regular meetings with colleagues in the organisation and endeavours to be responsive should requests for unplanned work be made.
- 2.5 The caveat to this flexibility is that the Chief Internal Auditor must be satisfied that the work completed in the year is sufficient and appropriate to support the annual audit opinion.
- 2.6 This year work to date is on target to ensure an evidence-based opinion can be given. Assurances have been received that the key financial system reviews being completed by colleagues based at MKC and NCC will be at final report stage by 31st March, 2021.
- 2.7 Work is progressing on the Highways Contract open book review but likely to be carried forward into the next financial year. The contractor has advised that the first tranche of prime record data requested will be forwarded to the audit team by 19th March, 2021.

### 3 FINALISED ASSIGNMENTS

3.1 Since January 2021, 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.	People & Communities	Teaching Apprenticeship Grant	Grant Certification Provided		
2.	Cross Cutting (CCC)	Daily Spend Over £20k Compliance	Satisfactory	N/A	Minor
3.	Cross Cutting (CCC)	Key Policies	N/A	Satisfactory	Minor
4.	Resources	County Farms Processes	Advisory		
5.	Resources	This Land	N/A	Satisfactory	Moderate
6.	Resources	DWP Winter Support Grant	N/A	N/A	N/A
7.	Place & Economy	Lancaster Way	Limited	Limited	Minor
8.	Place & Economy	Chisholm Trail	Limited	Limited	Minor
9.	Place & Economy	Fendon Road Roundabout	Limited	Limited	Minor
10.	Place & Economy	Wisbech Access Strategy	Limited	Limited	Minor
11.	Place & Economy	Capital Programme Governance	Limited	Limited	Moderate
12.	Resources	VAT	Satisfactory	Satisfactory	Minor

- 3.2 Summaries of the finalised reports with limited or no assurance are provided in Section 4.
- 3.3 The following audit assignments have reached draft report stage, as set out below in table 2:

**Table 2: Draft Reports**

<b>No.</b>	<b>Directorate</b>	<b>Assignment</b>
<b>1.</b>	Cross-Cutting (CCC-wide)	Key Performance Indicators
<b>2.</b>	Cross-Cutting (CCC-wide)	Accounts Payable
<b>3.</b>	Cross-Cutting (CCC-wide)	Debt Recovery
<b>4.</b>	Cross-Cutting (CCC-wide)	Infection Control Grant 2
<b>5.</b>	Cross-Cutting (CCC-wide)	Treasury Management
<b>6.</b>	Cross-Cutting (CCC-wide)	Feeder Systems
<b>7.</b>	Cross-Cutting (CCC-wide)	Accounts Receivable
<b>8.</b>	Communities and Partnerships	Community Capital Fund
<b>9.</b>	People and Communities	Foster Overpayment Review

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

## **4 SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE**

### **4.1 P&E Capital Programme Reviews**

- 4.2 At the request of the Executive Director, Place and Economy, a review was undertaken by Internal Audit following queries from Members regarding perceived overspends and delays within the capital programme. The aim of this review was to assess how robust and effective the control environment is in ensuring project delivery within the Place and Economy (P&E) Directorate is done on time and on budget. In order to fully understand the current governance in place, a sample of four projects was selected as case studies, based on the in-year overspend against detailed budget and/or the fact that the schemes are being delivered within a partnership setting.
- 4.3 Separate reports have now been issued in final for each of the case studies as well as a 5th report on the overall governance of the P&E Capital Programme. A Project Assurance Group has been set up by P&E to develop and embed a full new set of policies and procedures, including compliance assessments, which will help to ensure that the risks identified within the reviews are mitigated and the recommendations made fully implemented. Internal Audit now sits on this group and is continually assessing that the new procedures capture all the recommendations made. The full set of recommendations have an implementation date of 30th June 2021, as agreed by the Executive Director, Place and Economy.
- 4.4 In order to highlight the main issues identified within the Internal Audit reviews, and the subsequent proactive work of the service and more specifically of the Project Assurance Group, a paper, "Major Infrastructure Project Delivery, Governance and Risk Management", is being submitted to the Councils Highways and Transport Committee on 9<sup>th</sup> March 2021.
- 4.5 One significant query identified during these reviews remains outstanding. This concerns decision making within other organisations. There is no suggestion that the correct procedures have not been followed, however the Head of Internal Audit has contacted the respective organisations to highlight the query and to request assurances that the appropriate governance and transparency arrangements have been followed.



## 5 KEY FINANCIAL SYSTEMS AUDITS

5.1 An update on the key financial audit assignments is set out below in table 3:

**Table 3: Key Financial Systems**

<b>No.</b>	<b>Assignment</b>	<b>Progress</b>	<b>Compliance Assurance</b>	<b>Systems Assurance</b>	<b>Organisational impact</b>
<b>1.</b>	Accounts Payable	Draft Report	Good	Good	Minor
<b>2.</b>	Debt Recovery	Draft Report	Satisfactory	Satisfactory	Minor
<b>3.</b>	Treasury Management	Draft Report	Good	Good	Minor
<b>4.</b>	Accounts Receivable	Draft Report	Good	Good	Minor
<b>5.</b>	VAT	Final - Report	Satisfactory	Satisfactory	Minor
<b>6.</b>	Payroll	Fieldwork ongoing	TBC	TBC	TBC
<b>7.</b>	Bank Reconciliations	Fieldwork ongoing	TBC	TBC	TBC
<b>8.</b>	General Ledger	Fieldwork ongoing	TBC	TBC	TBC
<b>9.</b>	Pensions	Fieldwork ongoing	TBC	TBC	TBC
<b>10.</b>	Financial systems IT Controls	Fieldwork ongoing	TBC	TBC	TBC

5.2 Accounts Payable, Debt Recovery, Treasury Management and Accounts Receivable are delivered by the Cambridgeshire Audit Team. The other key financial system audits are delivered by audit colleagues at MKC and NCC. Whilst

some of these audits are yet to reach draft report stage, assurances have been provided that these audits are progressing well and will be completed by 31<sup>st</sup> March 2021.

- 5.3 At the time of writing this report, no significant issues or risks have been identified in audits at draft report stage or for those audits where fieldwork is progressing. A verbal update on progress on these key reviews will be given at the Audit & Accounts Committee meeting.

## 6 FOLLOW UP OF AGREED AUDIT ACTIONS

- 6.1 It should be noted that due to the exceptional pressures created by the Covid-19 pandemic, at the start of the 2020/21 financial year the Chief Internal Auditor agreed a change to usual working practices, to create greater capacity to respond to the additional reactive work required of the Internal Audit team at this point. As such, ongoing audit work was in some cases not completed to final report stage, but placed on hold or an action plan issued in lieu of a formal final report. Follow-up of implementation of actions was also placed on hold at this time.
- 6.2 In order to ensure that all business-critical actions are being implemented by services, Internal Audit has now completed a comprehensive review of all recommended actions that were issued by Internal Audit during this period, in action plan or draft report format. This review has re-evaluated the risk profile of each individual recommendation made, to identify where traditional audit follow-up is required for actions related to higher-risk areas; where implementation will be assessed through follow-up audits in the 2021/22 Internal Audit Plan; and where actions related to lower-risk areas do not require full formal follow-up.
- 6.3 The outstanding management actions as at 1<sup>st</sup> March 2021, including the additional actions identified for follow-up as an outcome of the above review, are summarised in the table below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

**Table 4: Implementation of Recommendations**

	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
<b>Implemented</b>	1 (0)	1.32% (0%)	59 (55)	77.63% (78.5%)	60 (55)	78.95% (78.5%)
<b>Actions due within last 3 months, but not implemented</b>	0 (0)	0% (0%)	4 (2)	5.26% (2.9%)	4 (2)	5.26% (2.9%)
<b>Actions due over 3 months ago, but not implemented</b>	2 (2)	2.63% (2.9%)	10 (11)	13.16% (15.7%)	12 (13)	15.79% (18.6%)
<b>Totals</b>	<b>3</b>		<b>73</b>		<b>76</b>	

6.4 There are currently 16 management actions outstanding. Further detail on all outstanding actions is provided at Appendix B.

