

AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: 12th July 2016

Time: 2.00 – 4.40 p.m.

Place: Room 128, Shire Hall, Cambridge

Present: Councillors: S Crawford, R Henson, M Shellens, (Chairman) and Peter Topping (Vice Chairman)

Apologies: Councillor: B Chapman, P Hudson and M McGuire

Action

225. DECLARATIONS OF INTEREST - None

226. MINUTES

The minutes of the meeting held on 7th June 2016 were confirmed as a correct record and were signed by the Chairman.

In respect of Minute 213 titled 'Systems in place to ensure that Section 106 Funds do not go unspent' and the resolution reading:

"That in noting the report it should be placed on record that the unanimous view of the Audit and Accounts Committee was to recommend that where Section 106 monies could not be applied against relevant expenditure by the deadline in the agreement, the County Council should ensure the developer was informed in due course"

The Chairman enquired that how this would be actioned and whether a recommendation needed to go to another Committee. The advice provided to Democratic Services from Finance was that the relevant officers dealing with Section 106 agreements would have been informed of the recommendation and would be actioning the request, and therefore a reference was not required. The Chairman was not satisfied with this explanation and requested that evidence was provided that officers had been notified and were actioning the Committee's request.

Action

S Heywood to provide Cllr Shellens with an update

227. WORKFORCE STRATEGY

This report provided a further update on the progress to develop a Workforce Strategy.

Previously the Committee were informed of a General Purposes Committee workshop to take place to engage on the future direction of the Council and its workforce implications, including discussion on the Corporate Capacity Review Project and planning a Workforce Strategy. As an update the report explained that the proposed Employee Engagement Programme (EEP) had been positively received and the

consultation was due to take place in September / October 2016. The transformation agenda and the outcomes from the EEP would help form the key elements of a Workforce Plan and Strategy which was to be finalised during Quarter 3 of the current financial year.

As the EEP was to take place in September / October, it was agreed that the Committee should receive a further update report on the development of a Workforce Strategy at this Committee's November meeting.

The Committee Chairman expressed his interest in being provided with more information on trends on recruitment outside of the meeting and whether there was evidence to show that for high volume posts such as social workers and support staff, there had been a reduction in the number of applications for posts over a period, as a result of a perceived negative view of Local Government as a desirable place to work. He would liaise with officers outside of the meeting to confirm what he was seeking.
Action

**Chair-
man to
liaise
with
Janet
Maulder**

The update report was noted.

**228. CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND –
PLANNING REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE
AUDIT FOR THE YEAR ENDING 31ST MARCH 2016 FROM
EXTERNAL AUDITORS BDO**

The report highlighted and explained the key issues which BDO believed to be relevant to the audit of the financial statements of the Pension Fund for the year ending 31st March 2016.

Comments included:

- Page 7 - In the risks the Chairman commented that a risk was also future Government intentions, especially with a new Chancellor of the Exchequer.
- **Page 9 – Fair Value of Investments (Cambridgeshire and Counties Bank) –**the Chairman queried how the External Auditors would ensure the accuracy of unquoted investments in the Bank. **He asked for more detail regarding the text reading “The investment in the bank is unquoted and is valued by an external valuer appointed to the Fund” and whether there were external market comparators. Action: e-mail clarification outside of meeting**
- **Page 11 Investment Management Expenses –** Regarding CIPFA guidance on presenting a clear, combined figure for charges in the fund accounts, it was clarified by Richard Perry (Pension Services Financial Manager LGSS - Pensions Investments) that it had not been mandatory for the 2015-16 accounts. **The intention was to obtain the 2015-16 data for use as a comparator for implementation in next years accounts.**

B Pryke

There was a request that note on page 11 should be updated to reflect the proposed treatment. **B Pryke**

- Page 14 Fees – The Chairman asked how confident the Pensions Fund were of meeting the key dates referred to in order that additional, higher fees were not incurred. Richard Perry indicated that target dates had so far been met and Barry Pryke confirmed the draft working papers had been provided. Issues from the previous year might require further work, but currently he was not aware of any particular issues.

