

AUDIT AND ACCOUNTS COMMITTEE



Thursday, 28 March 2024

Democratic and Members' Services
Emma Duncan
Service Director: Legal and Governance

14:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

Red Kite Room
New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/cc-conduct-code>
2. **Minutes of the Audit and Accounts Committee held 6th February 2024 and Action Log** **5 - 14**
3. **Petitions and Public Questions**
4. **Financial Reporting and Related Matters Update** **15 - 40**
5. **Draft Internal Audit Plan 2024-25** **41 - 62**
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The Audit and Accounts Committee comprises the following members:

Councillor Graham Wilson (Chair) Councillor Nick Gay (Vice-Chair) and Mr Mohammed Hussain Councillor David Ambrose Smith Councillor Chris Boden Councillor Geoffrey Seeff Councillor Alan Sharp Councillor Alison Whelan

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Audit and Accounts Committee Minutes

Date: 6th February 2024

Time: 2:00-3.12pm

Place: New Shire Hall, Alconbury Weald

Present: Councillors D Ambrose Smith, C Boden, N Gay (Vice-Chair), G Seeff, A Sharp, A Whelan and G Wilson (Chair); M Hussain (co-optee) (virtual)

Officers: Mairead Claydon, Emma Duncan (virtual), Richenda Greenhill, Michael Hudson and Stephen Moir; Mark Hodgson (EY), Tom Kelly, Emma Larcombe (KPMG), Jacob McHugh (EY), Eleanor Tod (relevant agenda items only)

155. Apologies for Absence and Declarations of Interest

There were no apologies.

Councillor Boden declared a non-pecuniary interest as a member of the ICAEW (Institute of Chartered Accountants in England and Wales) Conduct Committee. He advised that he would ensure that he was excluded from any discussions at that Committee which involved any potential conflicts with regard to the County Council's existing or past auditors.

156. Minutes of the Committee meeting held 1st December 2023 and Action Log

It was resolved unanimously to approve the public minutes of the Committee meeting held 1st December 2023.

The Action Log was noted.

157. Petitions and Public Questions

There were no petitions or public questions.

158. Financial reporting and related matters

The Committee considered a report on a number of items relating to the Council's financial reporting across several financial years.

In relation to objections for years 2016-17 and 2017-18, officers were very pleased to report that on 29/01/24, the objections had been determined by the auditor BDO, and the statement of reasons had been provided to the objector. BDO's final decision was not to propose any formal audit actions. The objector had a right to appeal, and that appeal period ran for a further two weeks. The audit completion certificates had also been received for both of those years.

The Chair was pleased to note this satisfactory outcome, and commented that it was frustrating that it had taken so long. The cost of the additional work by BDO had not yet been confirmed, but senior officers would be monitoring this closely. The Chief

Executive commented that whilst this was a very welcome development, the Committee was very aware that this was long overdue, and he reassured Members that the issues relating to costs would be followed up robustly and appropriately. He was particularly mindful of the impact on individual officers of having this issue unresolved for such a long time, and he thanked them for their resilience, professionalism and tenacity, given the concern, challenge, and unjustifiable criticism. In particular, he praised Tom Kelly, the Service Director for Finance and Procurement, and said it was unfortunate that it had taken so long for BDO to agree with the Council's management representations.

A Member commented that the ballpark figure for BDO's additional work was estimated to be around £70K, and asked if there was any latitude to demand a discount. Given that there would be similar objections relating to EY's tenure as external auditor, the total bill for dealing with objections could be in the region of £200-250K, which was not a good outcome for the Council Tax payer.

A Member welcomed the end to this very long saga. Whilst noting that the fault did not lie with the Council, unfortunately the Council was receiving blame from some quarters, which was entirely unjustified. Many local authorities were experiencing the same issues having their BDO audits signed off. The Member asked for officers to advise the Committee when the appeal period had concluded, and whether any appeal had been made. **Action required.**

Officers commented that this was a defined process with PSAA (Public Sector Audit Appointments) and it was probably inappropriate to comment beyond that at this stage. Representations had been made to PSAA in the past relating to the objections works. A balance needed to be struck between the right to question and the cost incurred.

Turning to the current accounting period (2023-2024) where the external audit would be conducted by KPMG, Members noted that liaison was continuing with new the auditor. Timescales for closedown activities across the Council were being progressed, property valuations had already been undertaken, and resource had been identified to boost capacity and resilience within the Finance team.

Noting the discussions taking place at a national level on the audit crisis in the public sector, a Member suggested that one temporary solution being suggested was that some audits would not take place at all, or on a reduced basis. On that basis, would an audit be expected in 2023-24? Officers confirmed that there had been an update from the Minister in January, reconfirming the government intention was to set backstop dates. It was understood that the implication was that there would be a backstop date in September for historic audits. The current expectation was that the 2022-23 audit would be skipped, and EY had indicated that they would be looking to disclaim that opinion. Members observed that if the 2022-23 accounts were not audited, it would be difficult for KPMG to progress with their work on subsequent years. It was noted that the national consultations were due to be published imminently, with only a four-week window to respond. The likely content of the three consultations (DHLUC, NAO and CIPFA) was noted, which would effectively reset the audit market in 2023. EY was currently concentrating on clearing all historic audits, focusing on pension fund audits across the board, and reporting all VFM work by the end of April, and would be looking at disclaimed audit opinions for 2022-23 in line with Ministerial direction. The opening balance position would be the critical element for all auditors: any disclaimed opinion in 2022-23 would have a three-year unwinding process (the recovery phase) before a clear position could be reached.

Emma Larcombe of KPMG agreed with these comments, advising that the steer was awaited from the NAO on the expected procedures, and this would be communicated as soon as possible to officers. A full opening balance audit was not expected, so the focus would be on the in-year results, and the issue of opinion would be consistent across the system. The expectation was that VFM would be completed up to 2022-23, with full assurance for 2023-24. KPMG would be bringing the initial risk assessment for VFM to the next Committee meeting, and were already planning to work to a normal audit cycle. She added that it was helpful to have clear direction from EY on the prior year situation.

The Executive Director of Finance and Resources agreed that it was disappointing that there was not yet any clear direction, and communication of the exact wording of the disclaimer of opinion would be critical, but this would not be included in the consultation. It was unclear whether the accounting deadline would move from 31st May for the Council's submission, which was the date the Finance team was working towards. It was agreed that the Council's response to the consultations prior to submission, and also the position of the Association of Local Authorities providing the definitive position on Local Authority audits, would be circulated to the Committee. **Action required.** The Chair observed that although it was a consultation, there was unlikely to be any realistic alternative options to the ones discussed.

Noting that the backstop position was effectively to reset, a Member commented that this did not address the underlying problem of lack of capacity for public sector audits, and it was unlikely that this imbalance would change significantly in the near future. He observed that it was possible that this lack of capacity issue would be the same in 3-4 years time, and he sought reassurance from KPMG that capacity issues would not impact on audits in future years. Emma Larcombe of KPMG gave assurance that KPMG had the right level of resource in place to deliver.

Good progress had been made with the 2021-22 audit. An updated set of accounts had been submitted for final review, reflecting progress on adjusted and unadjusted audit differences. Subject to final procedures, and depending on VFM work being completed, it was recommended that the Committee accept the treatment of the audit differences, and a practical and pragmatic approach had been taken. It was noted that EY were comfortable with the changes being proposed by management.

A Member commented that on the list of unadjusted differences, it appeared as if the level of adjustments totalled £17.5M. However, changes were both credit and debit, so the net effect was significantly lower. The majority of the changes related to differences of opinion between officer estimates of land and building values and the external auditor's opinion. The Member asked if this could be clarified in future reports. Additionally, it would be helpful in future to highlight those adjustments which actually impacted on the Accounts. **Action required** Officers agreed that asset valuations were highly material, and there was a potential for differences between expert opinions. However, this ultimately did not impact on Council Tax levels. KPMG commented that they would ensure that there was early engagement with the valuer.

EY commented on an addendum that had been circulated to the Committee on the VFM work. The audit results report considered at the December meeting had subsequently been updated, and EY were now working through a revised set of accounts, and would then complete closing procedures. Members noted that the VFM conclusions were linked to the weakness and qualified position issued by BDO in 2017-18, and for the three subsequent accounting issues there would be VFM

issues to report in respect of procurement. For 2021-22, EY was seeking assurance that the procurement arrangements were resolved, and the EY default position would be that they were not, unless evidence to the contrary was demonstrated. For 2018-19, there was an additional basis for qualification in relation to County Farms.

The Chair observed that on procurement, the Head of Internal Audit and Risk Management had picked up an issue on Guided Busway procedures. He expressed concern, having anticipated that all procurement and contract management issues that BDO had picked up were now resolved. It was noted that there was a difference between inadequate underlying procurement issues across the board, to issues with one contract, albeit a significant contract. There was ongoing discussion with the Head of Internal Audit and Risk Management on this matter.

It was resolved unanimously to:

- i) note the report; and
- ii) accept the treatment of audit differences selected by management that are shown in the appendix.

159. Internal Audit Progress report

The Committee received a progress report on Internal Audit, for the period to 31st December 2023.

Presenting the report, officers highlighted the following areas:

- ten final internal audit reports had been issued since the last Committee;
- the current version of the Internal Audit Plan (IAP) included a couple of minor changes. A major refresh of the IAP would be considered at the next Committee meeting;
- a new Deputy Head of Internal Audit and a new Senior Auditor had been appointed. Additionally, draft reports were being received from the co-sourced partner TIAA;
- with regard to the implementation of Internal Audit actions, 82 were currently overdue, compared to 96 at the last Committee, which demonstrated a positive direction of travel;
- the Pensions and Payroll audits were underway, and it was anticipated that this would be ready in time for the annual opinion;
- the referral made at the last Committee was considered by the Adults & Health Committee in January, where the Committee considered two outstanding actions relating to Public Health.

The Chair noted that Public Health, in line with the rest of the Council, would be undertaking open book accounting in future. It was noted that the commitment had been given at Adults and Health Committee that the necessary procedures would be in place by 30/04/24. If that target date was not met, the Committee should be notified by email as soon as possible. It was an extremely helpful outcome.

A Member queried the terminology used, specifically *limited systems assurance*, and asked what it meant in the context of the Climate Change Strategy audit report in Place and Sustainability. It was noted that general definitions were covered in

paragraph 2.2.5, but limited systems assurance indicated that there were significant control weaknesses that presented a high risk to the control environment. In respect of the Climate Change and Environment Strategy (CC&ES) audit, this related to the strategy being very ambitious, and there was still considerable work to secure the baseline data; this early stage of implementation of the strategy reduces the ability to provide assurance that there are effective arrangements in place to ensure that CC&ES targets will be delivered. Whilst there was a good opinion on compliance, the long-term nature of the Strategy and Climate Change as a risk meant that there was not yet a strong assurance that the Strategy's objectives would be met. With regard to the Climate Change and Environment Strategy, and the difficulties involved in identifying targets related to science-based baseline data, it was noted that the Chair and Vice Chair of the Environment and Green Investment Committee would be exploring this further with senior Place and Sustainability officers.

In relation to the Huntingdon Nursery School internal audit, it was confirmed that the individual recommendations within the Schools audit were not risk rated or followed up individually by Internal Audit. An action plan for each audit is agreed with schools and presented to governing bodies, whose responsibility it is to ensure that actions are implemented. Thematic findings from the range of school audits have been followed up in a report presented to Director of Education on control weaknesses. In respect of the financial governance in schools, this involved looking at issues such as payroll and procurement procedures.

With regard to the planned audit review of schools Deficit Recovery Plans, a Member welcomed the review, given the challenging budgets that some schools were facing. He asked if the report to the Director of Education would also be considered by the Children and Young People Committee. Officers confirmed that they were happy for that report to be shared with the Committee. Action required.

A Member observed that whilst it was good to hear the number of outstanding audit actions had reduced from the previous meeting, the number of outstanding actions with a "High" risk rating had increased. There were four on the issue of VAT, and whilst the procedure notes had been drafted, the focus of the team was on the 2022 closedown meaning that the action had yet to be completed. The Member was concerned with this delay, as mistakes on VAT could be very costly, especially if those issues were cumulative. He noted that the service had since confirmed that partial exemption limit calculations were now included as part of the monthly VAT returns. Officers from Finance advised that they had no concerns that the Council was approaching the limit, but agreed to provide further information outside of the meeting. Action required.

A Member asked if target dates could be retained for actions within Annex B to the report, so all agreed target dates were clear to the Committee. Officers confirmed that within annex B, the original target date was included, along with current revised target date. However, any target dates in between the original and current date were not tracked on that report. The Member commented that whilst there were sometimes legitimate reasons for extensions, this was not always the case, and it would be helpful to have this information. Officers agreed to add those dates in going forward, but advised that this could not be done retrospectively. Action required. The Chief Executive felt this approach would be helpful and improve the ownership of target dates. CLT considered monthly reports on progress with the Internal Audit Plan and risk management. Whilst it was good to see the reductions

in Essential actions, managers had been asked to focus on those actions rated High. He also observed that audit actions were recommendations from the Internal Audit team that managers had accepted, and it was therefore incumbent on managers to ensure that the dates set were achievable and reasonable.

In relation to High and Essential audit actions overdue for more than three months, a Member asked if it was possible to invite officers to attend Committee to talk through their new plans to meet the revised target dates, to help the Committee to get closer to some of the issues the Council was facing. It was agreed that the Chief Executive would take this forward with the Head of Internal Audit and Risk Management, potentially linking in with the Annual Governance Statement and assurances from Directors. **Action required.**

It was confirmed that a Teams site has been created which will enable all Committee Members to access the full text of audit reports going forward. Once the Internal Audit team has uploaded the current year reports to the Teams site, the Head of Internal Audit will contact Members with more information on how to access these. **Action required.**

The Chair noted that under the National Fraud Initiative Investigation section, an individual officer had been working for both Cambridgeshire County Council and another local authority at the same time. The individual had subsequently resigned from CCC, and no disciplinary action could be undertaken in this instance. It was confirmed that the other local authority was aware of the case, and this demonstrated the value of the National Fraud Initiative. However, the investigation found the second role was undertaken out of hours, and it would have been possible to undertake both roles. It was understood from both line managers that the individual involved was deemed to be highly effective, with no underperformance or delivery issues. Nonetheless, there were Health & Safety and Working Time Directive issues involved. At the conclusion of the investigation, although there was some evidence of dishonesty, there was no evidence of fraud or misuse of working time. Some authorities did opt to conduct disciplinary actions following the resignation of individuals where this was in the public interest, but participation in such actions was down to the individual. This issue would be followed up with Human Resources, and the application of the Disciplinary Policy would be included in next year's Internal Audit Plan. **Action required.** Members indicated their support for these actions.

It was resolved to:

- (a) consider the contents of this report; and
- (b) review and comment on the proposed revised Internal Audit Plan for 2023/24, outlined at Section 6 of the report.

160. Audit and Accounts Committee Agenda Plan

The Committee considered the Committee Agenda Plan.

It was agreed that an update on the Committee's review of effectiveness, including all the items in the action plan, would be considered at the March Committee meeting.

It was resolved to note the Agenda Plan.