## 7 FRAUD INVESTIGATIONS UPDATE

- 7.1 A summary of fraud investigations open and closed in 2020/21 is provided at Table 5, below:

**Table 5: Fraud Investigations**

<b>Allegation Type:</b>	<b>No. Closed</b>	<b>No. Open</b>	<b>Total Cases</b>
Anti-competitive activity allegation		1	1
Blue Badges	4	2	6
Conflict of Interest	1		1
Contract Fraud		2	2
Direct Payments	2	2	4
Fraudulent school admission allegation	1		1
Phishing fraud	1		1
Schools governance allegation		1	1
Theft		1	1
Third Party Fraud	1		1
<b>Totals:</b>	<b>10</b>	<b>9</b>	<b>19</b>

- 7.2 In addition to the cases outlined above, during the course of the year to date, Internal Audit has received three whistleblowing allegations of HR-related concerns. These have been passed to HR to lead on addressing the concerns through the appropriate procedures, and all three cases have now been resolved. A further concern relating to information security was also passed to Internal Audit, and this has now been investigated and resolved, with input from HR colleagues and the Council's Data Protection Officer (DPO).

## 8 *RISK MANAGEMENT*

- 8.1 In November 2019, a new risk management process was proposed by the Director for Business Improvement and Development (BID) and the Head of Internal Audit & Risk Management and subsequently agreed by JMT. The Director of BID has the accountability for ensuring that effective and proportionate risk management is embedded within the organisation.
- 8.2 This process cemented the quarterly cycle for risk management, which includes the risk management team offer to meet with the relevant CRR and Directorate Risk Register (DRR) risk owners to review, refresh and update risks as appropriate.
- 8.3 Work to embed the new process into the organisation and to refresh the CRR was commenced at the start of 2020, however this work was paused following the outbreak of the Covid-19 pandemic.
- 8.4 Reassurances have been given to Audit & Accounts Committee that throughout the financial year there has been a fortnightly standing agenda item on JMT Gold to ensure that risks could be appropriately escalated.
- 8.5 In November 2020 as the Council moved to a more BAU period, a further paper on risk management was presented to JMT. It was agreed at this point that the CRR was in need of a refresh and re-focus to ensure it has captured the correct risks and triggers as well as confirming that the controls in place and agreed action plans/target dates are proportionate.
- 8.6 Since that update to JMT, all the corporate risks have been reviewed by the relevant risk owner and at the time of writing this report there only remained a refresh of the control environment for corporate risk 7 to be completed.
- 8.7 Following this process and positive engagement from JMT, the CRR has been slimmed to 7 risks and the full register is attached at Appendix C of this report. The proposed corporate risks are as follows:
- Risk 01 – The Council's arrangements for safeguarding vulnerable children and adults fails
  - Risk 02 – The Council does not have enough budget to deliver agreed corporate objectives
  - Risk 03 – In the midst of the Covid-19 pandemic, a serious incident occurs, preventing services from operating and/ or requiring a major incident response.
  - Risk 04 - The Council does not deliver on its' statutory or legislative obligations

- Risk 05 – Our resources (Human resources and business systems) are not sufficient to meet business need
- Risk 06 – Insufficient community infrastructure to deliver the Council's services
- Risk 07 – Failure to deliver key Council services

- 8.8 The next stage for the risk management team will be to ensure that the directorate risk registers align to the CRR register and to recommence work to embed the new process agreed.
- 8.9 Following the completion of this full refresh, then standardised quarterly update process, as specified within the risk management framework, can be complied with on an ongoing basis.





## Appendix A

### Internal Audit Plan 2020/21

Progress to date with the Internal Audit Plan 2020/21, on the basis of individual reviews completed, is summarised as follows:

<b>Audit Plan Progress In-Year</b>		
Total Completed & Closed Reviews	36	38.3%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	16	17.0%
Draft Report Issued	9	9.6%
<b>Audit Plan Completion (to draft report or further)</b>		<b>64.9%</b>
Fieldwork In Progress	21	22.3%
Not Started	9	9.6%
'Paused' Work – at Director request	3	3.2%
		<b>35.1%</b>
<i>FYI: Audits Removed From Plan &amp; Replaced (i.e. in-year turnover of the Plan)</i>	43	

Detail of the full Internal Audit Plan 2020/21, including progress to date, is provided below:

<b>JOB TITLE</b>	<b>JOB STATUS</b>
<b><i>Urgent Covid-19 Related Work (to July 31st 2020)</i></b>	
Covid-19 20/21 Audit work	Completed
Covid-19 Redeployment	Completed
AP-GPC (Purchases) Spend Analysis	Completed
Payroll Spend Analysis	Completed
EYC Framework & Panels	Completed
PPN Set up	Completed
PPN 02-20	Completed
Covid-19 20-21 – EY	Completed
Payments over £20k	Completed
<b><i>Key Emerging Risks Audit: JMT/Director/HOF/CIA work requested in year</i></b>	
Dark Web Emails	Completed
Farms Audit	Ongoing
Procurement Waivers	Completed
Wisbech Access Strategy	Completed
Lancaster Way	Completed

Fendon Road Roundabout	Completed
Chisholm Trail	Completed
Capital Programme Governance	Completed
School Audit	Fieldwork In Progress
Fostering Overpayment Investigation	Completed
Less than best process and rent reviews	Completed
King's Dyke Tender	Completed
PFI Rebate	Completed
Foster overpayments recovery work	Draft Report Issued
SEND	Fieldwork In Progress
County Farm processes and procedures	Completed
Infection control grant tranche 1	Completed
Infection control grant tranche 2	Draft Report Issued
Test Track and trace grant	Paused
Community Capital Fund	Draft Report Issued
Blue Badges	Completed
Feeder systems	Draft Report Issued
Covid-19 Risk Management	Completed
Investigations General	Ongoing
Blue Badges	Ongoing
Concessionary Travel Passes	Ongoing
NFI	Ongoing
Cambridgeshire Music	Completed
Sustainability Grant Panel	Ongoing
<b>Value For Money (inc. Project Management)</b>	
Embedding Project Assurance Framework	Fieldwork In Progress
Project Assurance of High-Risk Projects	Fieldwork In Progress
Energy Programme	(NEW) Not Started
<b>Grants and Other Head of Audit Assurances</b>	
Local Transport Capital Block Funding	Completed
Bus Service Operators	Completed
Troubled Families Grant	Ongoing
Disabled Facilities Grant	Completed
Pothole Action Fund	Completed
DWP - Winter Support	Completed
General Contingency	(NEW) Not Started
Free School Meal Governance	Completed
Teaching Apprenticeship Grant	Completed

<b>Anti-Fraud and Corruption</b>	
Fraud Investigations	Ongoing
<b>Key Financial Systems</b>	
Accounts Receivable	Draft Report Issued
Purchase to Pay	Draft Report Issued
Payroll	Fieldwork in Progress
General Ledger	Fieldwork in Progress
Bank Reconciliation	Fieldwork in Progress
Treasury Management	Draft Report Issued
VAT	Completed
Financial Systems IT General Controls	Fieldwork in Progress
Debt Recovery	Draft Report Issued
Pensions	Fieldwork in Progress
<b>Commissioning &amp; Contracts</b>	
Highways Contract Open Book Review	Fieldwork In Progress
Contract Management - Provision of Community Equipment Services	Not Started
Contract Management - Integrated Drug and Alcohol Treatment System	Paused
Light Blue Fiber	Completed
Contract Management – CCS & Healthy Child Provision	Not Started
Open Book Review of COVID-19 Claims	(NEW) Not Started
<b>Key Organisational Risks &amp; Director Requests</b>	
Schools Capital Project Variations and Overspends	Fieldwork in Progress
LGSS Law	Fieldwork In Progress
This Land Ltd	Completed
DSG - data integrity, eligibility & evidence (other req)	Fieldwork In Progress
Less than best process and rent reviews - Follow Up	Fieldwork in Progress
MID Project Assurance Group	Fieldwork in progress