The report was noted.

CHANGE TO THE ORDER OF THE AGENDA

With the agreement of the Committee the Chairman requested that the Draft Statement of Accounts (item 11 on the published agenda) should be taken as the next item of business.

229. DRAFT STATEMENT OF ACCOUNTS

This report presented the unaudited ‘Draft Statement of Accounts’ for the Committee to review and comment on.

Comments on the narrative section

As a general point the Chairman indicated that the length of the document should be reviewed by officers to take out repetition and narrative text that was not required to support the accounts.

Page 6 – it was suggested making reference to roads and bridges would make the text more intelligible to the public **I Jenkins**

Page 7 it was suggested that there was too much detail in the first paragraph and suggested some of text could be in shown in the notes. The reference to ‘May’ should include the year. **I Jenkins**

Page 8 queried use of the word “revised” and whether “adjusted” was a more appropriate word. **I Jenkins**

Page 10 Reserves – Background note for Chairman requested on comparative figures of other Counties. **I Jenkins**

Page 11 – commented the that use of floating column chart was challenging to read. **I Jenkins**

Page 13 - Littleport Community College – requested the text be edited. Word ‘collocating’ should be reviewed. **I Jenkins**

Page 15 – requested that the bullets under Cambridge City Deal should be checked in terms of the order shown. **I Jenkins**

Page 17 - assistive technology reference required explanation

**I
Jenkins**

On the Financial Statements pages comments / clarifications given included:

Page 24 - Movement in Reserves Statement – error highlighted requiring correction reading ‘Transfers from earmarked reserves (note 8) should read ‘Transfers to’

**I
Jenkins**

Page 25 - Comprehensive Income and Expenditure Statement – queried why had the line Central Services to the Public increased from £2m in 2014-15 to around £8m in 2015-16. In response it was explained that it included revenue expenditure for capital spend on Superfast Broadband of over £6m

Page 25 - Change of £80m from 2014-15 to 2015-16 on Education and Children’s Services Line - The Vice Chairman suggested that this should have an explanatory note provided.

**I
Jenkins**

Page 26 - Long Term Liabilities there was a missing figure - required a note of explanation on what they included.

**I
Jenkins**

Page 31 - Property, Plant and Equipment – Last paragraph on the page under the heading ‘Measurement’ – making reference to valuations, required updating to the text.

**I
Jenkins**

Page 33 - Under Heading “Application of Fair Values Hierarchy” and the third paragraph reading “In estimating the fair value of the Council’s investment and surplus properties, the highest and best use is their current use. Since the date of valuations, the Council has no information of any material change in value and therefore the valuations have not been updated” The Chairman queried whether the EU referendum should be considered a material change and asked officers to look at this wording again.

**I
Jenkins**

page 34 – Second bullet - the Chairman queried whether the wording reading ‘Vehicles Plant Furniture and equipment (all of these only related to PFI Schemes’ was correct, as it appeared to be suggesting that the County Council did not have any vehicles other than those in Private Finance Initiative (PFI) schemes. In response it was confirmed that only vehicles, plant, furniture and equipment in respect of PFI schemes was capitalised on the Council’s balance sheet, in line with the accounting policy. It was suggested that the wording needed to be looked at again, as if only a subset was being shown, this required to be made clear.

**I
Jenkins**

Page 35 – Non- Current Assets held for sale

The Chairman had a concern regarding whether some of these could be heritage assets, citing an example of a work of art in Northampton that had been sold amidst some controversy.