Audit and Accounts Committee Minutes - Action Log

This is the updated action log at 20th March 2024 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 24 th November 2022					
Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
98.	Financial Reporting and External Audit Update	Michael Hudson	Regarding BDO's continued underperformance, agreed that the Chief Executive would formally engage with BDO's official complaints procedure, and also with the regulator, ICAEW, if no satisfactory response was received	Escalation and concerns process engaged at BDO, along with reporting to wider system leaders (CIPFA, PSAA and NAO). The remaining matters with BDO were concluded in February 2024 as set out in the Committee's papers for this meeting.	Complete
Minutes of 28 th September 2023					
140.	Financial Reporting and related matters	Tom Kelly/ Stephen Howarth	Officers confirmed there had been progress with VAT reconciliations, but there were other debtor balances relating to an isolated historic issue relating of IT system transfer. It was suggested that the Committee may be interested in looking at this situation in further detail in future, and officers agreed to include a section on this in a future report	Sufficient progress with this area has been made to enable an audit opinion on the 2021-22 financial statements in the near future. We have ongoing attention to balance reconciliation is part of the continuous improvement of year-end procedures.	Complete

Minutes of 1st December 2023

151.	Internal Audit Progress Report	Mairead Claydon	The results of the Section 106 audit could be circulated to the Committee when it became available	The Committee can now access all audit reports via the Microsoft Teams site, including the Section 106 report.	Complete
151.	Internal Audit Progress Report	Jyoti Atri/ Mairead Claydon	If target date on the associated actions (see above) looks likely to slip further, the Director of Public Health will be asked to submit a report to A&AC.	Director of Public Health has confirmed these actions are on track to meet the revised target date.	In progress
154.	Committee Agenda Plan	Michael Hudson /Clare Ellis	Assets & Procurement Committee report on Contract Risk assessment to be reported on to Audit & Accounts Committee in May or September 2024.	In progress.	In progress

Minutes of 6th February 2024

158	Financial reporting and related matters	Tom Kelly	The Member asked for officers to advise the Committee when the appeal period (<i>for the BDO audit completion</i>) had concluded, and whether any appeal had been made	Committee advised on 29/02/24 that no comments or appeal had been received following BDO's determination on 29/01/24 following the objections they received as external auditor in 2017 and 2018.	Complete
158	Financial reporting and related matters	Michael Hudson	Officers to circulate to Committee the draft response to national consultations, including the position of the Association of Local Authorities.	Draft responses circulated to Committee prior to submission on 07/03/24.	Complete

159	Internal Audit Report	Tom Kelly	Provide Committee with further information regarding VAT.	Additional information sent to Committee members regarding VAT partial exemption on 20 March 2024	Complete
159	Internal Audit Report	Martin Purbrick	Share results of the Schools Audit with the CYP Committee.		
159	Internal Audit Report	Mairead Claydon	Include target dates in between the original and current target dates in future reports.	Included in Annex B in the March papers.	Complete
159	Internal Audit Report	Stephen Moir/ Mairead Claydon	Provide a “deep dive” on some essential and high risk actions in future, potentially linking to the Annual Governance Statement.	To be arranged.	
159	Internal Audit Report	Stephen Moir	Follow up with HR issue of potential disciplinary actions, where appropriate, for individuals who resign.		
159	Internal Audit Report	Stephen Moir/ Mairead Claydon	Include the application of the Disciplinary Policy in next year’s Internal Audit Plan.	Included in the Internal Audit Plan	Complete

Financial Reporting and Related Matters Update

- To: Audit and Accounts Committee
- Meeting Date: 28 March 2024
- From: Executive Director for Finance & Resources
- Electoral division(s): All
- Outcome: The Committee is updated on latest progress with matters related to:
- a) The external audit of the Council's Statement of Accounts. This comprises the 2021-22 financial statements and the Value for Money opinion for the years 2018-19 to 2021-22.
 - b) Changes to Accounting Policies for the 2023-24 Statement of Accounts, as well as the impact of the introduction of IFRS 16 Leases.
 - c) The national picture regarding public sector audits.
- Recommendation: The Committee is invited to:
- a) Note the report.
 - b) Agree to the Council's Accounting Policies for the 2023-24 Statement of Accounts, attached in Appendix A.

Officer contact:

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1. Background

- 1.1 This report provides an update on obtaining signed audit certificates from the Council's external auditors, Ernst & Young LLP (EY), for each of the financial years 2018-19 to 2021-22. The Committee will be aware of the previous issues in reaching a financial statements' external audit opinion as well as Value for Money (VfM) conclusions.
- 1.2 The committee will also be aware that the 2023-24 Statement of Accounts are due for completion in draft form for submission to KPMG as our external auditors by 31 May 2024. This report sets out two key areas for consideration by this committee as part of drafting those accounts: changes to Accounting Policies and the introduction of the new International Financial Reporting Standard 16 Leases from 1 April 2024.
- 1.3 There are well-known and widespread challenges nationally with the timeliness of reaching audited, certified and completed financial statements for local government arising from various factors including regulation and risk, auditor capacity and technical/accounting standard related issues. On 8 February 2024, the Department for Levelling Up, Housing and Communities (DLUHC) issued a consultation proposing amendments to the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing.

2. Main Issues

2016-2017 to 2017-18 Objections

- 2.1.1 On 29 January 2024, the outstanding objections were determined by the Council's previous auditor BDO LLP, and the statement of reasons was provided to the objector. BDO's final decision was not to propose any formal audit actions. The objector had a right to appeal, within the following three weeks but no appeal was lodged. The audit completion certificates have now been received for both of those financial years and have been uploaded to the Council's website.

2018-19 to 2021-22 Statement of Accounts

- 2.1.2 EY are working through the final closing procedures for the 2021-22 audit, and we hope to have a signed set of accounts shortly with audit certificates imminent. A verbal update will be provided in the meeting.

2023-24 Statement of Accounts - Accounting Policies

- 2.2.1 The Council's Statement of Accounts is produced based on a set of accounting policies that are adopted each year, which are listed within the accounts. The policies may need to be changed depending on any revisions to the code of practice for local authority accounting (the Code). In addition, each year, we review our policies to ensure they are in line with how the Council operates, that they reflect best practice, that they balance benefit against available resource (including materiality considerations) and taking into account any adjustments required as a result of audit recommendations.

2.2.2 Following review of the Council's policies, plus review of updates to the Code, there are no proposals for amendments to the policies for the 2023-24 accounts. The full set of policies can be viewed in Appendix A.

Introduction of IFRS 16 leases

2.3.1 CIPFA/LASAAC have mandated that all local authorities implement the new International Financial Reporting Standard (IFRS) 16 Leases from 1 April 2024, following several previous delays. IFRS 16 supersedes the previous International Accounting Standard (IAS) 17 and will be a change in accounting policy for the 2024-25 financial year.

2.3.2 Under IAS 17, finance leases are those that give the lessee "substantially all the risks and rewards [of] ownership". Leases which meet the criteria are treated as acquisitions of the leased asset, meaning that an asset and a liability are recognised on the council's balance sheet as a result of the lease. Any lease not meeting these criteria are classed as operating leases, and payments for these leases are expensed through the Comprehensive Income & Expenditure Statement (CIES), with no further impact on the council's balance sheet. IFRS 16, however, removes this distinction for leases where the council is lessee (customer), instead mandating that most leases will be recognised on the council's balance sheet as a matching "Right of Use" ("RoU") asset and liability.

2.3.3 The CIPFA Code of Practice on Local Authority Accounting (the Code)'s interpretation of IFRS 16 removes the requirement for leases to be in exchange for consideration (payment). This means that any current "peppercorn" arrangements (explained in 2.1.6) meeting the criteria of a lease will be brought onto the council's balance sheet at the fair value of the underlying asset.

2.3.4 However, accounting for leases where the council is the lessor ('landlord') is fundamentally unchanged.

2.3.5 Although full implementation of this standard is from 1 April 2024, and therefore does not affect the main body of the 2023-24 Statement of Accounts, the council is required to disclose the approximate impact of the transition to this new standard in the 2023-24 accounts.

Impact of IFRS16 on the 2023-24 Statement of Accounts

2.4.1 The Code details the transitional arrangements required for current leases. Existing finance leases are not immediately affected by transition; however, there will be a future impact as under IFRS 16, lease liabilities will be remeasured (recalculated) if there is a change to payment amounts, for example due to a change in an inflation index.

2.4.2 Operating leases are transitioned to IFRS 16 accounting by recognising a RoU asset and liability at the present value of remaining lease payments, discounted using the council's incremental borrowing rate for a new asset of a similar value and remaining life as at 1 April 2024. The council will use Public Works Loan Board (PWLB) rates as its incremental borrowing rate. The suitability of these rates as a proxy for the council's incremental borrowing rate will be re-assessed regularly post implementation.

2.4.3 The transitional arrangements for the implementation of IFRS 16 set out by the Code

mandates that local authorities make use of some exemptions. Any leases that are either “low value” or “short-term” are exempt from the requirements of the standard, and as such, payments in respect of these go through the CIES as an expense.

- 2.4.4 “Low value” leases are defined as leases where the leased asset, when new, would be valued at below £10,000 – we have chosen this limit to match the capital de minimis level. Neither vehicles nor any “low value” leases which the council then sub-lease to a third-party can be classed as “low value”.
- 2.4.5 “Short-term” leases are those which are for a period of one year or less. Additionally, and only for the year of initial application (2024-25), any lease which ends within 12 months from initial application is also exempt.
- 2.4.6 Current “peppercorn” leases which are not recognised on the council’s balance sheet may need to be valued by our external valuers. This will be dependent on our assessment of materiality. “Peppercorn” leases are arrangements which meet the criteria of a lease under IFRS 16, but are in exchange for either nil consideration, or significantly below market rate.
- 2.4.7 The council’s PFI arrangements will also be affected by IFRS 16, as they will need to be remeasured to reflect all past inflationary increases – which is not currently needed under IAS 17. This will likely result in a large increase (~£17m) in PFI assets/liabilities during 2024-25.
- 2.4.8 The implementation of IFRS 16 is likely to have a material impact upon the council’s financial statements. The current approximate expectation of **additional RoU asset and liabilities** on the council’s balance sheet as at 1 April 2024 (from known non-“peppercorn” arrangements) is £21m. Because both assets and liabilities will be recognised, there will be a net nil impact overall on the net assets in the Council’s balance sheet.

<u>What?</u>	<u>Approximate Impact at 1/4/2024</u> <u>£m</u>	<u>Notes</u>
Current Operating Leases	4	Does not include "peppercorn" arrangements
PFI Arrangements	17*	
Current Finance Leases	0*	Finance leases will be remeasured during 24/25 depending on indexation etc.

**Existing finance lease/PFI arrangement assets and liabilities will only be re-measured when an underlying inflation index changes. The PFI figure is an approximate value post this re-remeasurement; the corresponding impact on existing finance leases has not been calculated.*

Preparation for IFRS 16: 2023-24 Statement of Accounts

- 2.5.1 It is possible that there may be contracts or arrangements that would meet the criteria of a lease under IFRS 16, which we do not have sufficient information about. The Procurement team is in the process of performing a data collection exercise on the council’s contracts, and as part of this the Finance team are collecting information on whether any of these contracts are leases. We will then use this to calculate the approximate impact of any newly

identified leases.

- 2.5.2 The data collected from this process will also evidence to external audit that there has been a process for identifying contracts which are, or contain, a lease, and should provide assurance that the council will be ready for full implementation from 1 April 2024.
- 2.5.3 We are currently in the process of agreeing standardised processes for transition accounting and are developing and updating a list of assumptions inherent in these processes. We are also in the process of preparing briefing notes on all major decisions and assumptions, to be discussed with KPMG.
- 2.5.4 After we have finished this data collection exercise, we plan to perform a gap analysis by comparing the data collected against the current lease register, the contract register, the general ledger, and the Council's asset management software (Concerto). This should enable us to identify any missed areas or significant inaccuracies.

Preparation for IFRS 16: 2024-25 Statement of Accounts (and beyond)

- 2.6.1 In advance of full implementation from 1 April 2024, the Finance team are working with colleagues across the council to prepare for the wider-reaching impacts of IFRS 16:
- Work is already underway with the Procurement team to embed a process of identifying IFRS 16 Leases in the initial procurement of a contract.
 - The Finance team will also be working with the Property team to update Concerto with information obtained from the data collection exercise, and to ensure that all data required for IFRS 16 accounting can be stored on this system. Inquiries are also underway as to whether this system can be used as a lease accounting software package.
 - The recognition of additional assets and liabilities on the council's balance sheet will impact upon the Capital Financing Requirement (CFR) and other prudential indicators. Therefore, the 2024-25 Treasury Management Strategy will need updating and agreeing by Full Council.
 - All non-exempt lease expenditure under IFRS 16 will now be classed as capital in nature; therefore, we need to determine how we account for this in management accounts as well as financial accounts, and how this fits with the existing governance arrangements in place for capital expenditure.
 - Changes to the council's accounting policies will be needed for the 2024-25 financial year; these will be presented to committee at a later date.

National picture

- 2.7.1 Since the committee last met, DLUHC has issued a consultation on proposals to address the backlog in the publication of audited accounts of local bodies. This consultation follows the issuing of a Joint Statement on 8 February 2024 by the public sector audit 'system partners' on proposals to clear the audit backlog and embed timely audit.

2.7.2 The National Audit Office has also consulted in parallel on related changes to the Code of Audit Practice, and CIPFA has launched a consultation regarding temporary changes to the Code of Practice on Local Authority Accounting for 2023-24 and 2024-25 to reduce burdens on the finance teams and auditors.

2.7.3 The Joint Statement sets out a package of measures consisting of three stages:

- Phase 1: Reset involving clearing the backlog of historical audit opinions up to and including financial year 2022-23 by 30 September 2024.
- Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

2.7.4 The DLUHC consultation is concerned with proposals to address the first two phases; the Council submitted a response to this by the deadline of 7 March 2024. Our main concerns were around the lack of proposed wording for a modified or disclaimed opinion and around the deadlines proposed for the draft accounts' publication:

- There has been no proposal to amend the deadline for draft accounts for 2023-24 from the 31 May 2024. Given the delay in external audits for previous financial years, this has a significant knock-on impact to the capacity local authority finance teams hold. Delivering draft accounts by 31 May 2024 is therefore an extremely challenging deadline. The CIPFA consultation on the Accounting Code of Practice will have little, if any, material benefit to the preparers of accounts for the current financial year due to the late timing of this (the consultation closes 28 March 2024).
- The backstop date proposal for 2023-24 audits is currently 31 May 2025, which is currently the same date that the 2024-25 draft accounts are due. There is therefore a risk that finance teams will be dealing with audit sign off and closedown simultaneously.

3. Significant issues and alignment with ambitions

There are no significant issues or implications for the ambitions:

- 3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes
- 3.2 Travel across the county is safer and more environmentally sustainable
- 3.3 Health inequalities are reduced

- 3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs
- 3.5 Helping people out of poverty and income inequality
- 3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised
- 3.7 Children and young people have opportunities to thrive

4. Source documents

[Council and committee meetings - Cambridgeshire County Council > Meetings \(cmis.uk.com\)](https://cmis.uk.com)

CIPFA/LASAAC Code of Practice on Local Authority Accounting 2023-24
(Chartered Institute of Public Finance and Accountancy)

IFRS 16 leases: a guide for local authority practitioners 2023 edition
(Chartered Institute of Public Finance and Accountancy)

[Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

[Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

[Consultation on short term England only measures in the Code | CIPFA](https://www.cipfa.org.uk)

Appendix A – Accounting Policies

GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2022-23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2022-23*, supported by *International Financial Reporting Standards (IFRS)*. The accounts are prepared on a historical cost basis, i.e., expenditure is included on the basis of the price actually paid rather than any additional allowance being made for changes in the purchasing power of money, modified by the revaluation of certain categories of property, plant and equipment. The accounting policies have been consistently applied where appropriate.

BASIS OF ACCOUNTING

The following accounting concepts have been applied in preparing the accounts:

- **Relevance:** the information in the accounts is useful in assessing the Council's performance.
- **Reliability:** the information in the accounts is complete, prudently prepared, reflects the substance of transactions and is free of deliberate or systematic bias or material errors.
- **Comparability:** a consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has a material effect on the information, this has been disclosed. Application of the terms of the Code ensure comparability.
- **Understandability:** the Council endeavours to ensure that an interested reader can understand the accounts.
- **Materiality:** in using its professional judgment, the Council considers the size and nature of any transaction, or set of transactions. An item is considered material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.
- **Going Concern:** the accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.
- **Primacy of Legislative Requirements:** the Council operates through the power of statute. Where legislation prescribes the treatment of transactions, then the accounting concepts outlined above may not be applied.

THE DE MINIMIS THRESHOLD

The de minimis threshold level has been set at £4,000 (this threshold has been used as a guideline across the Council, where it is sensible to refer to a de minimis in making accrual adjustments).

ACCRUALS OF INCOME AND EXPENDITURE

Revenue accounts are maintained on an accruals' basis. Expenditure is charged to the revenue accounts in the year in which goods and services are received and, similarly,

income is credited in the year to which it relates, regardless of the timing of cash payments or receipts. For example, accrued income is recognised where an amount is earned in the current accounting year, but is expected to be received in a subsequent year. Deferred income reflects any income which has been received in advance of it being earned and is recognised when it can be matched with the year in which it is earned.

Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

PROPERTY, PLANT AND EQUIPMENT

The Property, Plant and Equipment category refers to assets that are expected to be used for more than one year. All expenditure on the acquisition, creation, or enhancement of property, plant and equipment has been capitalised on an accruals basis, subject to the following accounting policies.

Recognition

New acquisitions are brought into the accounts at cost within the appropriate Property, Plant and Equipment balance and are then revalued during the following year. Expenditure on construction of new assets is also brought into the accounts at cost and included either within the Infrastructure, Vehicle, Plant, Furniture and Equipment, or Assets Under Construction. For capital schemes held within Assets Under Construction, once all the assets which are created or enhanced by a capital scheme become operational, the value is transferred to the appropriate category of Property, Plant and Equipment. Assets costing less than £10,000, or revalued to less than £10,000, are charged to the Comprehensive Income and Expenditure Statement.

The assets of local authority-maintained schools are recognised in the Council's financial statements, subject to the usual accounting requirements for long-term assets. Therefore, if there are any specific arrangements in place whereby the control of the asset does not lie with the Council, then the asset will not be recognised. The Council reviews all schools on an individual basis to determine where the control lies; at present, all community schools are held within the Council's Balance Sheet, whereas all academy schools are not. The Council transfers academy school assets on a 125-year lease, and as such they are subject to lessor finance lease policies (see leases policy, page 159). Long-term assets of foundation schools governed by a separate trust with no local authority control present are not consolidated, along with the long-term assets of most voluntary aided and voluntary controlled schools. This is due to the legislation contained within the School Standards and Framework Act 1998, as amended, that stipulates all non-playing field land shall be transferred by the local authority to the relevant diocese or trust. Only where there are

specific lease or other arrangements in place, does the Council hold the assets of these schools on the Council's Balance Sheet.