<b><i>Compliance - Key Policies and Procedures</i></b>	
Financial Assessments Compliance	Fieldwork In Progress
Direct Payments Compliance - Adults	Not Started
<b><i>ICT and Information Governance</i></b>	
Information Technology Audit Plan	Fieldwork in Progress
Information Management Board	Ongoing
<b><i>Strategic Risk Management</i></b>	
Annual Assurance on Risk Management	Not Started
Risk Management	Ongoing
Strategic Risk Management Assurances	Not Started
Compliance - Corporate and Key Directorate Risks	Not Started
<b><i>Governance and Assurance</i></b>	
Annual Governance Statement/Code of Corporate Governance	Fieldwork in Progress
Corporate Key Performance Indicator Framework	Draft Report Issued
Annual Key Policies & Procedures Review	Completed
Equality Impact Assessments Compliance	Paused
Schools Payroll and Safe Recruitment	Fieldwork in Progress
ICT Security Health Check	In Progress
Payroll Analytics	In Progress
<b><i>Advice &amp; Guidance</i></b>	
Advice & Guidance	Ongoing
Freedom of Information Requests	Ongoing
Follow-Ups of Agreed Actions	Ongoing
<b><i>Reporting</i></b>	
Committee Reporting	Ongoing
Management Reporting	Ongoing
Audit Plan	Ongoing

<b>FOR INFORMATION: Audits Removed From 2020/21 Plan (To Date)</b>	
Investment Properties	Removed
Additional Highways Maintenance Grant	Removed
Flood Resilience Fund	Removed
Cambridgeshire Challenge Fund	Removed
Cycle City Phase II	Removed
SWIM Grant	Removed
National Productivity Fund	Removed
Safer Roads Funding	Removed
Broadband Grant	Removed
High Needs Block (Dedicated Schools Grant)	Removed
Procurement Governance	Removed
Most Economically Advantageous Tenders	Removed
Waste PFI Open Book Review	Removed
Street Lighting PFI Open Book Review	Removed
Contract Management - Cambridgeshire Energy Performance Contracting Project	Removed
Contract Management - Minor Works Framework	Removed
Contract Management - Residential & Short Break Care for Children and Young People with a Disability	Removed
Contract Management - Public Transport, Park & Ride, and Guided Busway Contract	Removed
Adults Social Care Commissioning Strategies	Removed
New Schools Building PFI	Removed
Rental Income	Removed
Loans to External Organisations	Removed
Capital Strategy	Removed
Adult Skills	Removed
Contingency for emerging areas during the year	Removed
Annual Safeguarding Assurance	Removed
Adult Social Care Finance	Removed
Safeguarding the Assets of Clients in External Establishments	Removed
Cambridgeshire County Council Client Monitoring Arrangements for This Land Ltd	Removed
Recruitment Processes in Children's Social Care	Removed
Implementation of Liberty Protection Safeguards	Removed
Social Care Transitions	Removed

Other People & Communities Risk Based Audits	Removed
Key Performance Indicators	Removed
Grants to Voluntary Organisations Policy Compliance	Removed
Health, Safety & Wellbeing Policy Compliance	Removed
Procurement Compliance	Removed
Unannounced Visits	Removed
Fees and Charges Policy & Compliance	Removed
Schools Causing Concern	Removed
CIPFA Financial Management code	Removed
Contingency	Removed
Annual Whistleblowing Policy Report and Awareness	Removed
<b>Operational Plan 2020/21</b>	

## APPENDIX B *Summary of Outstanding Recommendations – under 3 months*

(Recommendations due as at March 1st 2021).

Audit	Risk level	Summary of Recommendation	Target Date	Status
Accounts Payable	I	Supplier Amendment: A review of supplier classification and set up in ERP Gold should be undertaken with the desired outcome to ensure that only individuals such as care customers are classified as non-commercial suppliers in the system.	31/12/20	Progress on this action was delayed due to a change freeze in ERP Gold, and also by the impact of the pandemic/priority work on the future Northamptonshire project. This will be looked at again in the new financial year once the new Northamptonshire Local Government structure is in place. Internal Audit have confirmed as part of the 20/21 review that in the interim improved manual procedures around supplier amendments have been put in place to further mitigate the risk of bank mandate fraud.  Revised target date 30 <sup>th</sup> June 2021
Accounts Receivable	I	Income allocation is not monitored with data and performance against targets regularly reported: SMART KPIs should be developed and put in place that will support effective monitoring of performance.	31/01/21	The implementation of this recommendation has been delayed due to the impact of the pandemic/the LGSS review and transition to the lead authority mode. In addition, the service is prioritising the future Northamptonshire project work. However, discussions on KPIs are taking place as part of the future Northamptonshire project/embedding of the new lead authority deliver model. Income/Suspense is discussed at service review meetings and is a standing agenda item. The expectation is that new KPIs/SLA/reporting framework will be agreed in the new financial year once the future Northamptonshire local government structure has gone live.

				Revised Target Date: 30 <sup>th</sup> June 2021
Accounts Receivable	I	<p>Income allocation is not monitored with data and performance against targets regularly reported: Reporting should be amended to provide information to management, including data on KPIs, to allow for effective monitoring in key areas relevant to performance. This should be provided on a monthly basis and include:</p> <ul style="list-style-type: none"> <li>• New suspense items cleared - value and volume</li> <li>• New suspense items cleared in that month - value and volume (a KPI associated with this would be better than 3 days clearance)</li> <li>• Total value and volume cleared each month</li> <li>• Volume &amp; value (and percentage) of aged suspense items relating to each previous month)</li> <li>• Performance against agreed KPIs</li> </ul> <p>This will help provide context to performance and help drive performance in a way that current reporting cannot.</p> <p>Last year it was recommended that any aged items in suspense should be allocated to a fortuitous income code once all proportionate investigations had been unable to allocate the payment. This is progressing but has not yet been fully implemented and embedded across all three clients yet. Once implemented, data on aged items allocated to fortuitous income should be included in reporting.</p>	31/01/21	<p>The implementation of this recommendation has been delayed due to the impact of the pandemic/the LGSS review and transition to the lead authority model. In addition, the service is prioritising the future Northamptonshire project work. However, discussions on KPIs are taking place as part of the future Northamptonshire project/embedding of the new lead authority deliver model. Income/Suspense is discussed at service review meetings and is a standing agenda item. The expectation is that new KPIs/SLA/reporting framework will be agreed in the new financial year once the future Northamptonshire local government structure has gone live.</p> <p>Revised Target Date: 30<sup>th</sup> June 2021</p>



Accounts Receivable	I	Income allocation is not monitored with data and performance against targets regularly reported: The current SLA for suspense account clearance should be reviewed as part of the recommendations concerned with the development KPIs and reporting.	31/01/21	<p>The implementation of this recommendation has been delayed due to the impact of the pandemic/the LGSS review and transition to the lead authority model. In addition, the service is prioritising the future Northamptonshire project work. However, discussions on KPIs are taking place as part of the future Northamptonshire project/embedding of the new lead authority deliver model. Income/Suspense is discussed at service review meetings and is a standing agenda item. The expectation is that new KPIs/SLA/reporting framework will be agreed in the new financial year once the future Northamptonshire local government structure has gone live.</p> <p>Revised Target Date: 30<sup>th</sup> June 2021</p>
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## Summary of Outstanding Recommendations – over 3 months

(Recommendations due as at March 1st 2021).