Page 37 – Investment Properties - The Chairman requested clarification of what these were and where they were shown on the balance sheet. It was explained that this was Castle Court and that there were no other investment properties on the balance sheet. It was requested that a note to this affect should be added. Action	I Jenkins
Page 38 – the continuing text from page 37 on what was the first paragraph at the top of the page required clarification / re-writing as the Chairman did not understand what it was saying. Action: The officers undertook to provide an explanatory note.	I Jenkins
Page 42 - Finance leases - 3rd para reading “however in the case of academy schools the Council does not recognise a long term debtor on the Balance Sheet. This is because the assets are transferred as 125 year leases which is deemed too long to be certain of any receivable value at the end of the lease period” A question raised was what would happen if the Academy sold the school site. In response it was explained that this would require its accounting treatment to be re-assessed. The Chairman asked the officer to consider whether a note was needed.	I Jenkins
Page 42 - In a further question a Member asked if there were any clauses on the transfer of schools to academies to prevent them selling the assets. The officer indicated he would respond in an e-mail outside of the meeting.	I Jenkins
page 48 - Value Added Tax second line reading “...and all VAT paid is recoverable...” following a query on whether the Council paid any VAT and on being told it does on services it provides, there was a request to consider whether a clarification note was required	I Jenkins
Page 50 - final sentence in first para reading “The subsequent loss that this accounting treatment creates is expensed through the Comprehensive Income and Expenditure statement and financed as Revenue Expenditure Funded as Capital Under Statute” required to be re-written to provide greater clarity.	I Jenkins
On same page (50) the right hand text in the box under the heading ‘Effect if Actual Results Differ from Assumptions’ to be re-written to explain how the Council assets increase was calculated.	I Jenkins
Page 53 – to consider whether the note under the title ‘Schools converting to Academy status ‘ was required	I Jenkins
Page 57 under 9 ‘Operating Expenditure’ in answer to a request on what the two lines represented, it was explained that the line ‘Losses on the disposal of non-current assets’ included academies while ‘Levies’ included amounts paid to the Environment Agency for flood defences.	
Page 60 In the first para under Capital Commitments - whether the rounding up should be £67m rather than £68m	I Jenkins
Page 62 second para first line reading ‘the chains of office of the Chairman...’ should have after it the words “ / chairwoman”	I Jenkins

Page 63 – 15 Financial Statements line reading ‘Receivables’ - the Chairman asked what the definition of non-receivables was and whether Private Finance Initiative (PFI) credits should be included. It was explained that PFI Credits were not classed as Long term receivables in terms of the Accounts. The Chairman asked to be informed where PFI credits were included in the Accounts.	I Jenkins
Page 65 – in response to a question it was explained that the missing numbers in the table in the notes were both zero. It was suggested the table was not needed.	I Jenkins
Page 67 – 17. Investment Properties – query on why there was no figure in 2014-15.	I Jenkins
Page 69 – first entry in table - reference to rack rents – agreed this wording should be changed to a more recognisable description and whether all the descriptions were required.	I Jenkins
Page 70 – 71 in reply to a question on why some short term receivables and the cash overdraft had changed so much between the two dates at the beginning and the end of the year the explanation was that the amount of cash fluctuated within the year depending what grants had been received and when payments had been made.	
Page 70 – With reference to the provision of £1m to assist the implementation of the operating model, more details on what the monies could be spent on to be provided outside of the meeting.	I Jenkins
page 76 – heading needed at top of table.	I Jenkins
Page 76 - Financial Instruments Adjustment Account – query regarding figures being the same on the two text lines.	I Jenkins
Page 77 – Pensions Reserve – the Chairman requested more detail in respect of the swings shown. It was explained that what was shown in the Accounts was the County Council’s element of the Pension Fund. All figures on the pension reserve and pensions liabilities came from the Actuary, with a full revaluation undertaken every three years. The particular accounts for 2015 was not the year when the full tri-annual review had taken place. On being provided with a brief explanation on the various assumptions made by the Actuary, the Chairman requested a more detailed note outside of the meeting on what factors the actuary had used to arrive at the final discount rate figure.	R Perry
Page 80 second entry – an explanation was requested on the second line in the first table reading “amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis”. It was explained the wording “not reported” takes account of all technical adjustments that had been made and not reported in the monthly accounts.	