Infrastructure Asset Additions and De-recognitions

Capital expenditure incurred on the enhancement of existing Infrastructure Assets will be added to the value of the asset included within the asset register. The Code stipulates that if a new component of an asset is recognised, then the carrying amount of a replaced or restored part of the asset should be derecognised. Consequently, a de-recognition of the existing asset will occur, writing out the value attributable to the asset that has been enhanced / replaced (including any associated depreciation). As such, the value derecognised will be determined by the cost of the replacement asset, and assuming that the component replaced was at the end of its useful life.

Measurement

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value, plus Community Assets, are revalued at least every five years. In order to ensure that carrying values are kept in line with current values in the interim, all assets are revalued via desktop valuation in year two and by indexation in years three to five. The index applied to each asset is based on changes in Building Cost Information Service (BCIS) forecasts and land value estimations since the previous year.

Assets contained within Property, Plant and Equipment required to be measured at fair value are revalued every year. The effective date of revaluation for the rolling programme and all Surplus Assets is 30 November during the year in question, however as part of the carrying value assessment exercise, some assets are revalued again as at 31 March of the year in question and are potentially adjusted for indexation to 31 March.

Infrastructure and non-PFI Vehicle, Plant, Furniture and Equipment have been included in the Balance Sheet at depreciated historical cost, whilst Assets Under Construction have been included at historical cost. The cost therefore includes the original purchase price of the asset and the costs attributable to bringing the asset to a working condition for its intended use.

However, for Infrastructure this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. The value of Infrastructure assets within the accounts also includes a lump sum removal in 1998 when Peterborough City Council was formed, becoming independent of Cambridgeshire County Council. This lump sum is not broken down on an asset-by-asset basis, in line with how Infrastructure Assets are recorded in the Asset Register. Subsequent additions and enhancements are recorded at cost on a project-by-project basis rather than by asset, therefore additions and enhancements may relate to a number of individual Infrastructure assets.

Land and Building assets and PFI Vehicles, Plant, Furniture and Equipment assets have been included in the Balance Sheet at their current value. Operational Property, Plant and Equipment is valued using Existing Use Value whereas specialised assets are valued using Depreciated Replacement Cost. The valuation of the farms' estate, included within the Land and Building figures, is based on a discounted cash flow of future rental income and capital

receipts, which is a type of Existing Use Valuation. Assets identified as surplus to requirements are measured at fair value based on highest and best use. Assets that are subject to part disposals are revalued in the year of disposal. Assets held at current or fair value are split into land and building components, with the building element further subdivided in order to be depreciated over appropriate estimated useful lives. The four building components used are Roof, Structure, Machinery and Equipment, and Externals.

Capitalisation of Borrowing Costs

Where capital expenditure costs are:

- Directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset.
- Probable that they will result in future economic benefits or service potential to the Council.
- Measured reliably.

Borrowing costs shall be capitalised and form part of the cost of that non-current asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready (over a year) for its intended use or sale.

Where the Council borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Council shall apply a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs that are outstanding during the period.

The amount of borrowing costs capitalised shall not exceed the amount of borrowing costs incurred during the period.

The commencement of capitalisation begins when all the following conditions are met:

- Expenditure in respect of the asset is incurred.
- Finance costs in respect of the asset are incurred.
- Activities that are necessary to develop an asset are in progress.
- Borrowing funding for a project is expected to total over £500k before the asset is operational.

Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalisation will be suspended during periods in which active development is interrupted.

Depreciation

Land is held at current value and not depreciated. Property, Plant and Equipment assets other than land, are depreciated over their useful economic lives using the straight-line method. An exception is made regarding depreciation for assets without a determinable finite useful life (i.e., some Community Assets) and assets that are not yet available for use (i.e., Assets Under Construction). Depreciation is applied using the following month convention (except for Infrastructure and Vehicle, Plant, Furniture and Equipment), where

depreciation is not charged in the month of acquisition, but a full month's depreciation is charged in the month of disposal.

Useful economic lives for depreciating Property, Plant and Equipment assets are as follows:

- Buildings (including Surplus and some Community Assets) – 5 to 60 years, in line with the Council's componentisation policy which specifies different useful economic lives according to the type and condition of the component.
- PFI schemes: Vehicles, Plant, Furniture and Equipment – 3 to 26 years.
- Non-PFI schemes: Vehicles, Plant, Furniture and Equipment – 3 to 10 years.
- Infrastructure – 50 years.

Upon a review of asset lives, depreciation is calculated over the revised remaining useful life of the asset.

FAIR VALUE MEASUREMENT

The Council measures some of its non-financial assets such as Surplus Assets and Investment Properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

CAPITAL ACCOUNTING

Two reserve accounts are required in the Council's Balance Sheet for capital accounting adjustments:

- **The Revaluation Reserve** - this contains the balance of the surpluses or deficits arising on the periodic revaluation of property, plant and equipment. The Revaluation Reserve contains only gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.
- **The Capital Adjustment Account** - this absorbs the timing differences arising from the different arrangements for accounting for the consumption of property, plant and equipment and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement, via charges for depreciation, impairment losses and amortisations which are initially debited to the Comprehensive Income and Expenditure Statement. These are then transferred in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account. Reconciling postings from the Revaluation Reserve convert the fair value figures to a historical cost basis. The account is also credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement.

The above accounts are not available to fund future expenditure.

CAPITAL RECEIPTS

When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement. Any receipts from disposals, net of costs of disposal, are also credited to the Comprehensive Income and Expenditure Statement. Costs associated with disposal can be funded from the associated capital receipt as long as they are less than 4% of the value of the proceeds. Any disposal costs over this level must therefore be funded by revenue.

The gain, or loss, on the disposal of a long-term asset is the amount by which the disposal proceeds, net of disposals costs, are more (gain) or less (loss) than the Balance Sheet value of the long-term asset. Any previous revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account on disposal.

Income that is not reserved for the repayment of external loans, and has not been applied in financing capital expenditure, is shown on the Balance Sheet within the Usable Capital Receipts Reserve.

CHARGES TO REVENUE FOR LONG-TERM ASSETS

Revenue accounts are debited with the following amounts to record the real cost of holding long-term assets during the year:

- Depreciation attributable to the assets used by the relevant service (as per the Depreciation policy on page 150).

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible long-term assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses, or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (see the Debt Redemption policy on page 165). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Some expenditure is incurred during the year that may be treated as capital under statutory provisions but does not result in the creation of a long-term asset (e.g., expenditure on academy schools). Instead of capitalising this expenditure, it is charged to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of this expenditure from existing capital resources, those resources are also credited to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of expenditure by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

HERITAGE ASSETS

Heritage Assets are a distinct class of asset which are reported separately from Property, Plant and Equipment and Intangible Assets. The Council holds these assets principally for future generations because of their contribution to knowledge, the environment, and the culture of the County.

The Code requires authorities to recognise Heritage Assets where the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining this information outweighs the benefits to the users of the financial statements, the asset is not recognised on the Council's Balance Sheet, but commentary is included in the notes to the financial statements. Where valuations are made, an appropriate method is adopted; for example, this may include insurance valuations of museum collections.

The Council's different classes of Heritage Assets are treated as follows:

- Archives collections – recognised in the Balance Sheet at insurance valuation where available.
- Museum collections – recognised in the Balance Sheet at insurance valuation.
- Art works – recognised in the Balance Sheet at insurance valuation.
- Archaeological artefacts and ecofacts – not recognised in the Balance Sheet due to a lack of reliable valuation information.

- Civic regalia – not recognised in the Balance Sheet due to being considered as immaterial and a lack of reliable valuation information.

The Council reviews the carrying amounts of Heritage Assets carried at valuation on a yearly basis to ensure they remain current. Depreciation is not charged on Heritage Assets which have indefinite lives, but impairment reviews are carried out where there is physical deterioration, or if new doubts as to the authenticity of the Heritage Asset exist.

INVESTMENT PROPERTIES

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The cost of work in progress, which is included in the Group Accounts, comprises; the acquisition cost of land, construction costs and professional fees (capitalised borrowing costs are removed as they are intragroup). Net realisable value is the estimated selling price in the ordinary course of business, less applicable, variable selling expenses. If cost falls below net realisable value, then an applicable impairment provision is recognised in the Comprehensive Income and Expenditure Statement.

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument (e.g., Public Works Loan Board borrowing). Financial liabilities are initially measured at fair value and subsequently carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus any accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place, as part of a restructuring of the loan portfolio that involves the modification or exchange of existing financial instruments, the premium or discount is respectively deducted from, or added to, the amortised cost of the new or modified loan. The write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain, or loss, over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to, or from, the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

FINANCIAL ASSETS

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable. The interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the 'Financing and Investment Income and Expenditure' line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

GOVERNMENT GRANTS

Government grants, and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions. There are two types of stipulations; conditions and restrictions:

- Conditions are stipulations that specify that the future economic benefits or service potential embodied in transferred assets are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.
- Restrictions are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified.

The key difference between a condition and a restriction is that a condition requires the grant funder or donor to have a right to the return of their monies or the donated asset (or similar equivalent compensation). However, if recovery of the grant / donation is only possible indirectly by, for instance, legal action for breach of contract or withholding payment of other monies due separately to the Council without a right to have done so, then this will amount to a restriction rather than a condition.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement and reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure it is posted to the Capital and Contributions Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants and Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

COUNCIL TAX AND NON-DOMESTIC RATES

In England, billing authorities act as agents on behalf of major preceptors in collecting council tax and non-domestic rates (NDR). This is because the legislative framework for the Collection Fund states that billing authorities and major preceptors share proportionately:

- the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.
- the effect of any bad debts written off.
- the movement in the impairment provision.

The Council, as a major preceptor, is therefore required to include the appropriate share of the council tax and NDR receivables in its Balance Sheet as well as an appropriate share of the Collection Fund surplus / deficit for the year within its Comprehensive Income and Expenditure Statement.

LONG-TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

PRIVATE FINANCE INITIATIVE (PFI) SCHEMES

PFI contracts are agreements to receive services, where the responsibility for making available the long-term assets needed to support the delivery of those services passes to the PFI contractor in return for an annual fee. The Code of Practice requires that PFI contracts are accounted for in a manner consistent with the adoption of *International Financial Reporting Interpretations Committee (IFRIC) 12: Service Concession Arrangements* as contained in the Government's *Financial Reporting Manual (FreM)*, and means that assets and liabilities are recognised on the Council's Balance Sheet where the Council substantially controls the use of the assets involved and any associated residual interest. As the Council is deemed to control the services that are provided under its PFI schemes and, as the ownership of the property, plant, and equipment will pass to the Council at the end of the contract, the Council carries the long-term assets used under the contracts on the Balance Sheet in line with the requirements of *IFRIC 12*.

The original recognition of these assets is at historical cost the year after they are made available for use, and when revalued, at current value in existing use. This is matched by the recognition of an equivalent liability for amounts due to the scheme operator to pay for the capital investment. PFI assets are revalued and depreciated in the same way as any other property, plant, and equipment owned by the Council.

Annual unitary charges that are paid by the Council to PFI operators can be analysed into five elements:

- Current value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

- Finance cost – an interest charge on the outstanding Balance Sheet liability calculated by applying the implicit interest rate in the lease to the opening lease liability for the year. This is debited to the 'Financing and investment income and expenditure' line.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the 'Financing and investment income and expenditure' line in the Comprehensive Income and Expenditure Statement.
- Payment towards the liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Life cycle replacement costs – this refers to the replacement of individual components within the PFI asset portfolio to ensure that the condition of the whole property meets the agreed standard throughout the life of the PFI contract. A proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Prudent provision for PFI schemes is made within the annual unitary charge, based on the part of the unitary payment that goes to write down the matching liability for assets recognised on the Balance Sheet.

Central government support for PFI schemes is in the form of PFI credits. These are a measure of the private sector investment which is supported by central government departments and are a promise that PFI revenue grant can be claimed once the project is operational. The level of PFI credits determines the amount of grant that can be claimed by the Council, which is calculated as an annuity based on the level of PFI credits and the contract length. (Further detail on the PFI contracts is given in the PFI note, Note 36)

LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Council as Lessee

Finance leases

Property, Plant and Equipment assets held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor and initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability and contingent rents are charged as expenses in the years in which they are incurred. Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment and a finance charge.

As with other long-term assets, the Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements (see the Debt Redemption policy on page 165). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Council as Lessor

Finance leases

Where the Council grants a finance lease on a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property (applied to write down the lease debtor (together with any premiums received)), and finance income. 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.

Any gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, it is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council grants an operating lease over a property, or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the

lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are 'adjusting' and 'non-adjusting' events, both favourable and unfavourable, that occur between the end of the reporting year and the date when the Statement of Accounts is authorised for issue.

An 'adjusting' event is where evidence of the conditions of that event existed at the Balance Sheet date. A 'non-adjusting' event is indicative of conditions that arose after the Balance Sheet date, but prior to the issue of these accounts.

Material events that relate to conditions that did not exist at the Balance Sheet date are disclosed by way of a note to the financial statements.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition, and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement cash, and cash equivalents, are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

BENEFITS PAYABLE DURING EMPLOYMENT

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

TERMINATION BENEFITS

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the

General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

POST EMPLOYMENT BENEFITS

The majority of employees of the Council are members of two separate pension schemes:

- **The Teachers' Pension Scheme**, administered by Capita Teachers' Pensions on behalf of the Department for Education (DFE);
- **The Local Government Pension Scheme**, administered by Cambridgeshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees of the Council.

The Teachers' Pension Scheme

The arrangements for the Teachers' Pension Scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme as follows:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – market value
 - unquoted securities – professional estimate
 - unitised securities – closing bid price
 - property – market value
- The change in the net pension liability is analysed into service cost and re-measurement components.

Service Cost elements comprise:

- **Current service cost:** the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- **Past service cost:** the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Cost of Services in the Comprehensive Income and Expenditure Statement.
- **Net interest on the net defined benefit liability** (i.e., the net interest expense for the Council) – the change during the year in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit liability at the beginning of the year, taking into account any changes in the net defined benefit liability during the year as a result of contribution and benefit payments.

Re-measurements comprise:

- **Expected return on plan assets:** excluding amounts included in the net interest on the net defined benefit liability. These are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Actuarial gains and losses:** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- **Contributions paid to the pension fund:** cash paid as employer contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. This means that there are appropriations to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year-end.

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts through the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and recorded against the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The Council's reserves are categorised as follows:

- **Usable reserves** - those reserves that contain resources that a council can apply to the provision of services, either by incurring expenses or undertaking capital investment, whether or not there are particular restrictions on exactly what the resources can be

applied to. The Council's usable reserves include the General Fund balance and Earmarked reserves.

- **Unusable reserves** – those that a council is not able to utilise to provide services. This category of reserves includes:
 - Reserves that hold unrealised gains and losses (the Revaluation Reserve), where amounts will only become available to provide services (or limit resources in the case of losses) once the gains / losses are realised as the assets are disposed of.
 - Adjustment accounts which deal with situations where income and expenditure are recognised statutorily against the General Fund balance on a different basis from that expected by accounting standards as adopted by the Code. The accounts will carry either a debit balance (showing that the Council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the Council has set resources aside under statute earlier than accounting standards require). Examples of this category of reserves are the Capital Adjustment Account, Pensions Reserve and the Accumulated Absences Account.

DEBT REDEMPTION

The Council is required to make a provision for the repayment of debt in accordance with guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

A change in policy was introduced in 2015-16 for the proportion of the provision that relates to the historic debt liability that had accumulated to 31 March 2010. Up until 2014-15 this element of the provision was calculated using Option 1 of the Guidance, the "Regulatory Method", which based the calculation on 4% of the Capital Financing Requirement, amended for Adjustment A, on a reducing balance basis. From 2015-16 this debt liability will be provided for using an annuity calculation methodology, allowable under the DCLG Guidance.

Capital expenditure incurred from 2010-11 onwards will be subject to Minimum Revenue Provision (MRP) in the year after the asset has become operational. MRP will be provided for under Option 3 of the DCLG Guidance and will be based on the estimated useful life of the assets, using the equal annual instalment method.

Estimated life periods will be determined under delegated powers. To the extent that expenditures do not create an asset and are of a type that are subject to estimated life periods that are referred to in the guidance, these estimated life periods will generally be adopted by the Council. In view of the variety of types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.

The policy will be reviewed annually to ensure prudence is achieved from using the options available and the option to delay charges until the year after the asset comes into operation (the MRP holiday) will be used where applicable.

Where it is considered prudent to do so, non-operational assets will be excluded from the MRP calculation and any under or over provisions that are identified for previous years will be taken into consideration in the calculation of the current year's provisions and adjusted accordingly.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations that arise from past events that may or may not be incurred by the Council depending on the outcome of one or more uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed as a note to the financial statements.

VALUE ADDED TAX (VAT)

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it.

INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and / or joint ventures. The Council is involved with a number of entities, and where the interests are not material the nature and value of the relationship is disclosed within the single entity accounts. In line with the code requirements on group accounts and consolidation, maintained schools within the county are considered to be entities controlled by the Council. The income, expenditure, assets, liabilities, reserves, and cash flows of these schools are recognised within the Council's single entity accounts rather than group accounts.

Draft Internal Audit Plan 2024/5

To: Audit & Accounts Committee

Meeting Date: 28th March 2024

From: Head of Internal Audit & Risk Management

Electoral division(s): All

Executive Summary: In line with Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit develops and maintains a risk-based Audit Plan demonstrating how the work of the Internal Audit team will 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. This report presents the proposed Internal Audit plan for 2024/5.

Recommendation: Audit & Accounts Committee is requested to review and comment on the proposed draft Internal Audit Plan 2024/5.

Officer contact:

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Post: Head of Internal Audit & Risk Management

Email: Mairead.Claydon@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

- 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. As such, the maintenance of an effective system of internal audit contributes to the achievement of all seven of the Council's ambitions.

2. Background

- 2.1 The Accounts & Audit (England) Regulations 2015 require that the Council "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance."
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive (at Cambridgeshire County Council, this is the Head of Internal Audit & Risk Management) "must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals". The standards refer to the need for this 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.
- 2.3 The risk-based Audit 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.

3. Draft Internal Audit Plan 2024/25

- 3.1 The approach taken to risk-based audit planning at Cambridgeshire, and the proposed programme of work for the Internal Audit team in 2024/5, is set out in Appendix 1 to this report.

4. Significant Implications

4.1 Finance Implications

N/A

4.2 Legal Implications

Effective Internal Audit planning supports the Council's compliance with its obligations under the Accounts & Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards.

4.3 Risk Implications

Effective Internal Audit planning is risk-based, and should provide the Audit & Accounts Committee and management with an assurance over the effectiveness of risk management at the Council.

4.4 Equality and Diversity Implications

N/A

5. Source Documents

5.1 Draft Internal Audit Plan 2024/5 – Appendix 1.

DRAFT CAMBRIDGESHIRE COUNTY COUNCIL INTERNAL AUDIT PLAN: 2024/25

1. Approach to Internal Audit Planning:

1.1 At Cambridgeshire County Council, Internal Audit has recognised that the Annual Internal Audit 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.

1.2 In practice, this means that the ‘core’ element of the Plan is set annually, while the ‘flexible’ element of the Plan is presented as a series of rolling quarterly Audit Plans, based on current risk assessments. Quarterly risk assessments ensure that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of highest risk, and that the flexible plan is subject to regular challenge and comment by both CLT and the Audit and Accounts Committee.

1.3 This approach brings 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.
- 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.

2. Risk Assessment Process:

2.1 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 quarterly 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

2.2 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.

2.3 Finally, the plan is also balanced to ensure that over the course of the year, audit coverage is provided across the full range of different types of organisational risk, including financial and non-financial risk areas. More detail on this is provided at Section 5, below.

3. In-year Review and Update of the Audit Plan:

3.1 In Q4 of each financial year, CLT and the Audit & Accounts Committee are provided with a full draft Audit Plan for the next financial year, incorporating both the 'core' and 'flexible' audits planned, for review and challenge. Although this is an annual process, as outlined above the 'flexible' audit plan is expected to change throughout the year in line with the rolling quarterly risk assessments.

3.2 In the quarterly Internal Audit reporting, CLT and the Audit & Accounts Committee are asked to approve the next quarter's 'flexible' plan. They are also 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.

4. Audit Plan 2024 – 25 Resources:

4.1 The Audit Plan for 2024 – 25 seeks to remain dynamic, challenging and prioritised based on the organisation's risks. The draft 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.

4.2 The Internal Audit coverage for 2024/25 is proposed as 1,750 days, in line with previous years. This is split across the 'core' and 'flexible' plans as follows:

- 'Core' Plan: 995 days
- 'Flexible' Plan: 755 days

4.3 In order to manage resources effectively, Internal Audit estimates the time requirement for each individual audit; these time allocations are set out at Section 5 and 6, below. In practice, the amount of time spent on each piece of work may vary, depending on business need and risk.

5. Audit Plan 2024 – 25 Risk and Assurance Coverage:

5.1 Within the resource days set out above, the Internal Audit plan needs to include an appropriate and comprehensive range of work aligned to the full range of organisational risks. This must be sufficient to inform the annual audit opinion of the Head of Internal Audit; in line with Public Sector Internal Audit Standards, this opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

5.2 In order to achieve this cross-cutting assurance across a wide range of Council activities and risks, 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.

5.3 The 'assurance blocks' are closely aligned to the Council's key corporate risks as identified on the Corporate Risk Register; this can be summarised as follows:

- **Business Continuity** – Providing assurance over the controls in place to manage potential threats and disruptions that could impact the Council’s ability to continue its operations and deliver its services. Links to Risk 4 on the Corporate Risk Register: “A serious incident occurs, preventing services from operating and/or requiring a major/critical incident response.”
- **Financial Governance** – Providing assurance over the controls in place to manage the Council’s financial resources effectively and in compliance with relevant laws, regulations, and internal policies. This includes annual review of the Council’s key financial systems, and the review of grant expenditure which requires sign-off from the Head of Internal Audit. Links to Risk 3 on the Corporate Risk Register: “The Council does not have enough budget to deliver agreed short and medium-term corporate objectives.”
- **Fraud & Corruption** – Providing assurance over the controls in place to prevent and detect fraud, theft, corruption, and similar attempts to circumvent the normal functioning of the organization’s financial systems and controls. Includes an annual allowance of time for the Internal Audit team to investigate any allegations of fraud, theft or corruption. Links to Risk 8: “The Council is a victim of cyber crime” and Risk 3: on the Corporate Risk Register: “The Council does not have enough budget to deliver agreed short and medium-term corporate objectives.”
- **Governance** – Providing assurance over the controls in place to direct and control the Council’s activities. In practice, the Council’s corporate governance framework encompasses elements of all the assurance blocks listed in this report; the focus of the ‘governance’ block of the Audit Plan centres around coverage of key cross-cutting governance areas that are not accounted for within other assurance blocks.

In addition to time for general governance-related work such as reviewing the Council’s Code of Corporate Governance and supporting the production of the Annual Governance statement, this includes (but is not limited to) the performance management framework, HR policies, whistleblowing, and governance of partnerships and Council-owned companies. This assurance block primarily links to Risk 5: “Failure of corporate governance” as well as Risk 7: “The Council’s workforce is not able to meet business need” and Risk 11: “Failure of Collaborative Working” on the Corporate Risk Register.

- **ICT & Information Governance** – Providing assurance over the controls in place to manage the Council’s data and IT infrastructure securely and effectively in line with legislation and best practice guidance. Links to both Risk 8: “The Council is a victim of cyber crime” and Risk 9: “The

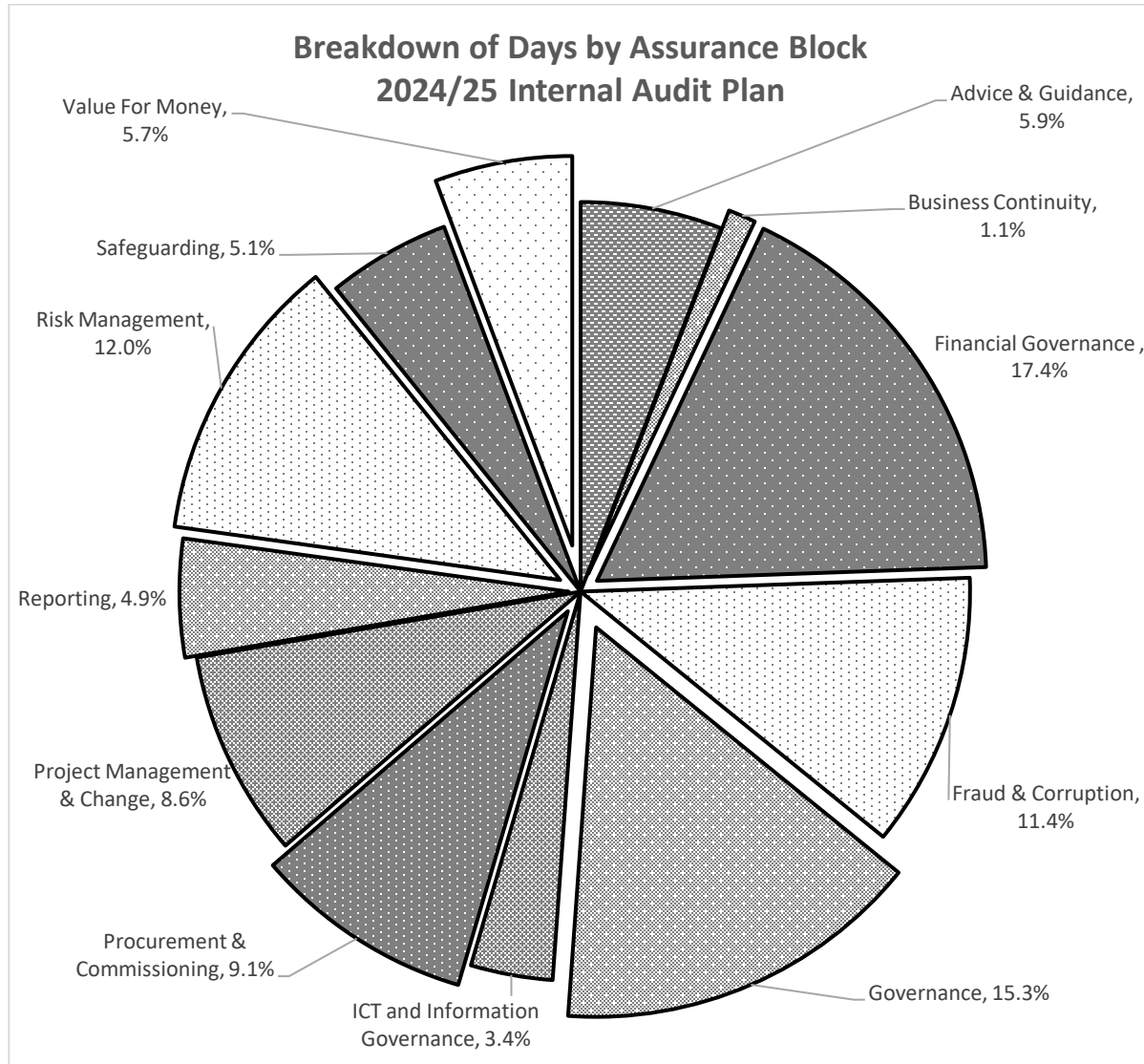
Council fails to comply with Information Governance legislation and industry standards” on the Corporate Risk Register.

- **Procurement & Commissioning** – Providing assurance over the controls in place to ensure that the Council’s procurement, commissioning and contract management activity is conducted in line with legislation, the Council’s own regulations, and best practice, and achieves value for money. Links to Risk 10 on the Corporate Risk Register: “Failure of key contracts.”
- **Project Management & Change** – Providing assurance over the controls in place to ensure that the Council’s project and programme management and corporate change activity are managed effectively and in line with good practice to ensure that planned outcomes are delivered and risks are mitigated. Links to Risk 7: “Failure to deliver Key Council Services” and Risk 11 on the Corporate Risk Register: “Failure of Collaborative Working”.
- **Risk Management** – Allowance of time to support the development and implementation of effective risk management arrangements at Cambridgeshire County Council, as well as the provision of risk assurance reviews for risks on the Corporate Risk Register.
- **Safeguarding** – Providing assurance over the controls in place to safeguard the Council’s service users and to manage health and safety of staff, contractors and members of the public, in line with legislation and good practice. Links to Risk 1: “Council’s arrangements for safeguarding vulnerable adults fail” and Risk 2 on the Corporate Risk Register: “Failure of the Council’s arrangements to safeguarding vulnerable children and young people”.
- **Value for Money** – Providing assurance over controls in place to ensure that the Council uses public money efficiently and effectively to achieve its objectives. Links to Risk 3 on the Corporate Risk Register: “The Council does not have enough budget to deliver agreed short and medium-term corporate objectives.”

5.4 Visualising how the proposed Audit Plan is broken down by assurance block helps to demonstrate how the planned reviews will provide coverage across all key organisational risk areas.

5.5 The proposed approximate split of time across the 2024/25 Audit Plan by assurance block (based on the current indicative assessment of all four quarterly ‘flexible’ plans) is as follows:

Table 1: Analysis of Audit Plan by Assurance Block:

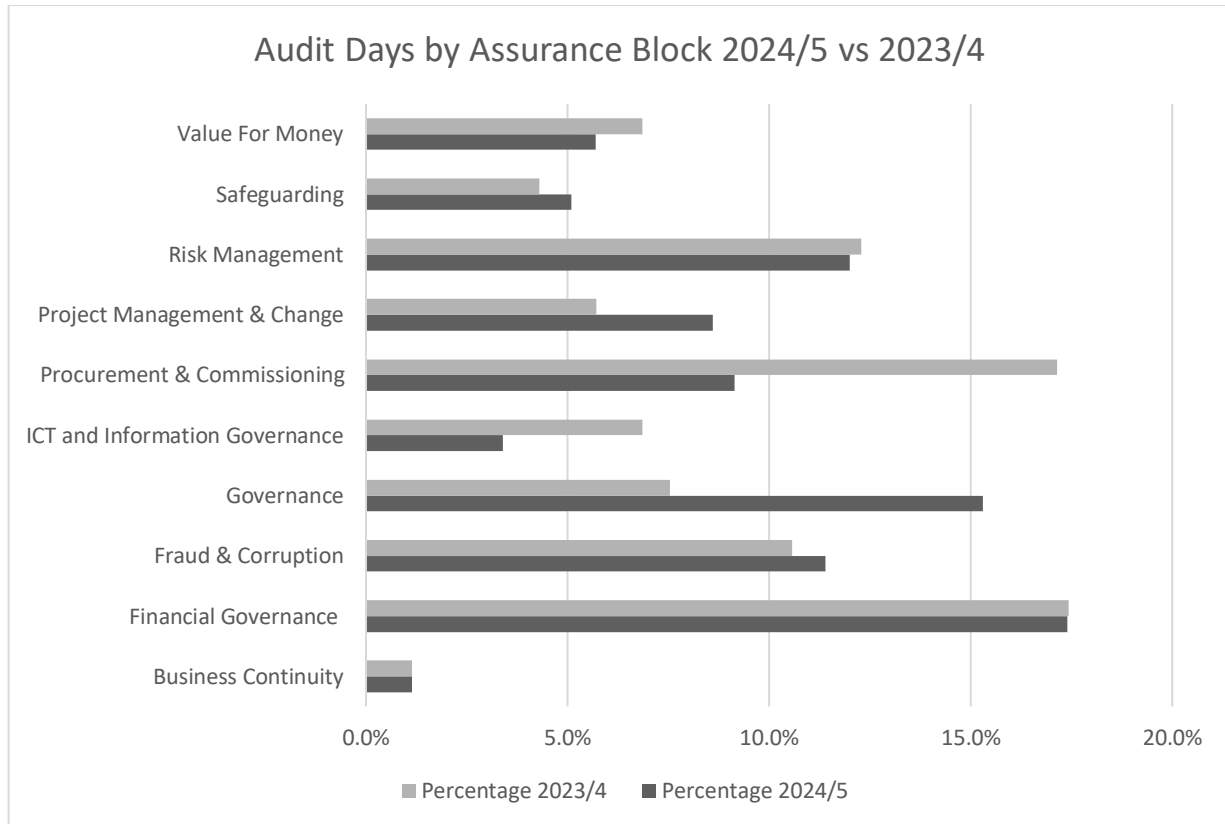


5.4 For comparison, the breakdown of time by assurance block for 2024/5 is presented against the equivalent time allocations at the start of 2023/4 in Table 2, below.

5.5 There is an increase in the percentage of the Internal Audit Plan allocated towards governance and project management and change risks in 2024/5. This reflects the Council’s continued focus on strengthening governance processes and responding to the Governance Review conducted in 2023, the pace of organisational change required to deliver the Council’s Business Plan, and the implementation of the new Change Portfolio processes Council-wide. This focus for the Internal Audit Plan for 2024/5 is expected to complement the priorities outlined in the organisation’s Annual Governance Statement and associated action plan.

5.6 Conversely, there is a reduction in the allocation of time towards audit of ICT & Information Governance and Procurement & Commissioning, which reflects the significant volume of audit work completed in these areas in 2023/4; equally, time on Procurement & Commissioning continues to form a significant portion of the overall plan, with 9.1% of the plan (200 days) dedicated to assurance in this area.

Table 2: Analysis of Audit Plan by Assurance Block 2024/5 vs 2023/4:



5.6 It should be noted that while each audit has been allocated a single primary ‘assurance block’ for the purposes of this illustration of the cross-cutting nature of the Audit Plan, in practice most audits will provide some level of assurance across multiple assurance blocks. For example, a review of a social care contract would be allocated to the ‘procurement and commissioning’ assurance block, but would be likely to include coverage of safeguarding, business continuity and value for money risk areas, in addition to the primary assurance area.