Audit	Risk level	Summary of Recommendation	Target Date	Status
Special Guardian Payments Investigation	E	<p>The overpayment should be recovered: The service should contact the family by letter requesting repayment of the full amount paid. This letter should include:</p> <ul style="list-style-type: none"> <li>An itemised summary of payments made to them in error;</li> <li>An offer to discuss repayment through a payment plan; and</li> </ul>	31/07/20	<p>Meetings have taken place with the Special Guardianship Order carers. These identified the need for further work to understand the extent of actual debts.</p> <p>The overpayment relates to a female child and the payments were for the period 2017-2020. The child had returned to the care of the mother during that time. However, it is now clear that the</p>

		<ul style="list-style-type: none"> <li>A reminder that they should notify the service in respect of any error payments in the future;</li> </ul>		<p>carers also provided care to a male child during this period (and continue to do so) and were entitled to an allowance for their care.</p> <p>The responsible head of service is putting arrangements in place to recover the money owed to the council through reduced payments relating to the male child that the carers continue to look after. The exact figures and adjusted payments are expected to be in place by the end of March 2021.</p> <p>Revised target date: 31<sup>st</sup> March 2021</p>
Fostering Contract Management 18/19	I	<p>Double paying for home-to-school transport: Establish a suitable fee reduction to ensure travel costs are not paid for twice and publish this clearly as part of fee negotiation guidance. Before negotiations for a contract start, it should be fully established whether the child is eligible under the home to-school transport assistance policy and the fee reduction should be agreed accordingly. Guidance should be updated to state that every contract should include a note re: how Home to School transport and transport to contacts is funded, and that this should also be noted on the placement plan.</p> <p>Given the values involved, consideration should be given to calculating the potential over payments made in previous years to inform a decision as to whether or not these sums should be recovered.</p>	01/10/19	<p>The service has reported progress encompassing the two elements:</p> <ol style="list-style-type: none"> <li>1) Review of previous placements where CYP access home to school transport</li> <li>2) Ensuring that processes are in place to ensure that negotiated fees are arranged for placements going forward.</li> </ol> <p>The first element has been delayed due to Covid19. An up-to-date list has been requested from the Home to School Transport team and it is expected that this review will be completed by March 2021 (in anticipation of some complex negotiations).</p> <p>Regarding the second element, a new process has been implemented to ensure that negotiated fees for home to school transport are managed on a case-by-case basis as a 'blanket approach' would not be appropriate given the complexities of individual cases.</p> <p>Revised target date: 31<sup>st</sup> March 2021</p>

Fostering Contract Management	I	No control process to identify errors in in-house payments: 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.	01/07/19	<p>This activity has now broadened resulting from the decision to align CCC and PCC fostering services into a new shared Fostering Service. The service has identified 18 areas which they are reviewing with Finance Business Partners to see whether adjustments and alignments can be made between the Councils.</p> <p>The service aimed to have the majority of this work completed by 1st December 2020 but a consultation with Foster Carers at both CCC and PCC will need to be undertaken with implementation of any revised payment agreement in the new financial year.</p> <p>The service had drafted a policy document for CCC and are looking at how they can align across both councils.</p> <p>The scoping activity has been completed in relation to sixteen areas, Link payments are currently being reviewed across both Councils which is a more complex exercise. A consultation with foster carers will be launched by the middle of March 2021.</p> <p>Revised target date: 1<sup>st</sup> April 2021</p>
18/19 Ely Bypass Review	I	Limits on Delegated Authority: Consideration should be given to whether the Constitution should be adapted to incorporate limits to delegating authority away from Committees, particularly when there are significant financial implications.	31/10/19	<p>The service is taking a paper to C&amp;E proposing an amendment to part 3d of the Scheme of Delegation contained in the Constitution to incorporate this recommendation.</p> <p>Revised target date: 30<sup>th</sup> April 2021</p>
19/20 Fire Safety Checks	I	Detail on FRA's remedial actions and implementation are not reported: Detailed information on remedial actions and implementation of those actions should be reported to the Head of Property on a regular basis. Monitoring recommended at 4.2 would support this reporting.	31/12/19	<p>The implementation of this action was delayed due to officers in the service being committed to priority Covid-19 Risk Assessment works throughout the Authority.</p> <p>The Service plans to report to the Chief Finance Officer and the Assistant Director on at least a</p>

		The Head of Property to formally ask HASCAM, the Strategic Health, Safety and Wellbeing Group, the Corporate Health Safety and Wellbeing Group and the Section 151 Officer if they also require this information to allow for independent monitoring and challenge and highlight any significant risks identified from FRAs.		<p>quarterly basis. Weekly meetings will be re-instated with the Property and Compliance Teams. A training session is being organised on the new process. A separate inbox will be created to make sure that the Fire Risk Assessments are picked up by the appropriate team (the only caveat on this will be if that is viable from an IT perspective).</p> <p>Revised target date: 31<sup>st</sup> March 2021</p>
P&E Cost Recovery	I	<p>Time Recording Software:</p> <p>The exercise to procure time recording software should be pursued as a matter of priority to ensure an efficient time recording system is in place to underpin a robust and consistent cost recovery process across Infrastructure and Growth. The software should be able to:</p> <ul style="list-style-type: none"> <li>• Apply different staff rates, including overheads and risk percentages, for each project.</li> <li>• Automatically calculate staff costs for each project based on the applied rates.</li> <li>• Interface with/upload data to ERP Gold to provide an efficient way of updating project ledgers with staff costs.</li> </ul> <p>This would also support an efficient way of raising accurate invoices to external organisation direct from ERP Gold rather than multiple complex spreadsheets. The software should also be user friendly and simple for staff to use and provide management reporting.</p>	31/03/20	<p>The service has confirmed that due to impact of Covid19 on the service (and IT having to divert their resources into higher priority projects) this project has not been progressed.</p> <p>Revised target date: 31<sup>st</sup> March 2021</p>
Direct Payments	I	<p>Clawback of Overpayments on Direct Payment:</p> <p>In line with the procedure undertaken when recovering underspent or overpaid personal budgets for children, clawback of underspent or overpaid monies is conducted by netting off the amount to be recovered against future payments. This will reduce the amount of money that is due back to the Council that is not returned. Internal Audit's understanding is that this is the process in place for Children's Services and so conversations should be held with key officers to understand how to apply this system to</p>	30/06/20	<p>The service is investigating whether this can be managed via the Mosaic system as an automated clawback function. The service reports that Covid19 events has delayed the required analysis and testing in Mosaic. The service aims to address this recommendation as part of Mosaic finance review project.</p> <p>Revised target date: 31<sup>st</sup> March 2021</p>

		the Adult's Service.		
Cyber Security	I	<p>Cyber Security Policy:</p> <p>The Council should develop a Cyber Security Policy. This should outline the Councils approved approaches to cyber security, its ongoing security control framework and how it safeguards the Council from the threat of cyber-attacks. It should also provide an overarching governance policy for the protection and security of Council information and data.</p>	30/07/20	<p>CCC have recruited a technical Cyber Security Manager who working with the HOS in both authorities to be the SPOC for cyber related threats and shared between authorities. A cyber security board has been formed that feeds into the information management board. As part of this work a cyber-security dashboard has been produced and shared with JMT along with a clear action plan. Cyber security paybooks have been developed with each one designed to deal with a specific type of incident/attack.</p> <p>Revised target date: 30<sup>th</sup> June 2021</p>
Cyber Security	I	<p>Cyber Security Risk Statement:</p> <p>At the time of our review the Council did not have a risk appetite statement relating to cyber security.</p>	30/07/20	<p>Risks are continually reviewed in relation to threats. An improvement plan has been developed with timelines and the action plan is owned by the new cyber security board. Further work needed including review by information management board. There is also now an Information and Cybersecurity risk register in place.</p> <p>Revised target date: 30<sup>th</sup> June 2021</p>
Cyber Security	I	<p>Council Information and Personal E-Mail Accounts</p> <p>There are potentially weak controls to safeguard against IT users sending potentially sensitive and confidential Council information and data to their personal email accounts.</p>	30/07/20	<p>Work has started on improving security filtering and utilising advanced feature on the firewall which includes SSL interception. This work stream is now part of the Cyber improvement plan.</p> <p>Data Loss Protection is part of the Office 365</p>