Page 83 - Grafham Water Centre - with respect to the £49k deficit shown and the Chairman asking what measures would be taken to address it, it was explained that expenditure would need to be reduced. There was a request for Keith Grimwade to provide the details at the September Committee.	RVS to contact K Grimwade
Page 90 Capital Grants – receipts in advance – with regard to discussion on Community Infrastructure Levies (CIL), it was confirmed that CIL money received from districts was for specific projects and that if the money was not spent, it went back to the District and not the developer. On the definitions it was explained that a short terms CIL was a project within 12 months, with a longer CIL being projects over 12 months.	
Page 93 sub-totals required in table	I Jenkins
Page 97 Street Lighting PFI – The Chairman suggested that the text reading “....with the cost of the maintenance being funded from the Council’s revenue allocations...” was inaccurate and another word should be found to replace the word “maintenance”	I Jenkins
in reply to a question on where the £4m grant was shown, reference was made to the grants table in the notes on page 89 showing a figure of £3,994m	
Page 101 - The Chairman queried whether the text from and including the text in bullet point two down to the next title reading ‘Discretionary post-retirement benefits’ could be deleted. Officers agreed to look at this further.	I Jenkins
Page 102 – Title of table ‘LGPS’ to be put in full and consideration given to the presentation of the figures being made clearer.	I Jenkins
Page 108 – Property Searches – Request for an explanatory note to be produced.	I Jenkins
Page 109 – Text in 4th paragraph from the bottom of the page reading “The Authority’s maximum exposure to credit risk in relation to investments of £10.1 million cannot be assessed generally..... “	I Jenkins
More explanation required. 	
Page 110 – PWLB to be spelt out in full.	I Jenkins
On outstanding invoices, while the figure for those less than three months had improved substantially from the previous year, there was a request for more detail to be provided, accepting that some would be very small amounts.	S Heywood
Page 111 LOBO to be spelt in full.	I

PENSION FUND

Page 119 – There was a discussion on the reasons for the market value of investments changing, including the turmoil in the equity markets over the 12 month period of the Accounts, with contributory factors such as the down turn of the Chinese economy and the fact that as fund managers had followed the markets, they had performed worse against the global benchmark.

Page 127 - Limited Partnerships – There was a request for an explanation of the text “Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnerships’ with the Chairman making reference to the text at the bottom of page 141 going on to page 142 which included acronyms IFRS and US GAAP which made it incomprehensible to the Chairman and to members of the public. As a response it was explained that investment manager returns were annually audited by external specialist auditors to ascertain their value. These were carried out in accordance with a considerable amount of regulation / international standards to ensure an accurate picture of performance on investments, which was relied on to be included in the accounts. While during the accounting period all managers had performed worse than the global benchmark as a result of following the markets, an oral update for the end of June, indicated that the fund assets had not generally changed, which was as a result of global investments undertaken and was also helped by currency weaknesses.

Page 130 – under the paragraph headed Private Equity and infrastructure assets’ in the right hand column in the first sentence the figure required to be corrected from £177.9m to £164.4m.

R Perry

Page 130 – Under the text on Cambridge and Counties Bank, it was suggested that there was a word missing in the second from last line in the left hand column. Action.

R Perry

Page 135 – as the figures in the table did not add up across the mid-table and there were blank areas, the Chairman queried the layout. It was explained this was a CIPFA requirement for the Accounts. Action: It was agreed that another line with a heading would be added and if necessary some explanatory text included.

R Perry

A query was raised regarding different investment asset values on page 120 (£212,688) page 136 and page 137 (£2,243,611)

Action: An explanatory note was required and it was agreed that a sub-heading should be put under the figure of £1,006k on page 120 and elsewhere where clarity was needed.

R Perry

Page 144 – Queried in the para titled - Other Price Risk – sensitivity analysis whether the date in the third line reading “the following movements in market price risk are reasonably possible for the 2015-16

reporting period should be “2016-17 reporting period”. It was explained that this looked at historical fluctuations which was why it referred to 2015/16. **Action: The Chairman asked that the word “possible” should be reviewed for accuracy.**

R Perry

Page 149 query on discrepancies between the figures in the table between 2016 and 2015. It was explained that this reflected the cycle of funds during the year in respect of holding cash.