5.7 Full detail of the proposed coverage is set out below, in sections 6 and 7.

6. ‘Core’ Internal Audit Plan 2024/25

6.1 The 'Core' Plan for 2024/25 is largely equivalent to the Core Plan in 2023/24. The key changes are:

- Adjustments to the Grant Audit section to reflect actual grants which require certification in 2024/25, as this varies by year. The overall number of grants requiring certification by Internal Audit is expected to increase in 2024/25; a contingency allowance of 20 days has also been included, as in previous years several grants requiring Internal Audit certification were identified by Council services after the start of the financial year.
- The allowance of time for managing whistleblowing referrals and investigations has been increased, to reflect the higher numbers of whistleblowing referrals received in 2023/24.
- Colleagues at West Northamptonshire Council have confirmed that they are no longer able to resource the 2023/4 audit of Debt Recovery as planned. The Cambridgeshire Internal Audit team have agreed to complete the 2023/4 audit work early in the new financial year; however this does create a pressure in the 2024/5 Audit Plan.
- The allowance of time for Committee reporting has been slightly increased, to reflect the increase in requests for Committee reporting in 2023/4.

6.2 The detail of the proposed plan can be found at Table 3, below:

Table 3: Proposed 'Core' Internal Audit Plan 2024/25:

Audit	Directorate	Assurance Block	Days	Added Value
Total Days in the Core Internal Audit Plan:			995	
Annual Audit Reviews of Key Financial Systems			145	
Accounts Receivable	CCC	Financial Governance	20	Annual assurance that information in Key Financial Systems is accurate and reliable, and that systems contain appropriate controls to manage risks, prevent fraud, and ensure accurate financial reporting.
Purchase to Pay	CCC	Financial Governance	20	Annual assurance that information in Key Financial Systems is accurate and reliable, and that systems contain appropriate controls to manage risks, prevent fraud, and ensure accurate financial reporting.
Payroll	CCC	Financial Governance	25	Annual assurance that information in Key Financial Systems is accurate and reliable, and that systems contain

Audit	Directorate	Assurance Block	Days	Added Value
				appropriate controls to manage risks, prevent fraud, and ensure accurate financial reporting.
Treasury Management	CCC	Financial Governance	20	Annual assurance that information in Key Financial Systems is accurate and reliable, and that systems contain appropriate controls to manage risks, prevent fraud, and ensure accurate financial reporting.
Debt Recovery	CCC	Financial Governance	40	Annual assurance that information in Key Financial Systems is accurate and reliable, and that systems contain appropriate controls to manage risks, prevent fraud, and ensure accurate financial reporting. Additional time allowance for the delayed 2023/4 debt recovery review which will be completed in early 2024/5.
Pensions Administration	CCC	Financial Governance	20	Annual assurance that information in Key Financial Systems is accurate and reliable, and that systems contain appropriate controls to manage risks, prevent fraud, and ensure accurate financial reporting.
Grant Certification Work Required In-Year			100	
Supporting Families	CEF	Financial Governance	23	Annual cycle of grant certification.
Local Transport Capital Block Funding (Highways Maintenance)	P&S	Financial Governance	7	Annual cycle of grant certification.
Pothole and Challenge Fund	P&S	Financial Governance	5	Annual cycle of grant certification.
Disabled Facilities Grant	AH&C	Financial Governance	5	Annual cycle of grant certification.
Contain Outbreak Management Fund (COMF)	CCC	Financial Governance	5	Grant sign-off required in 2024/5.
Open to All Community Experience Grant	CEF	Financial Governance	5	Grant sign-off required in 2024/5.
Targeted Community Experience Grant	CEF	Financial Governance	5	Grant sign-off required in 2024/5.
Youth Investment Fund Pilot Grant	CEF	Financial Governance	5	Grant sign-off required in 2024/5.

Audit	Directorate	Assurance Block	Days	Added Value
Biodiversity Net Gain Grant	P&S	Financial Governance	5	Grant sign-off required in 2024/5.
Basic Needs Funding	CEF	Financial Governance	10	Annual cycle of grant certification.
A14 Grant	P&S	Financial Governance	5	Grant sign-off required in 2024/5.
Grants Contingency	CCC	Financial Governance	20	Contingency allowance for additional grant sign-off requirements.
Annual Allowance for Fraud Investigations & National Fraud Initiative			200	
Fraud Investigations	CCC	Fraud & Corruption	140	Allocation of time to receive and triage whistleblowing referrals and to investigate alleged fraud, theft or corruption.
Pro-active Counter Fraud Work	CCC	Fraud & Corruption	20	Allowance of time for pro-active Counter Fraud work. In 2024/25 this will include developing eLearning modules on Whistleblowing for Council staff.
Council Tax NFI Project	F&R	Fraud & Corruption	10	Providing support to the Council Tax NFI project with the District Councils.
National Fraud Initiative	CCC	Fraud & Corruption	30	Management of statutory National Fraud Initiative.
Strategic Risk Management and Assurance			210	
Annual Assurance on Risk Management	CCC	Risk Management	5	Maintaining the Corporate Risk Register, reporting to stakeholders and providing an annual assurance over the Council's Risk Management framework.
Risk Management	CCC	Risk Management	75	Strategic risk management processes, workshops and reporting.
Risk Assurance Reviews	CCC	Risk Management	130	A programme of compliance checks on key controls mitigating the Corporate risks and top Directorate-level risks, to provide assurance on whether critical controls are routinely complied with in practice.
Core Procurement & Commissioning Audit Work			40	(plus contract reviews in flexible Audit Plan)

Audit	Directorate	Assurance Block	Days	Added Value
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		A minimum of 160 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 quarterly planning.
Annual Core Governance Reviews			112	
Annual Governance Statement/Code of Corporate Governance	CCC	Governance	15	Supporting the production of the Annual Governance Statement, including a review of the Code of Corporate Governance.
Corporate Key Performance Indicator Framework	CCC	Governance	20	Providing an annual assurance over the accuracy 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.
Public Sector Internal Audit Standards (PSIAS) Review	CCC	Governance	5	Annual review to verify compliance with PSIAS.
Information Management Board	CCC	Governance	2	Attending panel to provide support on information management and security issues

Audit	Directorate	Assurance Block	Days	Added Value
Schools Assurance Auditing	CF&E	Governance	50	Annual assurance over key risks in schools, with a focus on financial governance and payroll risks.
Advice & Guidance Work			103	
Advice & Guidance	CCC	Advice & Guidance	50	Providing support and guidance to staff on ad-hoc queries.
Freedom of Information Requests	CCC	Advice & Guidance	8	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.
Management & Committee Reporting and Planning			85	
Committee Reporting	CCC	Reporting	30	Reporting to Audit and Accounts Committee.
Management Reporting	CCC	Reporting	30	Reporting to CLT.
Audit Plan	CCC	Reporting	25	Development of the Internal Audit Plan and continuous in-year revisions/updates.

7. 'Flexible' Internal Audit Plan 2024/25:

- 7.1 The 'flexible' Internal Audit Plan is split into rolling quarterly plans of around 200 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.
- 7.2 This programme of work is indicative only, and is subject to change throughout the year to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas. The team will continue to progress each quarter's work as outlined below at Table 4, assuming a full team structure; any shortfall will be re-profiled in future quarters:

Table 4: 'Flexible' Internal Audit Plan 2024/25:

Audit	Directorate	Category	Days	Added Value
Total days in the flexible Audit Plan:			755	
Proposed Flexible Audit Plan for Q1 2024/25:			190	
Investment Properties	F&R	Value For Money	20	Review of the management of the Council's investment properties to provide assurance they are

Audit	Directorate	Category	Days	Added Value
				managed effectively and deliver value for money.
Highways Contract	P&S	Procurement & Commissioning	30	Review to provide assurance over the implementation of key controls within contract management of the Council's Highways Contract, following up on the outcomes of previous audit work.
Disciplinary Policy & Application	S&P	Governance	20	Review of the Disciplinary Policy and its application, including the conduct of employment investigations, to provide assurance that disciplinary procedures are applied consistently and fairly, in line with good practice.
Direct Payments	AH&C	Value For Money	20	Review of direct payments policies and procedures and compliance with procedures in practice, to provide assurance that direct payments are managed in a way that safeguards public funds and ensures that they achieve best value.
Quality Assurance in Adult Social Care	AH&C	Safeguarding	20	Review of quality assurance arrangements in Adults, to provide assurance that arrangements ensure key safeguarding risks are mitigated through appropriate monitoring of practice.
Business Planning	CCC	Governance	30	Review of governance, compliance, management and monitoring, and benefits realisation. This will focus on a retrospective review of the 2023/4 Business Planning process, to inform the 2024/5 process.
Light Blue Fibre Ltd	P&S	Governance	20	Review of this Council-owned company with a focus on confirming appropriate governance arrangements in place, in line with Local Partnerships Guidance.
Waste PFI	P&S	Procurement & Commissioning	30	Review of the project managing the Council's biggest PFI contract, £35m p.a. gross budget to provide assurance over compliance with good practice in contract and project management.
Proposed Flexible Audit Plan for Q2 2024/25:			180	
Contract Price Variations	CCC	Procurement & Commissioning	20	Sample testing for compliance with the Council's guidelines for agreeing price variations in contracts, to

Audit	Directorate	Category	Days	Added Value
				provide assurance that cost increases are controlled appropriately.
IT Security for Employees Working Overseas	F&R	ICT and Information Governance	20	Review of policies on IT security for employees working overseas and assurance over compliance with policies in practice, to provide assurance that the risks associated with overseas working are managed effectively.
Capital Budgetary Control	F&R	Financial Governance	20	Review of budgetary control for capital budgets to provide assurance over the effectiveness of processes for budget forecasting and controlling virements. The review will also consider how effectively current arrangements support financial management of capital projects.
In House Foster Carers - New Applicants & Placements	CEF	Safeguarding	20	Review to provide assurance that the Council undertakes relevant checks and assessments on new in-house foster carers in line with regulations and government guidance including DBS checks, right to work checks, referencing, foster carer agreements etc. and that a robust system is in place to retain records of checks and approvals of new foster carers and fostering placements.
Greater Cambridge Partnership Arrangements	CCC	Governance	20	Review to provide assurance over Cambridgeshire County Council's relationship with the Greater Cambridge Partnership, with a focus on both governance and provision of professional and administrative support.
Social Care Debt Management	AH&C	Value For Money	20	Review of Council management of social care debt and progress with implementing actions from the Deep Dive review of debt, to provide assurance that debt is collected in a timely way and managed effectively to minimise the risk of write-offs.
Adult Social Care Finance	AH&C	Financial Governance	20	Assurance over the policies and processes in place within the Adults Social Care Finance team, with a particular focus on effectiveness of

Audit	Directorate	Category	Days	Added Value
				invoicing, cost recovery and the link to debt management.
High-Cost Placements (Childrens)	CEF	Value For Money	20	Review of high-cost external placements in Children's with a focus on residential and out-of-county placements, to provide assurance that placements are made in line with policy and achieve value for money while safeguarding service users.
Connecting Cambridgeshire Superfast Broadband	P&S	Project Management & Change	20	Review of this key contract with an annual value of £7.5m, and the wider governance of the Connecting Cambridgeshire programme, to provide assurance over the effectiveness of contract management and compliance with the Council's commissioning and governance frameworks.
Proposed Flexible Audit Plan for Q3 2024/25:			190	
IT & Digital Strategy & Service Planning	F&R	Business Continuity	20	Review of service planning within ITDS following the process of decoupling from PCC, with a focus on providing assurance over 'second line of defence' arrangements around cyber and data security, disaster recovery and the front door programme and customer services.
Projects Assurance (Non-Capital)	S&P	Project Management & Change	40	Review of a sample of key projects to provide assurance on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Project Framework & Projects Assurance.
Projects Assurance (Capital)	P&S	Project Management & Change	40	Review of a sample of key projects to provide assurance on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Capital Project Governance.
LDP Pooled Budget Disaggregation	AH&C	Project Management & Change	15	Review of the programme to disaggregate the pooled budget with health for the Learning Disability Partnership, to provide assurance over the effectiveness of governance and programme management arrangements, especially financial

Audit	Directorate	Category	Days	Added Value
				management and business continuity.
Dedicated Schools Grant (DSG) Safety Valve	CEF	Project Management & Change	15	Embedded assurance review of the Council's response to the DSG Safety Valve agreement, including a review of progress with implementing planned actions and programme management. This review will follow up on the findings of the previous audit in 2023/24.
Response to Information Security Incidents	S&P	ICT and Information Governance	20	Following up on information security incidents, to provide assurance that appropriate actions have been identified and implemented to prevent recurrence.
Recruitment Policy & Compliance	S&P	Governance	20	Review to provide assurance over compliance with the recruitment policy for permanent staff, to include checks on requirements around shortlisting, interviewing, verifying that staff meet minimum essential criteria, completion of training etc.
Contract Management - Integrated Sexual Health and Contraception Service	PH	Procurement & Commissioning	20	Review of this major contract with an estimated annual value of £4.1m, to provide assurance that contract management arrangements are effective and in line with good practice.
Proposed Flexible Audit Plan for Q4 2024/25:			195	
Minimum Revenue Provision	F&R	Financial Governance	20	Review of the calculation of the Council's Minimum Revenue Provision (MRP) to provide assurance that this is in line with statutory guidance. (N.B. if an external MRP review is commissioned then this will be removed from the Audit Plan)
Implementation of Ofsted Inspection Action Plan	CEF	Safeguarding	20	Review to provide assurance over the implementation of key actions arising from the Ofsted ILACS review in March 2024, to verify that plans to address key findings are in place and are being actively implemented and monitored.

Audit	Directorate	Category	Days	Added Value
Contract Management Policies & Compliance	CCC	Procurement & Commissioning	20	Review of contract management guidance and training available to managers in the organisation, and compliance with key controls in practice, to provide assurance that this is consistent with good practice and achieves value for money.
ICT Asset Inventory	F&R	ICT and Information Governance	20	Review of how physical ICT assets are inventoried and managed throughout the Council, to provide assurance that assets are recorded and managed effectively to achieve value for money throughout their lifecycle.
Integrated Care System Arrangements	CCC	Governance	25	Review of the Council's relationship with the Integrated Care System including the Integrated Care Board and Partnership, to provide assurance over the effectiveness of governance arrangements in place.
Change Portfolio	S&P	Project Management & Change	20	Review of the implementation of new change governance structures both centrally and throughout the Council's directorates, to provide assurance that these are effective at monitoring the delivery of objectives.
Care Agency Contract Monitoring	AH&C	Safeguarding	30	Review of the arrangements for monitoring care agencies who contract with the Council, with a focus on providing assurance over how the Council monitors agencies for compliance with safeguarding and health and safety requirements, as well as considering supplier resilience and continuity.
High Cost Placements (Adults)	AH&C	Value For Money	20	Review of high-cost care packages and Direct Payments in Adults to provide assurance that arrangements are made in line with policy and achieve value for money while safeguarding service users.
Governance of Lead Authorities Arrangements	F&R	Governance	20	Review of the governance arrangements to manage the Lead Authorities arrangements including ERP, to provide assurance that these are effective and represent value for money.

8. Key Performance Indicators 2024/25:

8.1 The Internal Audit team maintains and tracks Key Performance Indicators (KPIs) to monitor delivery of the Internal Audit Plan. The primary Key Performance Indicators reported to Committee are:

1. Delivery of the Agreed Internal Audit Plan:

(a) Measured by productive audit days delivered against the target of 1750 days in 2024/5.

(b) Measured by the number of individual reviews delivered against the agreed Audit Plan in 2024/5 (n.b. the number of individual reviews in the Plan varies throughout the year as the Plan is revised and re-stated).

2. Audit Team Productivity – measured as the percentage of available Internal Audit team time spent on direct delivery of activities within the Internal Audit Plan 2024/5 (target is 85% productivity).

3. Customer Feedback Survey Responses – the team issue Customer Feedback Surveys alongside every final audit report issued and request feedback from officers involved in the audit. The target is to improve average feedback scores against each of the five questions in the survey, year-on-year.

4. PSIAS Compliance – annual confirmation of team compliance with Public Sector Internal Audit Standards.

8.2 Updates on progress with indicator 1b are provided in Annex A to every Internal Audit Progress report to Committee. Updates on achievement of the other Key Performance Indicators are provided within the Internal Audit Annual Report, alongside other metrics such as the implementation of agreed audit actions.

8.3 As part of the Internal Audit team's Quality Assurance & Improvement Plan for 2024/5, the service is planning to conduct a review of its performance indicators and will report on the outcomes of this review in due course.

Annual Whistleblowing Report

To: Audit & Accounts Committee

Meeting Date: 28th March 2024

From: Head of Internal Audit & Risk Management

Forward Plan ref: N/A

Executive Summary: The annual report on the Council's Whistleblowing Policy and its operation in practice.

Recommendation: The Committee is asked to note the report.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 Maintaining an effective Whistleblowing Policy and 'speaking up' culture is a key way in which Cambridgeshire County Council seeks to maintain transparency and accountability, and to prevent and address any unethical behaviour or wrongdoing. In this way, the maintenance of effective whistleblowing procedures supports the Council to achieve all seven of its strategic ambitions.