				<p>suite and will be part of later phases of the implementation. This will include the use of “Conditional Access” controls allowing policies to be applied to both managed and un-managed end user devices.</p> <p>Revised target date: 30<sup>th</sup> September 2021</p>
Complaints	E	<p>The review highlighted that the Council was operating without either a Corporate Complaints Policy or detailed guidance on local operating procedures. Instead, a corporate complaints leaflet with minimal details was in place.</p> <p>There was no consistent process in place for dealing with complaints across the Council. Instead inconsistent local processes were in place in different directorates and services.</p> <p>These issues have been identified by the Council and plans are in place to introduce a Corporate Feedback Policy and implement a digital complaints solution across the Council to replace the various spreadsheet based local processes.</p>	31/03/20	<p>Guidance will be developed once the online complaints form has been created and successfully tested. The work on the form has been delayed partly due to a backlog of work to deal with. The service are aiming to have created and tested the form by the end of May 21 and guidance will published when the form is launched.</p> <p>Revised target date: 30th June 2021</p>
Complaints	I	<p>The current complaints processes do not include any corporate monitoring or reporting mechanisms. Without these it is difficult to assess whether complaints are being acknowledged investigated, escalated or responded to in line with procedures and timescales. It is also difficult to assess the number, nature and type of complaints received by the Council. This is important to support the identification of thematic issues and drive service improvement.</p> <p>The introduction of the corporate Feedback Policy and the new digital complaints solution provides a timely opportunity to introduce monitoring and reporting</p>	01/10/20	<p>Reporting is planned to commence approximately 6 months after the form has been launched.</p> <p>Revised Target Date: 31<sup>st</sup> December 2021</p>

		arrangements.		
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Risk		01. Council's arrangements for safeguarding vulnerable children and adults fail														
Likelihood	5															
	4															
	3										X					
	2															
	1															
		1	2	3	4	5										
	Consequence															
Risk Owners		Wendi Ogle-Welbourn					Current Score		15		Last Review		04/03/2021			
							Target Score				Next Review		04/06/2021			
							Previous Score									
Triggers							Likelihood Factors (Vulnerability)					Potential Consequences				
01. Inherent weaknesses in safeguarding governance arrangements 02. Poor quality of practice in the delivery of responsibilities 03. Ineffective Management Oversight 04. High Caseloads 05. Number of Children with a child protection plan or in care 06. Poor Ofstead/ CQC							1. Decrease in government funding 2. Failure of third party providers 3. Increased expectations on local government 4. increase in demand for services					1. Child or vulnerable adult is killed or seriously harmed 2. People lose trust in Council services 3. Council is judged to have failed in statutory duties				

COVID RELATED TO A): * To source redeployed staff from the county hub to redeploy SW staff across the service and seek agency SW cover as a last resort to ensure safeguarding is prioritise * Ongoing monitoring of staff sickness to intervene prior to rates increasing	Good		
COVID RELATED: C) * County Hub redeploying Council staff / reablement staff and volunteers and commissioning St John's Ambulance for volunteering service, CCG Adults social care staff going into care homes to support good infection control * Additional government funding made available to support to support infection control measures * Health and Social care Multi-disciplinary teams are established to support each care providers * Alternative online resources to maintain contact with se	Good		
COVID RELATED: D) * Reduced the number of children accessing the residential respite provision * Created bubbles of individual children and staff to reduce the spread of infection * Provided outreach support staff into the homes of children with disabilities where they are unable to access the respite provision	Good		
COVID RELATED: E) Developing alternative placement provision in case this is needed	Good		
COVID RELATED: F) * Business cases to increase reablement capacity / social work capacity being applied for (Social work agreed) * Recruitment campaign on reablement and could over-recruit has been agreed	Good		
COVID RELATED: B) * Safeguarding board regularly flooding social media with communications urging the public to report any safeguarding concerns and individuals suffering harm to make direct contact with Social care * Adults and children's social care regularly reviewing whether face to face contact can be resumed * Risk assessing when face-to-face visits are required, however, likelihood early intervention is reduced. * Developing a proposal regarding a care home support team and curren	Good		
Weekly reports to Exec Director from Service Direcors on Caseloads, highlighting caseload nos. and children in care nos.	Good		
Weekly DMT's to discuss and escalate issues	Good		

Action Plans	Assurance	Responsibility	Target Date

Risk Path:

Cambridgeshire County Council/Cambridgeshire County Council

Risk Category:  
Linked Objective(s):

Risk		02. The Council doesn't have enough budget to deliver agreed corporate objectives									
Likelihood	5										
	4										X
	3										
	2										
	1										
		1	2	3	4	5					
		Consequence					Risk Owners		Chris Malyon		
							Current Score		20		
							Target Score				
							Previous Score				
							Triggers		Likelihood Factors (Vulnerability)		Potential Consequences
							1. The Council spends more resources than it has by the end of the year and does not have sufficient reserves to cover a minor deviation 2. No clear policies, procedures or governance framework for budget setting and monitoring 3. Non-compliance with corporate processes 4. Poor demand management of services 5. inflexible budget 6. staff without appropriate s/k/e 7. The Council is a victim of major fraud and corruption		1. Increased demand to services 2. Coronavirus/ Pandemic 3. Local elections 4. Changes to government funding 5. Long-term Brexit implications 6. Legislative changes		1. Council is issued with a 114 notice 2. The Council does not deliver its statutory responsibilities, leading to judicial review 3. People do not receive the services to which they are entitled or require, and may be harmed as a result 4. Reputational damage

Controls	Adequacy	Critical Success	Assurance
01. Robust Business Planning process	Good	Continued support from SMT to act collectively to develop budget proposals which meet the financial challenge	
02. Robust service planning, priorities cascaded through management teams and through appraisal process	Good	Staff have clarity of what is expected of them and deliver services within the available budget	
03. Integrated resources and performance reporting (accountable monthly to GPC), tracking budget, savings, activity and performance	Good	Saving proposals delivered	
04. Operational division Finance and Performance Reports (accountable monthly to Service Committees), tracking budget, savings, activity and performance	Good	Saving proposals delivered	
05. Scheme of Financial Management, including Budget Control Report for the Council as a whole and operational divisions	Good	Clear budget process, effective engagement with it and compliance	
06. Procurement processes and controls ensure that best value is achieved through procurement	Good		
07. Regular meetings between Finance and budget holders at all levels of the organisation to track exceptions and identify remedial actions	Good	Meeting of financial targets and deadlines. Political engagement and approval	
08. Rigorous treasury management system plus tracking of national and international economic factors and Government policy	Good		
09. Rigorous risk management discipline embedded in services and projects	Good		
10. Adequate reserves	Good		
11. integrated Resources and Performance Report	Good		
12. Finance and performance Reports	Good		
13. Financial Procedure rules 14. Anti-fraud and corruption policy 15. whistleblowing policy 16. Codes of Conduct 17. Internal control framework 18. Fraud detection work undertaken by IA, CounterFraud 19. Awareness Campaigns 20. Anti money laundering policy 21. Publication of spend data	Good		

Action Plans	Assurance	Responsibility	Target Date

Risk Path: Cambridgeshire County Council/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		03. In the midst of the Covid-19 pandemic A serious incident occurs, preventing services from operating and / or requiring a major incident response.										
Likelihood	5						Risk Owners	Sue Grace	Current Score	12	Last Review	04/03/2021
	4								Target Score		Next Review	04/06/2021
	3				X		Triggers		Likelihood Factors (Vulnerability)		Potential Consequences	
	2						1. Loss of large quantity of staff or key staff 2. Loss of key premises (including temporary denial of access) 3. Loss of IT, equipment or data 4. Loss of a Key supplier 5. Loss of utilities or fuel		3. Ongoing risk of environment hazards such as flooding and severe weather 5.Pandemic		1. Inability to deliver services to vulnerable people, resulting in harm to them 2. Inability to meet legislative and statutory requirements 3. Increase in service demand 4. Reputational damage	
	1						1. Status of Scott House IT Disaster Recovery 2. Data Centre at One Angel Square, Northampton 4. Decreasing resilience in CCC services due to ongoing financial constraints and cost reduction					
		1	2	3	4	5						
		Consequence										