Page 152 c) Family details – query on whether the reference to marriages included civil partnerships. **Action: There was a request to ask the Actuary to tighten up the wording.**

R Perry

Page 155 - Under 27 titled ‘Contingent Liabilities and Contractual Commitments’ explanation was sought on the paragraph reading “These commitments It was explained that although the Fund has legally binding commitments to invest agreed maximum values in each private equity and infrastructure fund, the investment managers typically request (or “call for) cash from the Fund as and when they have identified specific projects that require funding. The outstanding commitments represented committed money that had not yet been “called” and was cash that would have to be paid in the future as contracted.

The report was noted.

230. CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND – PLANNING LETTER 2016-17

This report set out BDO’s proposed fees and programme of works for the 2016-17 Financial Year, with the fee being based on the work required under the Code of Practice issued by the National Audit Office. The fees being charged were the same for as for 2015-16.

It was indicated that if BDO needed to propose any amendments to the fees during the course of the Audit, these would first be discussed with the Chief Finance Officer. Where a variation to the scale fee was required, approval would be sought from the Public Sector Audit Appointments Limited (PSAA) responsible for the scale fees for local authorities. As this Committee would require the information, a report to the Audit and Accounts Committee for discussion, outlining the reasons why the fee needed to be changed should be presented..

The report was noted.

231. CODE OF CORPORATE GOVERNANCE – UPDATED DOCUMENT

This report sought re-approval of the Code of Corporate Governance which was required to be reviewed on an annual basis to ensure it continued to comply with guidance issued by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives.

Internal Audit's role was to annually review the Code and make relevant changes. It was reported that following the most recent review no changes had been required.

The Committee's attention was drawn to **CIPFA / SOLACE** guidance on governance having been updated in April 2016, with the new guidance applying to annual governance statements prepared for the financial year 2016-17 onwards. To comply with this a report would be brought back to Committee reflecting this new guidance later in the year.

It was resolved;

To approve the updated Code of Corporate Governance.

**232. CAMBRIDGESHIRE LIBRARY ENTERPRISE CENTRE REVIEW -
UPDATE ON ACTION PLAN PROGRESS TO DATE**

The Committee received the latest report on the progress to date with implementing the recommendations set out in the Cambridge Library Enterprise Centre Review Action Plan. It was highlighted that while there were still some outstanding actions, each one of them would now be taken forward as part of the Corporate Capacity Review. As a result, it was recommended that it was no longer necessary to receive a report at each meeting.

It was resolved:

a) to note on the progress being made against the Cambridge Library Enterprise Centre Review Action Plan

b) to receive the next update report at the January 2017 committee meeting.

M Kelly

233. INTERNAL AUDIT PROGRESS REPORT TO 31ST MAY 2016

This report, introduced by Duncan Wilkinson the LGSS Internal Head of Audit, provided an update on the main areas of audit coverage for the first quarter period 1st March 2016 to 31st May 2016 and the key control issues arising.

Paragraph 2.1 listed the audit assignments which had reached completion since the previous Committee report, with summaries of the finalised reports with moderate or less assurance provided in Section 6 and Table 2 listing those assignments which had reached draft report stage. (Appendix A of the Minutes provides the list of completed assignments).

Section 3 updated details of fraud and corruption work undertaken;

- Paragraph 3.1 detailed the results of the recent Proceeds of Crime hearing, where the former Children's Workforce Development Manager, having pleaded guilty to the charges against her, had been ordered to repay £23,514.14 to the County

Council within three months and had received a 12 month sentence suspended for eighteen months and ordered to complete 200 unpaid work during the period.