2. Background

2.1 Internal Audit produce an annual report on the Council's Whistleblowing Policy. This seeks to identify any trends or patterns of concern in whistleblowing activity and gives the results of the annual staff survey on whistleblowing.

3. Whistleblowing at Cambridgeshire County Council

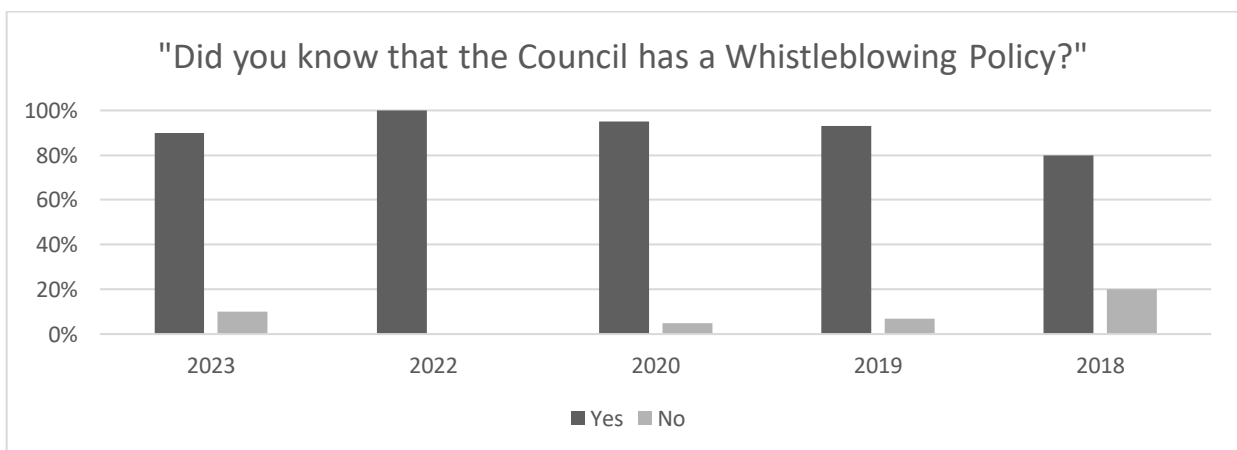
3.1 Staff Survey

3.1.1 A staff survey was conducted in November/December 2023 to gauge staff awareness of, and confidence in, the Council's Whistleblowing Policy. This year, the timing of the whistleblowing survey was deferred at the request of CLT, so as to not conflict with the main employee survey being conducted in September.

3.1.2 The survey was conducted using the same methodology as in previous years, to enable comparison of results over time. One hundred randomly selected members of staff were asked to complete an anonymous online survey, and 48 responses were received. This is an increase from 40 responses in 2022, 42 responses received in 2020 and 43 in 2019. The survey was not conducted in 2021.

3.1.3 90% of staff were aware of the existence of the Council's Whistleblowing Policy. This is a decrease from 100% in 2022, although staff awareness of the policy has improved since the first Annual Report and awareness campaign in 2018:

Table 1: Whistleblowing Policy Awareness

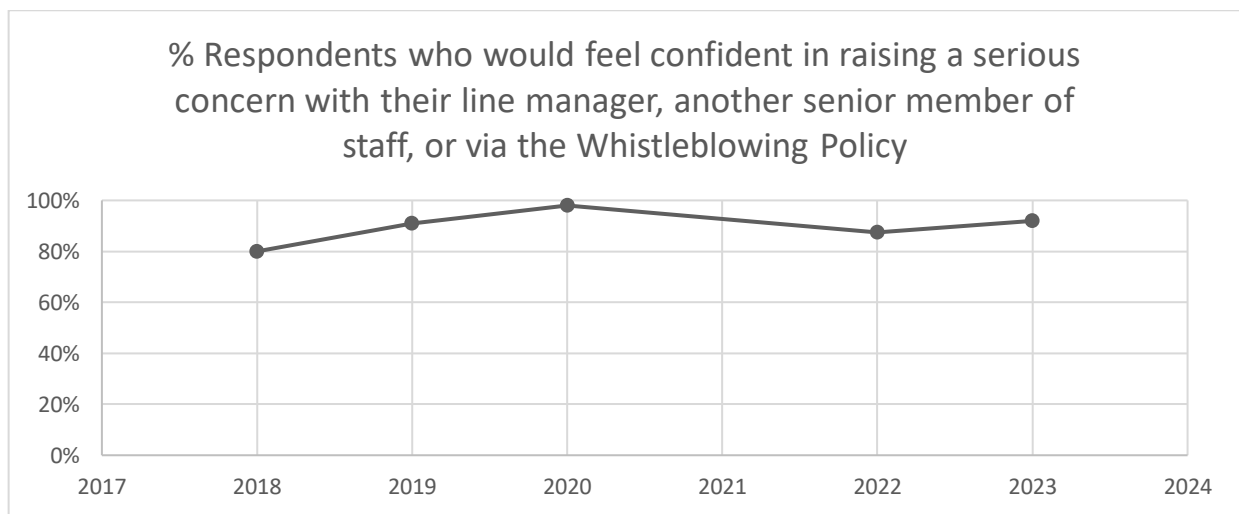


3.1.4 Awareness of the detail of the Whistleblowing Policy was more mixed:

- 46% of staff had read the Whistleblowing Policy (47.5% in 2022).
- 27% of staff had read communications about the Whistleblowing Policy e.g. in Friday Focus, but had not read the policy itself (42.5% in 2022).
- 27% of staff had not read the Whistleblowing Policy or any comms (10% in 2022).

3.1.5 Although awareness of the Whistleblowing Policy itself appears to have reduced slightly, staff confidence in the process increased from the previous survey in 2022, with 92% of respondents stating they would feel confident in raising a serious concern:

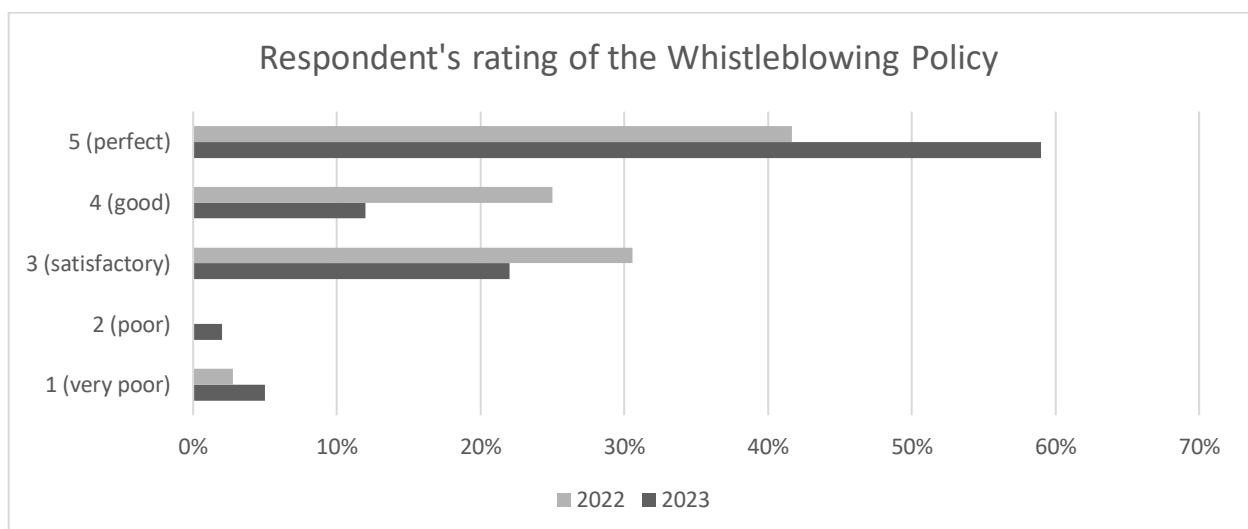
Table 2: Confidence in the Whistleblowing Process:



3.1.6 2% of staff confirmed that they had thought about using the Whistleblowing Policy in the last 12 months. This compares to 5% in 2022, 0% in 2020, 11% in 2019 and 8% in 2018.

3.1.7 Lastly, staff were asked how they would rate the policy in meeting the needs of someone who had concerns about the Council’s services. This was rated on a scale of 1 – 5, with 5 being ‘perfect’.

Table 3: Whistleblowing Policy Ratings:



- 3.1.8 The average score given to the policy was 4.17:
- For staff who had read the policy, the average score was: 4.5
 - For staff who were aware that the Council had a whistleblowing policy, but had not read the policy, the average score was: 3.8 (n.b. not all of these staff provided a score)
 - For staff who were not aware the Council had a whistleblowing policy, the average score was: 4 (n.b. not all of these staff provided a score)

3.19 Where staff rated the Whistleblowing Policy as less than 5, they were asked to comment on what the Council could do to change the Policy so that it would score a 5. Details of all the responses received have been reviewed by the Internal Audit & Risk Management team to inform the review of the Policy and shared with the Statutory Officers Group for information.

3.2 Publicity and Awareness

3.2.1 A publicity campaign to raise awareness of the Whistleblowing Policy was run in October 2023. This has included news articles on the CamWeb intranet, and a series of features in the staff newsletter on:

- What is whistleblowing?
- How to raise a concern
- How the Council will respond to whistleblowing concerns
- The roles and responsibilities of the Council when it comes to disclosures

3.2.4 The Internal Audit & Risk Management team has also supported the development of a new Whistleblowing Poster with specific content for Cambridgeshire schools by the Schools Intervention Service.

3.3 Overview of Whistleblowing Cases

3.3.1 In total, in the 2022/23 financial year, 28 whistleblowing concerns were raised through the corporate process and referred to Internal Audit. This is an increase from the number of cases seen in previous years, and it is noted that this increase in cases has continued into 2023/4, with 27 cases already recorded by mid-February:

Table 4: Total Number of Whistleblowing Cases by Year

2018/19	2019/20	2020/21	2021/22	2022/23	2023/4 (mid Feb)
19	24	23	20	28	27

3.3.2 The nature of allegations that are referred to the whistleblowing process is very varied. If an issue is raised with Internal Audit via the whistleblowing process, it is recorded in our whistleblowing data, even if the issue subsequently is referred in to a different process for resolution (such as the corporate complaints process or Respect At Work process).

3.3.3 The table below sets out the different types of allegations referred to Internal Audit via the whistleblowing process, from 2018/19 to 2022/23.

Table 5: Nature of Whistleblowing Allegations:

	Nature of Allegation	2022/23	2021/22	2020/21	2019/20	2018/19
Fraud, Theft & Governance	Anti-competitive activity			1		
	Bank Mandate fraud	1			2	
	Blue Badge fraud			6	1	
	Client Funds	2				
	Conflict of Interest	3	2	1		2
	Council Officer fraud	1	2		3	1
	Direct Payments fraud	2	2	4	1	
	Money Laundering	1				
	Overpayment		1			
	Phishing fraud	1		1		
	Theft	2	1	1	2	4
	Third Party fraud	5	1	3	6	1
Schools	School admissions fraud		1	1		
	Schools financial fraud		1			2
	Schools governance allegation	3	1	1		2
Other	Complaints		1		3	1
	Health and Safety	1				
	Information Security		1	1	1	
	Internal governance issue	2	2		3	2
	Non-CCC issue	2				
	Staff Conduct / Grievance	1	2	3	2	2
	Safeguarding	1	2			2
	Total Case Numbers	28	20	23	24	19

3.3.5 The table below shows the outcomes from whistleblowing referrals received by the Internal Audit team. Where the outcome recorded is 'no action required', this reflects cases where the initial review of the referral indicates that no investigation or referral of the allegation is needed. For example, this may be because the issue has already been dealt with internally, or is not serious enough to warrant a full investigation.

Table 6: Outcomes from Whistleblowing Referrals:

Nature of Outcome	2022/3	2021/2	2020/1	2019/20	2018/9
No action required	5	4	4	8	1
No powers to investigate.	2	1			1
Referred to relevant process	8	8	3	6	6
Informal Audit advice & recommendations.	4		3	2	5
Investigation indicates no serious concerns	2		6	3	2
Audit report and recommendations	3	6	5	3	2
Recovery action	1		1	1	1

Police Referral / Taken to Court	3	1	1	1	1
Total Case Numbers	28	20	23	24	19

3.4 Protect 'Whistleblowing Benchmark'

3.4.1 Following the previous review of the Whistleblowing Policy at the Audit & Accounts Committee meeting in November 2022, the Chief Executive suggested that at the next annual review, the Council should consider engaging an external organisation such as Protect (a whistleblowing charity, formerly Public Concern At Work) to contribute to the review.

3.4.2 As a result, as part of the annual review of the Whistleblowing Policy, the Internal Audit team has facilitated completion of Protect's 'Whistleblowing Benchmark'. This is a self-assessment that the Council can conduct against a detailed set of whistleblowing standards covering Governance, Staff Engagement, and Operations. The self-assessment was completed by Internal Audit staff with assistance from colleagues in the HR Advisory service, and discussed and agreed by the Statutory Officers Group comprising the Chief Executive, Section 151 Officer and Monitoring Officer.

3.4.3 The Council's responses were then submitted to Protect and benchmarked against other similar organisations. A report was produced to outline areas for improvement to further strengthen the whistleblowing environment; this report was received from Protect on the 15th March 2024.

3.4.4 Cambridgeshire County Council's overall benchmark score was comparable with other local/central government organisations who have completed the benchmark:

Benchmark Area	CCC Score	Average Score	Difference
Governance	77%	77%	0%
Engagement	48%	41%	+7%
Operations	60%	60%	0%
Total	62%	59%	+3%

3.4.5 While these findings confirm that CCC has a solid foundation for developing a robust and effective whistleblowing culture, there is scope for further improvement and alignment with best practice. In particular, the key area for improvement identified was the need to deliver training in addition to providing guidance on whistleblowing for all staff, as well as further training for line managers who may receive a whistleblowing disclosure. The report provides a number of specific recommendations, across the three categories of governance, engagement and operations.

3.4.6 The Internal Audit & Risk Management team have reviewed the report and recommendations and developed the following high-level Action Plan for Whistleblowing, which will be implemented in the 2024/5 financial year:

Action	Target Date
Chief Executive to designate an Executive Director as the Whistleblowing Champion for CCC.	July 2024
Review and update the Whistleblowing Policy in line with recommendations and re-present to Committee for approval.	July 2024
Design and deliver Whistleblowing eLearning and designate this as Essential Learning for all staff.	July 2024
Design and deliver eLearning on managing whistleblowing reports and investigations for line managers.	March 2025
Review and update the Whistleblowing Manager's Guidance document for line managers and share this with officers.	March 2025
Review how the Whistleblowing Policy and arrangements are reflected across the wider policy framework at Cambridgeshire, including safeguarding policies, the Respect At Work and Resolving Workplace Concerns policies.	November 2024
Review recording arrangements for whistleblowing across the Council.	November 2024
Undertake a focus group to gain further feedback from staff alongside the annual Whistleblowing Survey in 2024.	November 2024
Undertake an Internal Audit of whistleblowing arrangements and compliance.	April 2025

3.4.7 Updates on progress will be brought to Audit & Accounts Committee as part of the Internal Audit Progress Reporting throughout the 2024/5 financial year and in the Annual Whistleblowing Report.

4. Significant Implications

4.1 Finance Implications

There are no significant financial implications.

4.2 Legal Implications

Maintaining a robust whistleblowing culture and effective whistleblowing policy and governance ensures that the Council can meet its obligations under the Public Interest Disclosure Act (1998).

4.3 Risk Implications

Strong whistleblowing governance arrangements are important for local government bodies to help ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. These arrangements provide a mechanism for employees, contractors and members of the public to raise concerns about potential wrongdoing, including fraud, corruption, and other illegal or unethical

conduct. This promotes transparency, accountability, and good governance, and can help to prevent or mitigate financial and reputational risks to the local authority.

4.4 Equality and Diversity Implications

There are no significant equality and diversity implications.

5. Source documents

5.1 Source documents

5.1.1 Cambridgeshire County Council's Whistleblowing Policy

5.1.2 Cambridgeshire County Council Protect Whistleblowing Benchmark Report

5.2 Location

5.2.1 The current policy is available on the County Council's external website:

[Whistleblowing Policy - Cambridgeshire County Council](#)

Corporate Risk Register

To: Audit and Accounts Committee

Meeting Date: 28th March 2024

From: Chief Executive

Electoral division(s): All

Executive Summary: Good risk management - including the identification of risks and triggers as well development of mitigating actions - should inform decision making and areas for improvement; lead to better overall management of the Council's business, and protect the Council's assets, workforce, finances and services.

Recommendation: The Committee is recommended to note the Corporate Risk Register.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. The objective is to ensure that risks which might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner. As such, effective risk management contributes to the achievement of all seven of the Council's ambitions.

2. Background

2.1 The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control, which includes effective arrangements for the management of risk.

2.2 Under the Council's constitution, the Strategy, Resources & Performance Committee (S, R&P Committee) is responsible for the development and oversight of the Council's performance framework and risk strategies. The Audit & Accounts Committee also has important functions in relation to risk, including considering the effectiveness of the risk management arrangements and associated control environment and to seek assurances that appropriate action is being taken in response to risk.