			<p>Reviewing plan - operational aspects of plan constantly being reviewed and updated. Change in advice/ guidance and ededemiology update. i.e. government 'watchlist'. contain framework - upper tier LA's. CEX new powers, on advice from Dirctor of Public Health. captured within local outbreak control "</p>
8. IT security – data encryption, hardware firewalls, network traffic monitoring, inbound mail monitoring, spam filters, web content filtering, anti-virus software (Moved From previous risk 3)			

Action Plans	Assurance	Responsibility	Target Date
1. Fire Safety On-line training now completed following up on staff who have failed to complete it. Programme of training evacuations have taken place with limited success particularly in the large corporate buildings. A new programme of evacuations plus an update on the procedures is taking place supported by CEO.			31/12/2021
2. Testing disaster recovery plans			31/04/2021

Risk Path:

Cambridgeshire County Council/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	04. The Council does not deliver its statutory or legislative obligations									
Likelihood	5									
	4									
	3									
	2					X				
	1									
		1	2	3	4	5				
Consequence										
Risk Owners							Fiona McMillan			
							Current Score	8		
							Target Score			
							Previous Score			
Triggers							Likelihood Factors (Vulnerability)		Potential Consequences	
1. Major business disruption 2. Lack of management oversight 3. Negative inspection judgement 4. Poor financial management 5. Insufficient Finance 6. Personal Data is inappropriately accessed or shared.							1. Current local financial pressures 2. Ongoing national reduction in public sector funding 3. Changes to statutory/Legislative duties		1. Harm to people as a result of them not getting services they need or are entitled to 2. Criminal or civil action against the Council 3. Negative impact on Council's reputation	

Controls	Adequacy	Critical Success	Assurance
1. Monitoring Officer role Proactive role on JMT. Sign off on all legislative changes.	Good		
2. Code of Corporate Governance	Good		
3. Community impact assessments required for key decisions	Good		
4. Business Planning process used to identify and address changes to legislative/regulatory requirements	Good		
5. Projects and training to ensure the implementation of legislative changes (e.g. Care Act)	Good		
6. Constitutional delegation to Committees and SMT	Good		
7. Health and safety policies and processes	Good		
8. Preparation and improvement undertaken for inspections by regulators (e.g. Ofsted)	Good		
9.Service managers kept up to date with changes by Monitoring Officer / LGSS Law, Government departments, professional bodies, involvement in regional and national networks	Good		
1 Mandatory information security training for all staff 2. Further training available and encouraged 3. Regular communications to all staff and at key locations (e.g. printers) 04. Strategic info management board, including senior info risk owner (JMT member) and caldicott guardian, oversee all info. governance activity 05. comprrehensive info managmeent policy framework 06. procedure for notifying, handling and managing data breaches 07. data breaches and performance indicators reported to info management board and JMT 08. JMT provided with annual assurance on penetration testing around cyber security	Good		

Action Plans	Assurance	Responsibility	Target Date
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Currently unable to report on who hasn't completed mandatory training i.e. no exception reporting.  
System not sufficient. Proposal to be brought by Data Protection Officer

Risk Path: Cambridgeshire County Council/Cambridgeshire County Council  
Risk Category:  
Linked Objective(s):

Risk		05. Our human resources are not able to meet business need.														
Likelihood	5															
	4															
	3															
	2										X					
	1															
		1	2	3	4	5										
Consequence																
Risk Owners		Janet Atkin					Current Score		10		Last Review		10/03/2021			
							Target Score				Next Review		10/06/2021			
							Previous Score									
Triggers							Likelihood Factors (Vulnerability)					Potential Consequences				
1. skills shortage in key areas including partners. 2. Talent management is inadequate. 3. failure to achieve a healthy organisational culture and environment 4. ineffective demand management strategies 5. ineffective workforce planning							1. Cost of living in some areas of Cambridgeshire is particularly high 2. acute skills shortage in key areas including partners. 3. Brexit 4. Impact of covid 5. increase in demand for services.					1. The Council is unable to recruit staff with the right skills and experience 2. Failure to deliver effective services 3. Reputational damage to the Council 4. Low morale and negative impact on staff wellbeing.				

Controls	Adequacy	Critical Success	Assurance
1. Fair recruitment policy. Recruitment and Retention Board meets bi-monthly, focussed on social care.	Good		
2.3 year People Strategy, endorsed by Members with accompanying action plan to ensure the right focus on recruitment, retention and talent management..	Good		
3. Targeted recruitment campaigns.	Good		
4. Appraisal system linked to performance management	Good		
5. HR Business Partners - work with service to help anticipate and meet the demands within each area	Good		
6. Report on quarterly basis to management teams on workforce and performance	Good		
7. Annual report to staffing and appeals committee	Good		
8. Well established consultative framework with trade unions, including fortnightly meetings throughout the Covid period	Good		
8. Use of Consultants Policy	Good		
9. Monthly Pulse Surveys established to identify and respond quickly to	Good		

Action Plans	Assurance	Responsibility	Target Date
Work with the service directors to create a comprehensive L&D strategy to support			30/06/2021
Development of own learning platform			30/06/2021
New values and behaviours framework			30/06/2021

Risk Path:
 Cambridgeshire County Council/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		06. Insufficient community infrastructure to deliver the Council's services									
Likelihood	5										
	4										
	3										
	2										
	1										
		1	2	3	4	5					
		Consequence									

Risk Path: Cambridgeshire County Council/Cambridgeshire County Council  
Risk Category:  
Linked Objective(s):

Risk		07. Failure to Deliver Key Council Services									
Likelihood	5										
	4										
	3										
	2										
	1										
		1	2	3	4	5					
		Consequence					Risk Owners		Wendi Ogle-Welbourn; Steve Cox		
							Current Score				
							Target Score				
							Previous Score				
							Triggers		Likelihood Factors (Vulnerability)		Potential Consequences
							01. Placement sufficiency – schools, independent sector CIC and adult placements 02. Workforce sufficiency – council and independent sector and partners 03. Skills sufficiency 04. Lack of Business Continuity Plans for Key Services 05. Poor Contract Management 06. Poor Project Management 07. Poor Governance around Partnership working 08. Capacity issues 09. Poor Demand Management 10. Poor escalation process for concerns 11. Insufficient budget setting and management 12. Non-compliance with Corporate policies and procedures		01. Failure of Key Supplier 02. Change in government funding 03. Pandemic 04. Long-term Brexit implications 05. Local Elections 06. Increased Demand on key services		Children and adults inappropriately placed leading to increased risk of harm, poor health and social outcomes Children and adults do not receive services they need to reduce the risk of harm, reach their educational and independence potential

Controls	Adequacy	Critical Success	Assurance



Action Plans	Assurance	Responsibility	Target Date
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**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

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## Internal Audit Joint Working Protocol between Peterborough City Council and Cambridgeshire County Council

To: Audit & Accounts Committee

Date: 23 March 2021

From: Neil Hunter, Head of Internal Audit and Risk Management

Purpose: To seek Audit & Accounts Committee approval of the attached Joint Working Protocol for Internal Audit.

Recommendation: The Committee is asked to approve the Joint Working Protocol for Internal Audit.