- Paragraph 3.2 under the heading 'Counter Fraud Policies And Awareness' explained that Counter Fraud policies, including the Anti-Fraud and Corruption Policy and the Anti-Money Laundering Policy were being reviewed by the LGSS Internal Audit Counter Fraud Team, who with the CIPFA Counter Fraud Centre were working to develop a campaign to raise awareness of the policies and the issue of fraud. This work also included a refresh of the Council's current Fraud Awareness Whistle Blowing posters, to be re-launched over the summer, with an update to be provided at the September Committee meeting.
- Paragraph 3.3 - 'Cyber Crime' - highlighted that the LGSS Internal Audit Counter Fraud Team had met with the lead officer for the Cyber Crime Unit within the East of England Special Operations Unit which should ensure better responses to any cyber crime incidents within Cambridgeshire. In addition, the team were seeking to establish closer working relationships with Cambridgeshire police, as well as the Council's blue badges and concessionary fares teams.
- Paragraph 3.4 explained that the Internal Audit Counter Fraud Team was currently in the process of implementing CIVICA, a specialist fraud management system.

The outstanding management actions as at May 2016 were summarised in table 3, which included a comparison with the percentage implementation reported at the previous Committee. There were currently no outstanding fundamental recommendations and of the five outstanding recommendations, four related to the CLEC review which had been reported separately.

Comments included:

- The Chairman suggesting that it was not necessary to include paragraphs 1.1 to 1.3 each time.

M Kelly

On the completed audits the following issues were raised:

- B.1 Records Management – picking up from the text reading:
- *".....An update of records management and information governance content on CamWeb will ensure that staff can access process notes for record keeping systems, further reducing the risk of non-compliance."*

Internal Audit are due to conduct a further review of Information Security in September, which will address any wider Information Security issues, including a more in-depth review of an issue identified regarding access permissions for systems".

The Chairman asked what measures were taken to ensure that staff were made aware when policies had been up-dated? In response it was stated that while there was no specific alert system, staff used the Council website on a regular basis as they were aware that this was where relevant information could be found.

- With reference to the further review of information security to be undertaken by Internal Audit in September, this would be reported back to the January / March meetings as part of the update reports.
- **Completed audit - C1 Domiciliary Care– missed short and late calls completed audit** - a query was raised regarding whether it had been a small sample. In response it was explained that rather using a sample basis, the review had looked at three different routes to analyse missed calls and had identified that although there were a number of controls which were partially in place, at the present time none were being fully implemented and it was not easy to cross reference between the three methods. The Vice-Chairman commented that while the mitigations set out were interesting, what was needed would be an update on when the new IT system was to be introduced across social care. It was clarified as a further response that the recommendations from Internal Audit were in respect of what could be done with the existing system. In the longer terms it was recognised that it needed to link into the new IT system when this had been implemented.

It was agreed that an update on the implementation of the Domiciliary Care Audit should be provided in January as part of the Internal Audit Progress update report

M Kelly

- Para 6.3 in respect of Implementation of the **Galileo audit management and, documentation and reporting system** currently used in the Milton Keynes office, for which an updated version was to be rolled out to Cambridgeshire for the start of the new financial year 2017/18, **the Chairman requested regular updates on progress be provided in future reports, including stepping-stone target dates.**

M Kelly

It was resolved to note the report.

235. AUDIT AND ACCOUNTS COMMITTEE TRAINING PROGRAMME

In terms of the training programme for 2016-17 training sessions already delivered were:

7th June Training session on the Council Accounts

12th July (before the current meeting) training on Risk Management.

This report set out details of possible training sessions topics including:

- Introduction to Internal Audit
- Introduction to Council Finance
- Audit Committee effectiveness / responsibilities for an Audit Committee
- Role of a chairman / woman and whether consideration should be given to appointing an independent, non-councillor to the role
- Corporate Governance
- Audit Planning
- Training which builds on sessions already delivered what the committee members had requested

In addition, Members were asked to consider if they had any views on how the training sessions could be best delivered, taking account that the most recent sessions had been scheduled to last one and a half hours and other options could include shorter sessions, one-to-one training, and training on days other than when the Committee met.