2.3 Risk is inherent in our delivery of high-quality public services. The volatility, complexity and ambiguity of the Council's operating environment continues to increase, and taxpayers rightly expect transparency and accountability from the Council in managing the impacts of risk. We are committed to managing risk so that we enhance strategic planning and prioritisation and achieve our objectives with agility. The benefits of risk management include:

- Taking timely and proportionate action to prevent risks occurring or to manage effectively
- Development and delivery of robust and effective action plans and enhancements to the governance of the organisation
- Ensuring that decision makers are fully aware of any key risk issues associated with proposals being considered at the point of decision making
- Demonstrating openness and accountability

2.4 The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council. Risk registers operate at three tiers across the organisation: (a) service/project specific, (b) directorate, and (c) corporate. This report provides an update on the Council's Corporate Risk Register.

3. Corporate Risk Register Updates

3.1 The full updated Corporate Risk Register can be found at Appendix 1 to this report.

3.1.1 Please note, on the risk matrices, "RA" denotes the Council's maximum risk appetite of 15,

which is a set maximum appetite for all risks. Where risk owners have identified a target risk below this risk appetite level, this is denoted with a “T”.

3.2 Corporate Risk Register Overview

3.2.1 The following table gives an overview of the current status of the risks on the corporate risk register, including information on the current risk scoring compared to the scores at the previous report to Committee, and the direction of travel for each risk.

3.2.2 Please note that as discussed at the October meeting of Strategy, Resources and Performance Committee, the direction of travel for each risk is now shown as a RAG rating: red indicating that the risk has increased; amber indicating no change; and green indicating that the risk has decreased.

Table 1: Corporate Risk Register Overview, March 2024

Risk	Residual Risk Score March 24	Residual Risk Score Oct 23	Direction of Travel (RAG)	Last Reviewed
1. Risk that the Council’s arrangements for safeguarding vulnerable adults fail.	15	15	A	01/02/24
2. Risk of failure of the Council’s arrangements to safeguard vulnerable children and young people.	15	15	A	16/02/24
3. Risk that the Council does not have enough budget to deliver agreed short and medium term corporate objectives.	12	12	A	20/02/24
4. Risk that a serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.	12	12	A	22/02/24
5. Risk of failure of corporate governance.	10	10	A	13/02/24
6. Risk that the Council's workforce is not able to meet business need.	15	15	A	19/02/24
7. Risk of failure to deliver key Council services.	10	10	A	27/02/23
8. Risk that the Council is a victim of cyber crime.	15	15	A	20/02/24
9. Risk that the Council fails to comply with Information Governance legislation and industry standards	12	12	A	23/02/24
10. Risk of failure of key contracts.	12	12	A	20/02/24
11. Risk of failure of collaborative	12	12	A	22/02/24

working.				
12. Risk of Climate Change.	16	16	A	20/02/24

3.2.3 For this reporting cycle, no risks have seen changes to their scores compared to the previous reporting period across all corporate risk register.

3.3 New Risks / Risks De-Escalated from the Corporate Risk Register:

3.3.1 There have been no new risks added to the Corporate Risk Register since the previous report in October 2023, and no risks have been de-escalated from the corporate risk register.

3.4 Key Actions Implemented:

3.4.1 A number of actions incorporated in the Action Plans for the Corporate Risk Register have been closed since the previous report in October 2023. In particular, the following key actions have been marked as complete by Corporate Risk Owners:

- The action for CLT to collaborate with Councillors in presenting a balanced budget for 2024/25 has been implemented.
- The action directing Capital Programme Board and CLT to provide full scrutiny and supervision over the proposal and development of savings plans has been completed.
- The Public Services Network Remedial Plan has been implemented by IT, all outstanding actions are completed and the IT service has achieved PSN certification.
- Lessons learnt from recent cyber-attack - Debrief has been completed and lessons learnt log being applied.
- The Business Continuity exercise related to key contracts has been completed and a series of actions following on from the exercise are planned for the next year.
- A clear definition of the term 'key contract' with reference to the contract risk assessments has been developed. It will be embedded in contract risk assessment documents and other contract management related documents.

4. Other Risk Management Updates

4.1 CLT Risk & Assurance Meeting:

4.1.1 A meeting of the CLT Risk & Assurance group took place on 1st March. The group conducted a review of the Corporate Risk Register, discussed emerging corporate risks and undertook a review of the Strategy & Partnerships Directorate Risk Register. The group also received feedback from the meeting of the Corporate Risk Group in February 2024, and an update on implementation of the risk strategy. Key areas of further discussion are highlighted below.

i. *Directorate Risk Registers Reporting*

4.1.2 The CLT Risk & Assurance group discussed the process for reporting Directorate Risk Registers (DRRs) to Committee and confirmed that all Committee reporting of DRRs should be in the format produced by the Council's GRACE risk management system. CLT also agreed a proposal for splitting out risks from the Finance & Resources and Strategy & Partnerships DRRs to allow relevant risks to be reported to the appropriate Policy & Service Committees.

4.1.3 The group also considered a proposed template for DRR reporting to Policy & Service Committees. The template was approved pending minor amendments. This will be circulated to members of the Corporate Risk Group and ELT and shared on the corporate intranet to support consistency in information provided to Committees when DRRs are reported.

ii. *Weighted risk matrices*

4.1.4 The CLT Risk & Assurance group also considered an alternative approach to the use of risk matrices. Having previously reviewed the possibility of introducing a risk matrix with a weighting applied to the 'impact' score, giving more weight to risks with greater impact, the group considered an alternative weighted matrix. This placed the weighting on the 'likelihood' score, giving greater priority to risks with a higher likelihood of occurring.

4.1.5 In order to inform the discussion, the Corporate Risk Register was scored using both the existing linear method and weighted model, for comparison.

4.1.6 Following the discussions, CLT agreed to retain the current risk matrix and methodology. It was felt that changing the approach to risk scoring could prove counter-productive at a time when the Council is seeking to continue embedding and communicating the risk management approach throughout the organisation. Additionally, it was not felt that the change in approach significantly altered the view of risk provided by the existing matrix. It was confirmed that CLT will keep risk matrices under review, and focus on delivering further guidance and training to officers on managing risk in line with the existing policy and approach.

4.2 Risk Strategy Implementation Update:

4.2.1 The Internal Audit & Risk Management team is progressing the actions from the Corporate Risk Strategy shared with Committee in July 2023. Key action updates since our last update in October include:

- *Action: "The Council should review how risk information is presented as part of decision-making processes and identify any areas for improvement, as part of the development of decision-making guidance to improve quality of report writing."*

The Service Director: Legal and Governance undertook an in-depth review of the Committee report template and report-writing guidance. The new template for Policy and Service Committee reports was launched in November 2023 and as part of this, a greater emphasis is placed on providing sufficient information on risk management in all reports. This action is therefore complete.

- *Action: “Internal Audit to re-introduce the Corporate Risk Group on a quarterly basis with Risk Champion from each Directorate. This should ensure a wider range of perspectives are brought to bear on the CRR and will re-establish compliance with the Risk Management Toolkit.”*

The Corporate Risk Group has been re-established and a Terms of Reference for the group agreed. To date, the group has met twice, on 13th November 2023 and 15th February 2024. Meetings have included training sessions on risk escalation and risk identification; review and challenge of the Corporate Risk Register; and discussion of emerging risks. The group will continue meeting in line with corporate risk reporting cycles, and the action is therefore complete.

- *Action: “New project management procedures to include guidance on the routine management of risk for corporate projects”.*
- *Action: “A process should be put in place to ensure all significant new revenue and capital projects are routinely and consistently assessed for risk as part of new project management procedures”.*

The Internal Audit & Risk Management team met with the Head of Change Portfolio in February 2024 to discuss these actions, which are being progressed through the implementation of new project management procedures.

- *Action: “Internal Audit & Risk Management will develop a risk management e-learning module that can be made available to all staff. This will particularly include guidance on how to escalate risks between different management levels/risk registers. Once this is completed, it will be publicised internally via the intranet and to targeted staff including budget managers”.*

This action is now underway and the Internal Audit & Risk Management team are hoping to launch the new e-learning at the start of the new financial year.

4.2.2 As part of the Business Planning process, the Head of Internal Audit & Risk Management has put forward plans to introduce a dedicated Risk Manager post in the new financial year, to enhance capacity to further develop and strengthen risk management processes at CCC.

4.2.3 A full update showing progress with all the actions in the Risk Strategy, and any suggested amendments to the strategy, will be brought to Committee as part of the Annual Risk Management Report in July.

5. Significant Implications

5.1 Finance Implications

N/A

5.2 Legal Implications

N/A

5.3 Risk Implications

This report and Appendix 1 showing the updated current Corporate Risk Register provide information on the key corporate risk areas currently identified by Cambridgeshire County Council and how these are being managed.

5.4 Equality and Diversity Implications

N/A

6. Source Documents

6.1 Corporate Risk Register – Appendix 1

6.2 [Cambridgeshire County Council Risk Strategy 2023 – 6](#)

Risk	01. ASC - Council's arrangements for safeguarding vulnerable adults fail									
Likelihood	5									
	4									
	3									X/RA
	2									
	1									
		1	2	3	4	5				
Consequence										
Risk Owners Patrick Warren-Higgs							Current Score 15		Last Review 01/02/2024	
							Risk Appetite 15		Next Review 01/05/2024	
							Previous Score 15			
Triggers							Likelihood Factors (Vulnerability)		Potential Consequences	
1. Inability to recruit, train and retain experienced staff 2. Inherent weaknesses in governance arrangements 3. Poor quality of practice not delivering statutory responsibilities, non-compliance with policies & practice guidance 4. Ineffective management oversight 5. High caseloads/demand on service 6. Internal organisational change 7. External system/regulatory changes 8. Major incident results in spike in demand for services and/or inability to access Council systems, records or buildings.							1. Decrease in government funding 2. Failure/handback from commissioned providers 3. Increased expectations on local government 4. Increase in demand for services 5. Inflation and cost of living crisis		1. Vulnerable adult is seriously harmed 2. People lose trust in Council services and/or commissioned services 3. Council is judged to have failed in statutory duties 4. Requires improvement or inadequate CQC outcome	

Controls	Adequacy	Critical Success	Assurance
01. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Safeguarding Adult Reviews.	Good	Regular Reporting. Appropriate tools and support to practitioners to guide best practice.	Eastern Region Sector Led Improvement Programme Adults practice governance board. LGA Peer Review and associated Improvement Plan in readiness for CQC inspection in the next 12 months.
02. Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions that monitor and instil safeguarding procedures and practice	Good	High quality supervision and support. Professional staff are able to continue registration with their professional bodies. Dedicated resource for safeguarding training within Learning and Development, specific training strategy document which is refreshed annually.	SAB multi agency policies and procedures in place. Themed audits re safeguarding and associated learning and development. Robust training programme in place Adults practice governance board and practice guidance.
03. Clear 'People in Position of Trust' policy and guidance in relation to Adults Provide training, SAB	Good	In place, links to practice guidance in ASC and corporate HR guidance as required.	Appropriate training provided.
04. Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity. Coordinated work between multi-agency partners. In particular Police, County Council, Health and other agencies who are key members of the Board and subgroups.	Good	Regular reporting and shared working outcomes	SAB annual report highlighting progress against priority areas shared with Adults & Health Committee.
05. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance	Good	Regular auditing and reporting. Ability to highlight good practice and areas for improvement, robust service level improvement plans developed as needed.	Monthly Management Audits. Annual programme of Themed Audits. Adults practice governance board. Agreed Improvement Plan with Senior Responsible Leads.

06. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission. Implementation of provider of concern process as required.	Good	Regular auditing and reporting. Ability to support providers at risk.	Contracts monitoring team, care home support team & provider of concern process
07. Coordinated work between multi-agency partners for both Adults and Childrens. In particular Police, County Council and other agencies including supporting young people transitions to adulthood, with the oversight of the Safeguarding Boards	Good	Effective and safe implementation	SAB and key statutory partners
08. Continue to work with the CQC to share information.	Good	Regular reporting	Contracts monitoring team
09. Managing increasing demand and acuity to ensure adults receive right support at the right time. Regular DMT's to discuss and escalate issues.	Good	Reduced waiting times. Providing proportionate and time critical responses to those at risk.	Escalation to CLT as required.

Action Plans	Assurance	Responsibility	Target Date
<p>1. Performance Improvement Plan</p> <p>Improvement plan has been developed and agreed with key actions to take forward based on the peer improvement recommendations and national indicators. This is being reviewed fortnightly internally across key meeting groups and updated accordingly.</p> <p>The improvement plan considers DOLs in CCC, threshold assessments for people in care homes in CCC, adults and autism historical back log, OT waiting list. LD Health waiting lists linked to section 75 agreements, care and support plan delays, including brokerage of increases or changes to care packages, financial assessment and financial data entry delays.</p>	Good progress has been made on reviews due to the use of the external agency to tackle the long waiters. This will be an ongoing process		29/03/2024
<p>2. Adults Workforce Strategy</p> <p>This is an internal workforce plan. This has been drafted and circulated for further comments and feedback. Next steps are for it to be socialised with the wider working group and a finalised version to be agreed by end of April. The plan will include forecasting future need, setting out recommendations and actions to retain, succession plan and ensure pipelines of future workers.</p>	Drafted and due for approval and agreement to CLT.		28/03/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk							02. CSC - Failure of the council's arrangements to safeguard vulnerable children & young people														
Likelihood	5						Risk Owners	Martin Purbrick				Current Score	15		Last Review	16/02/2024					
	4												Risk Appetite	15		Next Review	16/05/2024				
	3					X/RA	Triggers	1. High caseloads in Children's Social Care. 2. Lack of financial resilience. 3. Non-compliance with safeguarding processes and procedures. 4. Inability to recruit and retain experienced Social Workers. 5. Lack of placement sufficiency to meet the needs of complex children and young people. 6. Major incident results in inability to access Council systems, records or buildings.				Likelihood Factors (Vulnerability)	Each one below is linked to each of the triggers: 1. Children's social care caseloads are too high in some areas due to issues with recruitment and retention. (High likelihood) 2. Difficulty procuring affordable capacity for children's placements and Home to School Transport. (Medium) 3. Lack of robust assessments (undertaken in a timely way) of risk in relation to children & the family circumstances. Although recently launched revised practice standards, guidance and the focus on six key areas ('Big 6') has meant a focus on areas for improvement. (Medium) 4. Recruitment and retention has improved for those in management roles and more work is underway for recruitment of permanent social workers (Medium) 5. Difficulty procuring capacity for children's placements, although now working more closely with provider market and better recruitment of in-house foster carer placement underway. (High) 6. In terms of a major incident, there are business continuity plans (BCP's) in place whereby child protection lists would be obtainable if required. (Low)				Potential Consequences	1. Harm to child or young person awaiting or receiving services from the Council. 2. Reputational damage to the Council. 3. Financial impact. 4. Appointment of a Children's Commissioner and notice of statutory intervention issued by the Department for Education.			
	2																				
	1																				
		1	2	3	4	5															
Consequence																					
Controls							Adequacy			Critical Success			Assurance								
1. Multi-agency Safeguarding Boards and Executive Boards. Provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity specific safeguarding situation between partners.							Reasonable			The LA improvement board started in October 2023 and continues to provide independent scrutiny.			Council has acted as a single agent to ensure the right focus on safeguarding, with a lead from the Executive Director of Children's.								
2. Information-sharing and coordinated work between multi-agency partners, providers, and regulators. In particular Police, County Council and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards. Regular monitoring of social care providers and information sharing meetings with other local organisations.							Reasonable			A review by Essex sector led improvement (SLI) partner to identify key areas of strengths and development. Recommendations are being added to the improvement plan along with other key areas.			The Essex diagnostics has contributed to the self-assessment and formed part of the improvement plan going forward. Partnership working remains a key focus on the plan and self-assessment.								