### 1. Background

- 1.1 Given the increasing integration between Cambridgeshire County Council and Peterborough City Council services and management, Internal Auditors at both sites are progressively finding that their work at one authority may have applicability to systems or processes which are shared across both sites.
- 1.2 The two authorities have a vision: to explore the merits of shared and integrated services to save money, increase resilience and manage the increasing demand on Council services. As part of achieving this vision, the Internal Audit teams at both sites have developed the attached Joint Working Protocol. This protocol provides a basic framework for initial collaboration between the two teams, with a focus on sharing key information and reducing duplication between the two teams, where possible.
- 1.3 It is intended that, if this initial approach is agreed, the potential for further expanding future joint working arrangements will be explored between the two teams.
- 1.4 If this protocol is agreed, the first meeting to discuss joint working will be held after the approval of both plans by their respective Audit Committees.

#### Officer contact:

Name: Neil Hunter  
Post: Head of Internal Audit and Risk Management  
Email: [Neil.Hunter@cambridgeshire.gov.uk](mailto:Neil.Hunter@cambridgeshire.gov.uk)  
Tel: 01223 715317



## INTERNAL AUDIT: JOINT WORKING PROTOCOL

### Vision

Two authorities with a shared vision to work in collaboration for the benefit of providing a better service to its stakeholders.

The overarching ethos is for each organisation to share information to improve service delivery and resident outcomes where there is an overlap of coverage.

### Aims and Objectives

Internal Audit teams at PCC and CCC will use the principles contained within this joint working protocol to achieve the outlined vision.

A number of service areas are already jointly managed between the two organisations which offers the potential to have common governance arrangements. Internal Audit teams will explore ways where work can be aligned to ensure effective and efficient assurances are given in those areas where common governance arrangements are in place.

This joint working protocol will facilitate proportionate, consistent and best practice auditing and in turn result in a continually improving the audit service to both Councils.

Successfully implementing joint working arrangements between the two audit teams will include:

- Agreeing areas for shared audit Plans.
- The potential to place increased assurance on work completed by the other team. However, subject to the results, additional compliance works may be required on their own user data;
- Reducing audit work duplication.
- A shared record for action tracking recommendations in joint areas
- Setting standards to follow to ensure improved service outcomes for users;
- Sharing best practice; and
- Exploring the possibilities for workforce development or secondment.

### Data Sharing

Data to be shared is restricted to (unless authorised by both Heads of Internal Audit):

- Annual Audit Plans and Annual Audit Opinions committee reports. These are already in the public domain through committee papers.
- Audit documentation for a specific audit which can be used to provide assurance (or otherwise) to the other authority on an area of service which is jointly managed. This can be the test programme identifying the key risks and controls, the tests undertaken alongside the evaluation reached. The final audit report will be made available for information.
- Implementation status of recommended actions in shared areas.

Excluded from the specification are the specific audit transactional data schedules.

## **Review of Protocol and Release of Information**

The Protocol will be agreed by each Council's respective Head of Internal Audit and s.151 Director. It will be referred to each authorities Audit Committee as part of the annual audit planning process (usually in March each year). It will link in with each teams Audit Charter and will ensure that it meets Public Sector Internal Audit Standards.

The responsibility of the Protocol will remain with each Head of Internal Audit. Regular meetings, as a minimum every 2 months, will monitor its delivery with focus on the joint activities, data shared etc.

Sharing of data can be between all Team members. Requests do not need to be channelled through each Head of Internal Audit for approval but they should be made of aware of requests etc. (CC in emails can be used). Where final reports are shared, each s.151 Director and the appropriate Executive Director should be advised as courtesy.

Reports / data from one organisation must not be referred to by the other in any public reporting unless specific approvals obtained from the S151 Officer and relevant Director.

Steve Crabtree Peterborough City Council	Neil Hunter Cambridgeshire City Council
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## Use of Regulation of Investigatory Powers Act 2000 (RIPA)

To: Audit and Accounts Committee

Date: 23 March 2021

From: Fiona McMillan, Director of Law and Governance and  
Monitoring Officer

Electoral Division(s): All

Purpose: To report on the Council's use of the powers contained  
within the Regulation of Investigatory Powers Act (RIPA) .

Recommendations:

1. Note the outcome of the inspection of  
Cambridgeshire County Council by the Investigatory  
Powers Commissioner's Office (IPCO)
2. Notes the use of powers within the Regulation of  
Investigatory Powers Act (RIPA)

### Officer contact:

Name: Ben Stevenson

Post: Data Protection Officer/Head of Information Governance

Email: [ben.stevenson@peterborough.gov.uk](mailto:ben.stevenson@peterborough.gov.uk)

Tel: 01733 452387

## 1. Purpose and reason for report

1.1 The purpose of this report is to provide Members with an overview of the following items:

- an understanding of RIPA which enables them to have effective oversight of the use of said powers
- a report detailing the usage of the powers
- the inspection by the Investigatory Powers Commissioner's Office (IPCO) in February 2021 and the subsequent feedback received on 2 March 2021.

1.2 This report is for the Audit and Accounts Committee to consider under its regulatory framework 2.10 (Section 3B7 of the County Council's Constitution):

"To receive and approve proposals regarding the Council's exercise of powers covered by the Regulation of Investigatory Powers Act"

## 2. Background and Key Issues

2.1 Local authorities exercise criminal investigation powers for a number of reasons from fly tipping to planning enforcement to sale of counterfeit goods. The Council may undertake covert surveillance to investigate such matters and that work will be regulated by RIPA. It also provides a statutory process for authorising such work.

2.2 RIPA seeks to ensure that any covert activity undertaken is necessary and proportionate because of the impact on an individual's right to a private life under Article 8 of the Human Rights Act. In undertaking such activity the Council are in effect suspending a person's right to privacy. RIPA seeks to ensure both the public interest and the human rights of individuals are balanced.

2.3 The Council is able to undertake directed surveillance meaning that it must be for the purpose of a specific investigation or operation. The Council is not permitted to undertake intrusive surveillance, i.e. surveillance in private premises or vehicles.

2.4 Covert surveillance might mean the use of CCTV to monitor an individual's movement or their actions. Whilst the CCTV camera itself is overt, it is the use of that camera to track that individual's actions without that individual knowing which makes that act covert. The Council may also use underage volunteers to purchase tobacco or alcohol whilst being filmed. The viewing of CCTV footage *after* an incident does not constitute covert surveillance and therefore does not fall under RIPA.

2.5 RIPA also permits the Council, via the National Anti-Fraud Network (NAFN) to require the release of communications data where the appropriate circumstances exist. We can obtain information which identifies the subscriber to a mobile phone and to see a call history but we cannot gain access to the



actual content of calls. In an investigation into a rogue trader, we could link the contact number to the person and others called. We cannot obtain access to electronic data protected by encryption or passwords, which would include emails.

- 2.6 The Council may also authorise the use of a Covert Human Intelligence Source (CHIS) to obtain information from individuals in a covert manner such as a Trading Standards officer using a pseudonym to carry out a test purchase online. It may also apply to the tasking of a member of the public to obtain private information about an individual. It should be noted that the Council has never authorised the use of a CHIS since the commencement of RIPA.
- 2.7 In addition to RIPA, the Protection of Freedoms Act 2012 introduced two key important provisions for local authorities such as Cambridgeshire County Council. The first is that in order for the Council to apply for approval, the offence being investigated must meet the *crime threshold*. This means that either the offence carries a maximum punishment of imprisonment of six months or more or it is an offence relating to the sale of tobacco or alcohol to underage individuals.
- 2.8 The second key factor is the approval process. Any investigations must be properly authorised by one of the Council's Authorising Officers in accordance with our policies and procedures. In addition, the council must also obtain judicial approval from a Justice of Peace i.e. district judge or Magistrate.
- 2.9 Cambridgeshire County Council had a clearly written and robust policy alongside an easy access guide available to officers as well as a reporting structure in place. Peterborough City Council has a well-regarded set of officers with strong experience and knowledge of RIPA matters. These officers and policy are also shared with Cambridgeshire County Council.