Comments included;

- attention was drawn to the poor attendance from the Committee members, with only the Chairman and Councillor Henson attending the session before the Committee that day and only three at the previous accounts seminar session (the Chairman and Councillors Henson and Hudson) and raised the question on whether this was a good use of member or officer time. On the basis of the previous two training session attendance, the Chairman challenged the Committee Members to justify having further sessions. As a response, Councillor Henson indicated that he had found that day's session very useful. Councillor Topping apologised for being unable to attend due to other commitments associated with his other District Council duties. It was also recognised that there had been three apologies for the Committee that day and therefore it could have been expected that otherwise, the attendance would have been higher.
- On the basis that the consensus of the Members present was that they were useful, the Chairman was willing to try one more session and review the future programme after it, on the basis of a better attendance from the Committee membership. It was also suggested where any future sessions were to be for an hour and a half then two topics should be included.
- **It was agreed to have a one-hour session on an introduction to Finance, including details of 114 notices, to be held for an hour before the September Committee from 12.30 to 1.30 p.m.**

Sarah Heywood

236. DRAFT LGSS STATEMENT OF ACCOUNTS 2015-16

The Committee received the unaudited draft LGSS Statement of Accounts for 2015-16 for acknowledgment and comments on the basis that they were for information as their approval was for the LGSS Joint

Committee.

The Chairman indicated that he had concerns that there had been high levels of investment to build up LGSS which could be perceived as empire building, but agreed this was not a concern provided a reasonable service was being given. He did express concerns regarding keeping 90% of the profits accrued.

Questions raised included:

- What risk plan was in place should partners leave?
- The Chairman highlighted that there were multiple references to redundancy reserves in the report and asked whether taking on a new partner gave a further opportunity to reduce headcounts and as this had already been undertaken in Cambridgeshire and Northamptonshire, he asked what contribution Milton Keynes would be bringing in terms of monies to contribute to possible further redundancies.

The Chairman asked the Internal Head of Audit to provide an update on the questions raised outside of the meeting.

**Duncan
Wilkin-
son**

The report was noted.

237. AUDIT AND ACCOUNTS COMMITTEE ACTION LOG FROM MINUTES

The Committee noted the completed actions / updates provided in relation to the minutes from the last meeting and earlier meetings, as set out in the report.

The following issues were raised / comments made:

Minute 213 titled 'Systems in place to ensure that Section 106 Funds do not go unspent' this had been referred to earlier when agreeing the minutes with **an update being requested regarding the issue of returning unspent monies to developers.**

**S. Hey-
wood/ C.
Malyon/
P.Van
De Bulk**

Action 2 - Minute 170 Internal Audit Progress Report, Whistle Blowing poster – **An update to be provided as part of the September Internal Audit Progress Report.**

M Kelly

Action 4 - Item 9 Minute 184 Risk Management Report – agreeing to delete the action around alternative models of reporting risk, as no feedback had been received from Committee members and the action was four months old.

Action 7 - BDO External Audit Planning Report etc - action on concerns expressed by the Chairman at the last meeting on whether there were enough resources to undertake the level of highways work - in respect of the response set out that the

Transport Infrastructure Assets work was proceeding in accordance with the detailed project plan, there was a request to provide more detail outside of the meeting.	S Heywood
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Other actions requested

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| <ul style="list-style-type: none"> • In respect of the new Committee Management System which had gone live on 14th June, there was a request that Internal Audit should provide a progress update as part of the January CLEC report update. Action | M Kelly |
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|--|----------------|
| <ul style="list-style-type: none"> • Action 9 Review of LGSS Internal Audit Compliance with the Public Sector Internal Audit Standards – on the addition made to the wording on page 7 of adding “or his deputy” this should be changed to “or his / her deputy” | M Kelly |
|--|----------------|

- | | |
|---|--|
| <ul style="list-style-type: none"> • Action 10 Minute 218 Internal Audit Report | |
|---|--|

b) Officers to contact affected libraries to ensure the guidance issues were being followed. - The Chairman requested a copy of the email / action taken.	M Kelly
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d) The request to ensure that where good practice had been identified in schools it was shared with other schools - and having been informed in the response this was standard practice, the Chairman requested a copy of an email / letter as an example.	M Kelly
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Action 12 Minute 222 Integrated Resources and Performance Report – in respect of the action from the previous meeting for a more detailed written explanation of the breakdown of the level of debt outstanding owed to the Council for both 4-6 Months and greater than 6 months, this was due to be circulated shortly	S Heywood
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The Minute Log Update was noted as updated orally at the meeting.