### 3. Investigatory Powers Commissioner's Officer (IPCO) Inspection

- 3.1 The Investigatory Powers Commissioner's Officer (IPCO) provides independent oversight of the use of investigatory powers by intelligence agencies, police forces and other public authorities. As part of this oversight, they undertake inspections to assess compliance, provide guidance and assurance that such powers are being used appropriately and in line with the legislation and codes of practice.
- 3.2 Local authorities are inspected on a two to three year basis. Both councils were last inspected in 2018. The outcome of that inspection was reported to this committee and the recommendations to update the councils' policy was noted, and actioned.
- 3.3 The councils were notified of an inspection by IPCO in January 2021.
- 3.4 It has become apparent to IPCO that in recent years, for a variety of reasons including reduced resources, greater access to data-matching and the use of

overt rather than covert law enforcement activity, authorities like ours have granted far fewer RIPA authorisations.

- 3.5 IPCO are in the process of reviewing their approach to inspections. However, given the pandemic, in the short term they have adopted a more flexible approach by using video calling.
- 3.6 Prior to the inspection, the council had identified a change needed for the policy to ensure clarity over investigation material retention and destruction. It also wished to update the policy to strengthen guidance for staff over the usage of social media in investigations. As an inspection was forthcoming these amendments were put on hold until they had been discussed with the inspector to ensure that the council's guidance was accurate, practical and in line with IPCO recommendations.
- 3.7 As a result of the inspection, feedback was provided and again is very positive. The feedback highlighted:
- The one recommendation from 2018 has been discharged
  - Elected Members are informed of the council's usage of powers in line with the Codes of Practice
  - The council was alive to the possibility of social media research being undertaken and its training material assist staff in ensuring this research does not move into surveillance territory without authorisation in place
  - The inspector commented how pleasing it was to see the array of training materials including simple to understand videos for staff and highlighted this as demonstrating good practice
  - There are clearly defined processes on the handling of evidence/material gathered as well as the destruction of such material in line with the retention schedule for the services concerned
  - The policy should be updated again to include reference to the appropriate sections of the CHIS Code of Practice in relation to social media
- 3.8 Having highlighted the need for the addition of sections from the CHIS Code of Practice, the ability of the council to monitor the use of social media through policy and audits of access was discussed. Whilst the council has the ability to undertake reviews of individual officer's internet usage history in some situations, this must also be proportionate and necessary. Officers will reflect on how best to ensure appropriate controls are in place but also key to this is ensuring that officers understand when and how they should use social media to investigate.
- 3.9 A reviewed policy will be brought back to this committee during the coming year which will address the above points.

#### 4. Surveillance undertaken

There has been no use of covert surveillance in the last 12 months.

5. Consultation

5.1 The report following the inspection was received by the following parties:

- Chief Executive; and
- Director of Law and Governance

6. Anticipated outcomes or impact

6.1 The Audit & Accounts Committee continues to be informed of the necessary and proportionate use of RIPA across the Authority through regular updates as required. We will also be presenting an updated policy in due course.

Source Documents:

[Regulation of Investigatory Powers Act 2000 \(legislation.gov.uk\)](http://legislation.gov.uk)

[Protection of Freedoms Act 2012 \(legislation.gov.uk\)](http://legislation.gov.uk)



# AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN

Updated 15<sup>th</sup> March 2021

Group Leaders agreed on 20<sup>th</sup> October 2020 to allow Committees to make decisions on whether information reports would be included on future agendas. This may change dependent on the Covid-19 crisis.

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Financial Reporting and Related Matters Update – Monitoring at each meeting. Lead officers: Tom Kelly/Justine Hartley/Michelle Parker
- Integrated Finance Monitoring Report: this is always the latest report to be considered by General Purposes Committee. Lead officers: Tom Kelly/Rebecca Barnes
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update and Update on the value of the National Fraud Initiative. 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. Considered at every meeting. Lead Officers: Neil Hunter/Mairead Claydon
- Agenda Plan

Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
05/03/21 (25/02/21)	Manor Farm Audit	n/a	Gillian Beasley	Gillian Beasley/Mazars
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
23/03/21 (10/03/21)	Internal Audit Annual Audit Plan Report	Annual	LGSS Head of Internal Audit / Audit and Risk Manager	Neil Hunter Mairead Claydon
	Internal Audit Progress report, incorporating Risk Register Update	Quarterly	Head of Internal Audit	Neil Hunter
	Safer Recruitment in Schools Update	Tri-annual Termly	Senior Education Adviser	Diane Stygal

	Joint Working Protocol between CCC and PCC		Head of Internal Audit	Neil Hunter
	Use of RIPA 2000		Data Protection Officer/Head of Information Governance	Ben Stevenson
	Manor Farm Audit – follow up		Head of Finance/ Assistant Director Property	Tom Kelly/ Tony Cooper
	Six Monthly Report in respect of Consultancy expenditure and compliance with the Policy	November 2020 Meeting confirmed this report is still required.	Head of People HR/ Procurement	Janet Atkin
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
26/03/21 (18/03/21)	Manor Farm Audit – follow up on action plan	n/a	Gillian Beasley	Gillian Beasley
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
01/06/21 (19/05/21)	Section 106 Update Report	Annual	Head of Finance and Deputy Section 151 Officer	Tom Kelly
	BDO External Audit Final report on investigations into Objections to the 2016/17 and 17-18 Accounts	Out-standing report from Previous External Auditors	Lead partner - East Anglia/Head of Public Sector Assurance BDO	Lisa Clampin, BDO Barry Pryke, BDO
	Transformation Fund Monitoring Report Quarter 3	Quarterly Update	Head of Transformation	Julia Turner
	Performance Report Quarter 3	Quarterly	Head of Business Intelligence	Tom Barden

	Safer Recruitment in Schools Update	Tri-annual Termly	Senior Education Adviser	Diane Stygal
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
22/07/21 (09/07/21)	Final Accounts	Annual	Head of Finance and Deputy Section 151 Officer	Tom Kelly Ellie Tod
	Performance Report Quarter 4	Quarterly	Head of Business Intelligence	Tom Barden
	Transformation Fund Monitoring Report Quarter 4	Half Yearly Update	Transformation Manager	James Gemmell
	Update Report in respect of Consultancy expenditure and compliance with the Policy		HR/ Procurement	Janet Aitkin
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
28/09/21 (15/09/21)	Whistle Blowing Annual Review	Annual	LGSS Head of Internal Audit / Audit and Risk Manager	Neil Hunter Mairead Claydon
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
25/11/21 (12/11/21)	Safer Recruitment in Schools Update	Tri-annual Termly	Senior Education Adviser	Diane Stygal
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
22/02/22 (11/02/22)	Update Report in respect of Consultancy expenditure and compliance with the Policy		HR/ Procurement	Janet Aitkin

	External Audit Annual Plan	Annual	Ernst Young	Mark Hodgson
	Safer Recruitment in Schools Update	Tri-annual Termly	Senior Education Adviser	Diane Stygal
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
31/05/22 (17/05/22)	Section 106 Update Report	Annual	Deputy Section 151 Officer	Tom Kelly
	Performance Report Quarter 3	Quarterly	Head of Business Intelligence	Tom Barden
	Safer Recruitment in Schools Update	Tri-annual Termly	Senior Education Adviser	Diane Stygal

Annual Whistle Blowing Report	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter
Annual Governance Statement	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter
Internal Audit Annual Report	Annual Report	Head of Internal Audit / Audit and Risk Manager	Neil Hunter

## REPORTS TO BE PROGRAMMED AS SUBJECT TO ONGOING INVESTIGATIONS/ADDITIONAL WORK

<p>FACT, HACT and ESACT Recovery of Monies</p> <p>This is currently the subject of a Police investigation</p>	<p>One-off Report</p> <p>When the report comes forward it may require a separate confidential appendix if it contains commercially sensitive information for the Council and other parties. This is being led by FACT and so until negotiations are concluded, any updates remain commercially sensitive.</p>	<p>Chief Finance Officer / Service Director Highways and Finance</p>	<p>Chris Malyon</p>
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