238. DRAFT AGENDA PLAN

Noted with the further updates agreed at the meeting including as follows:

- Internal Audit Report to include anti-fraud and whistleblowing update and Galileo update to the September meeting.
- CLEC Update to January Meeting to also include new committee system update.
- January Internal Audit Update Report to include updates on
 - Information security
 - Social Care IT System update.
- Options Appraisals Report to the January Committee meeting.
- November Workforce Strategy Update Report.

The Chairman requested a note outside of the meeting on how the finance and accounts reports would be actioned, bearing in mind the earlier timescales involved. It was clarified that from 2017-18 the Accounts would be required to be signed off in July.	S Heywood / I Jenkins
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239. DATE OF NEXT MEETING 2.00 p.m. TUESDAY 20th SEPTEMBER 2016

This would be preceded by a training session on Finance Issues commencing at 12.30 p.m. Room 128.

Chairman
20th September 2016

Appendix A

1. FINALISED ASSIGNMENTS

- 2.1 Since the previous Progress Report to the Audit and Accounts Committee in March 2016, 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.	Customer Service & Transformation	Records Management	Moderate	Good	Minor
2.	Children, Families & Adults	Domiciliary Care – missed, short and late calls	Limited	Moderate	Moderate
3.	Children, Families & Adults	Direct Payments Compliance	Moderate	N/A	Minor
4.	Council-wide (Cross-cutting)	Safe Recruitment Compliance	Good	N/A	Minor
5.	Council-wide (Cross-cutting)	Business Planning - Benefits Realisation	Good	Good	Minor
6.	Council-wide (Cross-cutting)	Capital Contracts	Moderate	Good	Minor
7.	Key Financial Systems	Purchase to Pay	Substantial	Substantial	Minor
8.	Key Financial Systems	Accounts Receivable	Substantial	Substantial	Minor
9.	Key Financial Systems	Payroll	Substantial	Substantial	Minor
10.	Key Financial Systems	General Ledger	Substantial	Substantial	Minor
11.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Hartford Junior	Safe Recruitment – Limited assurance Recruitment & Payroll – Limited assurance		
12.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Sawtry Junior	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance		
13.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Earith Primary	Safe Recruitment – Moderate assurance Recruitment & Payroll – Moderate assurance		
14.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Thomas Eaton	Safe Recruitment – Moderate assurance Recruitment & Payroll – Good assurance		
15.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Kinderley Primary	Safe Recruitment – Limited assurance Recruitment & Payroll – Limited assurance		
16.	CFA - Schools	Safe Recruitment, Recruitment & Payroll	Safe Recruitment – Moderate assurance		

		– Girton Glebe	Recruitment & Payroll – Good assurance
17.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Great Gidding	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance
18.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Milton Road	Safe Recruitment – Limited assurance Recruitment & Payroll – Limited assurance
19.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Weatheralls	Safe Recruitment – Moderate assurance Recruitment & Payroll – Good assurance
20.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Waterbeach	Safe Recruitment – Moderate assurance Recruitment & Payroll – Good assurance
21.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Wisbech St Mary	Safe Recruitment – No assurance Recruitment & Payroll – Limited assurance
22.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Icknield	Safe Recruitment – Limited assurance Recruitment & Payroll – Good assurance
23.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Guyhirn	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance
24.	CFA - Schools	Safe Recruitment, Recruitment & Payroll – Guilden Morden	Safe Recruitment – Limited assurance Recruitment & Payroll – Moderate assurance