3. Comprehensive and up-to-date Safeguarding Policies, Procedures and Practice Standards. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Child Safeguarding Practice Reviews (SPR's).	Good	Several practice and processes have recently been reviewed and revised to ensure they are robust and includes; Our Practice Standards, Guidance and Toolkit (Big 6); Our Threshold document; MASH Manual and Guidance etc.	Partnership developing tools and pathways that support best practice around exploitation and safeguarding of vulnerable children and young people.
4. Safeguarding Training & Development Comprehensive and robust safeguarding training, ongoing development opportunities for staff, and regular supervisions monitor and instil safeguarding procedures and practice.	Good	Effective training and development ensures all staff understand and can implement key safeguarding processes. Social care academy launched on 20th November with new ASYE and International workers starting in January 2024.	The outcomes of quality assurance should provide assurance over the effectiveness of staff training and development, and inform areas where further training is needed.
5. Quality Assurance Framework. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance.	Reasonable	Recently revised and implemented new practice governance ensuring performance information is more accessible and training has been provided to ensure performance is monitored more closely. In addition, an audit schedule has been reviewed, updated and is underway. QA framework that is understood by all that are using it; reflects the lived experience of children; and helps with practice improvement, whilst supporting practice	Outputs from the QA framework should provide assurance that social workers understand what they need to do to improve children's situations.
6. Clear processes for reporting concerns. Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process inform practice.	Good	Effective processes for reporting concerns ensure that the response to concerns is timely and effective, with the involvement of appropriate partners.	Completed a review of the notification process. Quarterly reports from customer services (including complaints) has been established and is being shared.
7. Family Safeguarding Approach Family Safeguarding involves multi-disciplinary teams in children's social care, to keep families together and ensure children and adults services work jointly for the best outcome for the family.	Reasonable	Family safeguarding as a practice model is currently under review	Essex diagnostics highlighted areas of focus and the family safeguarding model identified this as an area for focus.
Full leadership team recruitment A permanent and stable leadership team is in place and established to provide crucial leadership across Children, Education and Families.	Good	Permanent team in place and established	Permanent leadership in place from January 2024. The interim Director of Education is due to start on 19th February whilst the permanent role is being recruited too

Action Plans	Assurance	Responsibility	Target Date
1. Corporate response to Ofsted focused visit. Updated self-assessment completed and improvement plan has been drafted and aspects underway. Previous outline of establishing a strengthening services board, however there was little appetite for this from partners. Therefore, the children's improvement board will be focused on the key areas for development.	Essex SLI is being undertaken with frontline teams to establish key areas of development and strengths. In addition, the mapping of the child's journey from the front door has been ongoing and key improvements are being made	Martin Purbrick	29/03/2024

<p>Market engagement happened during January 2024 and Social Care & Commissioning working more closely together as a strong focus on recruiting in-house foster, showing early signs of success, however, there are still a number of children in unregistered placements</p> <p>Work to manage the local market with support from Commissioning services is underway to support placement sufficiency for Cambridgeshire. This action is likely to remain ongoing.</p>	<p>Strategy has been updated; now into scoping the increased capacity required.</p>	<p>Martin Purbrick</p>	<p>01/04/2024</p>
<p>6. Recruitment of a permanent workforce Successful recruitment within management areas with over 90% of permanent Directors, Heads of Services, Service Managers and Team Managers. Over 70% of Social Workers are now permanent.</p> <p>As part of the children's improvement work, there is a focus on ensuring the recruitment and support of children's workforce.</p>	<p>Academy will be established to better support Apprenticeships, International workers and ASYE's. Work is ongoing to reduce agency staffing and encourage more permanent workforce in CEF.</p>		<p>01/04/2024</p>
<p>Review of key areas of Children's, Education and Families services Stage1 has now been completed and a further request for further DfE funding for additional SLI funds for stage 2.</p> <p>Essex is supporting Cambridgeshire with a sector led improvement review of key frontline services to help understand their strengths and key areas for development</p>	<p>Essex is supporting Cambridgeshire with a sector led improvement review of key frontline services to help understand their strengths and key areas for development. In addition, CCC is mapping the child's journey to improve the effectiveness and efficiency of responding to the needs of children and young people.</p>		<p>01/04/2024</p>
<p>Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council</p> <p>Risk Category:</p> <p>Linked Objective(s):</p>			

Risk		03. The Council does not have enough budget to deliver agreed short and medium term corporate objectives					
Likelihood	5						
	4						
	3				X	RA	
	2						
	1						
		1	2	3	4	5	
		Consequence					
		Risk Owners	Michael Hudson			Current Score 12 Risk Appetite 15 Previous Score 12	
		Triggers	1. The Council spends more resources than it has by the end of the year and does not have sufficient reserves to cover cumulative variances. 2. Policies, procedures or governance framework for budget setting and monitoring fail or are circumvented. 3. Non-compliance with corporate processes. 4. Demand management, prevention or service reform activity is insufficient. 5. Inflationary pressures and market failures / supply shortages lead to rising costs. 6. Staff without appropriate skills, knowledge, experience. Greater staff turnover. 7. The Council is a victim of major fraud, cyber crime or corruption. 8. Failure to meet Safety Valve agreed trajectory - Council has to fund DSG High Needs deficit or jeopardises DfE funds. 9. Lack of clarity regarding central government grant allocations.			Likelihood Factors (Vulnerability) 1. Increased demand for services. 2. Economic/market conditions - shortage of supply of services. 3. Economic conditions - reduced income from fees/charges or taxation. 4. Changes to government funding; short term national planning. 5. Legislative and regulatory changes. 6. Partnership risks - additional costs or reduced funding in collaborations. Change programmes require additional short term risk. 7. Waste management reforms; Industrial Emissions Directive. 8. Home to School Transport and children's social care placements markets. 9. Credit loss on long term debtors.	Potential Consequences 1. Council issues a s114 report or requires capitalisation direction. 2. Breach of prudential code or capital strategy benchmark/indicators due to levels of borrowing. 3. The Council does not deliver its statutory responsibilities. 4. People do not receive the services to which they are entitled or require, and may be harmed as a result. 5. Reputational damage.
Controls		Adequacy	Critical Success		Assurance		
01. Robust Business Planning process; demand/demography and inflation challenge.		Good	Continued support from CLT to act collectively to develop budget proposals which meet the financial challenge		Proposals and assumptions will be subject to scrutiny by Committees in January 2024 as well as other consultations such as the Trade Unions, Schools Forum, public, etc...		
02. Robust service planning, priorities cascaded through management teams and through Our Conversations process.		Good	Staff have clarity of what is expected of them and deliver services within the available budget		Insights and Policy co-ordinating quality assurance alongside Finance staff.		
03. Integrated resources and performance reporting (accountable quarterly to SR&P Committee), tracking budget, savings, activity and performance		Good	Saving proposals delivered		Continued reporting through Committee.		
04. Operational division Finance Monitoring Reports (accountable monthly to Service Committees), tracking budget, savings, activity and performance		Good	Saving proposals delivered		All reports being reviewed at DMTs		
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		Training Continuing		
06. Procurement processes and controls ensure that best value is achieved through procurement		Good	Realisation of procurement savings through competition. Basis for effective contract management and productivity.		Increased training and guidance being rolled out.		

07. Budget challenge and independent advisory: Finance and budget managers at all levels of the organisation to track exceptions and identify remedial actions	Good	Meeting of financial targets and deadlines. Political engagement and approval	All reports being reviewed at DMTs
08. Rigorous treasury management system plus tracking of national and international economic factors and Government policy	Good	Prudential Indicators met	Reporting ongoing to Committee
09. Rigorous risk management discipline embedded in services and projects	Reasonable	Risk scoring	Reporting ongoing to Committee
10. Adequate reserves	Good	Reserves held at recommended level as per section 25 statement (4%)	s25 Report to Full Council in February 2024.
11. Integrated Financial Monitoring Report	Good	Received quarterly at S&R	Report ongoing to Committee
12. Anti-fraud and corruption policy	Good	Organisational awareness campaigns	On going training
13. whistleblowing policy	Good	Organisational awareness campaigns	
14. Internal control framework	Good	Organisational awareness campaigns	Internal audit reviews
15. Fraud detection work undertaken by IA, Counter Fraud	Good	Organisational awareness campaigns	NFI reporting
16. Awareness Campaigns	Good	Organisational awareness campaigns	
17. Anti money laundering policy	Good	Organisational awareness campaigns	
18. Publication of transparency data	Good	Organisational awareness campaigns	Publication

Action Plans	Assurance	Responsibility	Target Date
01. Engagement, development and submission of credible revenue and capital plans into safety valve process	Safety Valve secured and regular reporting will now be presented as part of the Budget Monitoring reports. This position will continue to be reviewed but from the perspective of Financial Planning the next key date is the assessment of risk to inform the S151 s25 assurance of	Michael Hudson Jonathan Lewis	13/06/2024
05. Programme and project delivery governance: Waste Management; Energy income mobilisation	Ongoing Board meetings	Michael Hudson Frank Jordan	01/04/2024
06. Programme and project delivery MTFS 2025-29		Tom Kelly Joe Lacey-Holland	30/09/2024
07. Review of Financial Regulations		Tom Kelly	30/06/2024
08. Review of Reserves		Michael Hudson	30/09/2024
09. Review of Commercial activities and risk			30/06/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		04. A serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.				
Likelihood	5					
	4					
	3				X	RA
	2					
	1					
		1	2	3	4	5
		Consequence				
		Risk Owners	Sue Grace			Current Score 12 Risk Appetite 15 Previous Score 12
		Triggers	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 6. Decreasing resilience in CCC services due to ongoing financial constraints and cost reduction 7. Serious major external incident 8. Officer non-compliance with Business Continuity planning or processes 9. Co-operation and engagement of partners			Likelihood Factors (Vulnerability) 1. Ongoing risk of environment hazards such as flooding and severe weather 2. Pandemic 3. Cyber Attack / Cyber Crime (see Risk 09) 4. Possible power outages caused by gas shortages 5. Resource issues due to shared service 'decoupling'
					Potential Consequences	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
Controls		Adequacy	Critical Success			Assurance
1. Corporate and service Business Continuity Plans Up to date business continuity plans available across the Council.		Reasonable	All services have up-to-date Business Continuity Plans which provide a clear and comprehensive plan for how services will respond in the event of a major/critical incident to minimise business disruption.			The Emergency Planning Team maintains a tracker of BC plan completion across the Council. Currently the team are working on reviewing BCPs and getting this up to date (see Action Plan).
2. Corporate communication channels in case of emergency. The Emergency Planning team work with Communications Teams in Cambridgeshire and Peterborough to respond to any emergency incidents. The Council's Emergency Messaging System allows contact with staff via SMS in the event of IT system disruption.		Good	The Council is able to communicate effectively externally and internally in the event of a major/critical incident.			The Emergency Planning team maintain a close relationship with the Communications team.
3. Cambridgeshire & Peterborough Local Resilience Forum The LRF allows multi-agency collaboration regarding local resilience issues. The LRF follows a clear process to allow agencies across the region to share information, plan and prepare for major incidents, and maintains a tactical response process.		Good	The Council is able to work effectively with other agencies across Cambridgeshire & Peterborough in responding to a major/critical incident.			Executive Director of Strategy & Partnerships sits on the LRF Board to represent Cambridgeshire County Council.
4. IT disaster recovery arrangements Up to date IT disaster recovery plans in place.		Reasonable	ICT downtime and disruption to front-line business is minimised in the event of an IT critical incident or loss of data.			The last DR test occurred as part of the data centre move in November 2021. A failover was successfully completed in March 2022 at Sand Martin House Data Centre If DR is invoked systems will be available however platform system changes will require DR to be retested to ensure performance and functionality is available in

5. Resilient Internet feed	Good		"Considerable work undertaken to strengthen and improve resilience of network, high proportion of WFH for staff and Members can be sustained. Regular monitoring process and escalation"
6. Corporate Emergency Plan	Reasonable		Corporate Emergency Plans put into operation through recent incidents (2020/21 and 2021/22) including Flooding and Severe Weather. The CCC Emergency Management Plan is currently being updated (June 2023) to reflect organisational changes.

Action Plans	Assurance	Responsibility	Target Date
Business Continuity Plan Testing Once the corporate review of BCPs is complete, the Emergency Planning team will re-implement a programme of service-level testing of BC plans and a corporate BC testing exercise.		Stewart Thomas	01/06/2024
Corporate review of Business Continuity Plans. Emergency Planning Team supporting service Business Continuity leads to review Business Continuity Plans.	The Emergency Planning Team maintain a tracker of corporate and service BCPs and are now reviewing and updating this to understand current completion and quality levels of service BCPs. BC Awareness sessions for Team Managers were launched in February 2023 to re-establish contact with BC leads and sessions are currently booked in with Directorates to December 2023. The Emergency Planning Team took part in Worldwide 'Business Continuity Awareness Week' in May 2023 run by the Business Continuity Institute with internal communication & promotional material sent to staff.	Stewart Thomas	31/03/2024
Internal Audit of Business Continuity Planning		Mairead Claydon	31/03/2024
IT Disaster Recovery Exercise		Michael Hudson	31/10/2024

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

Risk		05. Failure of corporate governance							
Likelihood	5								
	4								
	3					RA			
	2					X			
	1								
		1	2	3	4	5			
		Consequence							
		Risk Owners	Emma Duncan			Current Score	10		
						Risk Appetite	15		
						Previous Score	10		
		Triggers	<ul style="list-style-type: none"> 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. 7. Lack of awareness of or preparedness for legislative changes. 8. Lack of clear corporate policy framework. 9. Officer non-compliance with policy framework. 			Likelihood Factors (Vulnerability)	<ul style="list-style-type: none"> 1. Current local financial pressures. 2. Ongoing national reduction in public sector funding. 3. Changes to statutory/Legislative duties. 4. Current major corporate restructures and service change. 5. Increasing instances of Councils not able to meet expenditure commitments due to pressures in the local government sector. 	Potential Consequences	<ul style="list-style-type: none"> 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. 4. Lack of control over financial or operational delivery. 5. S114 Report or Public Interest Report. 6. S5 Report.

Controls	Adequacy	Critical Success	Assurance
01. Monitoring Officer role.	Good	Lack of or reduced risk of successful legal challenge to decision making.	Monitoring Officer attends all CLT meetings. MO sign-off on all legislative changes and legal implications on Committee papers.
02. Annual Governance Statement (AGS).	Good	AGS process ensure that the Council reviews the effectiveness of its corporate governance arrangements and its compliance with the corporate governance framework.	Annual Governance Statement published as part of Statement of Accounts.
03. Code of Corporate Governance (CoCG).	Good	Annual review of the Code of Corporate Governance provides assurance that the Council has a robust governance framework in place.	Code of Corporate Governance updated annually on the external website.
04. Business Planning process used to identify and address changes to legislative/regulatory requirements	Good		
05. The Council's Constitution, including Scheme of Financial Management, Contract Procedure Rules, Scheme of Delegation etc.	Good	Officers and Members comply with statutory obligations	
06. Corporate Complaints procedure and response to Local Government & Social Care Ombudsman reviews.	Good	The Council can identify and respond to any breaches of legislative or statutory obligations.	
07. Service managers kept up to date with changes by Monitoring Officer / Pathfinder, Government departments, professional bodies, involvement in regional and national networks	Good	Lack of or reduced risk of successful legal challenge to decision making	
08. New Committee report template and process developed following the Governance Review. Key statutory and legislative considerations in Committee reports are highlighted in sufficient detail and signed off by key officers prior to submission to Committee.	Good	Committee papers and key decisions are scrutinised to identify any statutory/legislative impact.	Sign-off by key officers is evidenced in Committee paper appendices.

09. Roles of Statutory Officers. inc. Head of Paid Service, Section 151 Officer, Director of Adult Social Services, Caldicott Guardian, etc.	Good	Active postholders for all statutory roles for the Council.	
10. Statutory Officers Group Statutory Officers Group meetings to discuss corporate governance arrangements and issues, and to reflect on recurring themes relating to Council improvement.	Good	Regular scrutiny of corporate governance by senior officers.	
11. Performance Management Framework Performance management is a tool that allows us to measure whether we are on track to achieve our corporate priorities. If we are off-track, we change our activities to improve service delivery, value for money and the outcomes people experience.	Reasonable	Clear information on organisational performance against objectives provided in a timely way to decision-makers.	Performance reporting to Committees and CLT.
12. Corporate Clearance Group The Corporate Clearance Group has been established to ensure draft reports receive sufficient corporate review prior to being submitted to Committee.	Good	All Committee reports are subject to corporate scrutiny and challenge to ensure that Committee decisions are taken on the basis of sufficient, robust information.	A report tracker is in place to verify that reports on Committee forward plans are received and reviewed by the Corporate Clearance Group.

Action Plans	Assurance	Responsibility	Target Date
01. Corporate Response to the Covid Public Inquiry.			31/03/2023
02. Implement Action Plan from Annual Governance Statement.	Implementation to be reviewed on an ongoing basis by Statutory Officer Group.	Emma Duncan	31/03/2024

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

Risk		06. The Council's workforce is not able to meet business need					
Likelihood	5						
	4						
	3					X/RA	
	2						
	1						
		1	2	3	4	5	
		Consequence					
		Risk Owners	Janet Atkin			Current Score	15
						Risk Appetite	15
						Previous Score	15
		Triggers	<ul style="list-style-type: none"> 1. Skills shortage in key areas including partners. 2. Employee retention beneath optimal leading to unhealthy level of turnover. 3. Low levels of employee engagement. 4. Failure to achieve a healthy organisational culture and environment. 5. Ineffective or inadequate workforce planning. 6. Financial pressures mean the Council is not able to offer pay in line with the market. 7. Decline in Council's reputation as an employer. 8. High absence levels. 9. Inability to recruit and develop staff 10. Organisational change 11. Working days lost to strike action/ industrial action 			Likelihood Factors (Vulnerability)	<ul style="list-style-type: none"> 1. Cost of living is increasing at a rate that is causing major concern for many of our workforce. 2. Acute skills shortage in key areas including partners. 3. Increased challenges across all areas of the council's functions in recruiting. 4. Changing expectations regarding how and where staff want to work. 5. The extent and scale of change programmes being undertaken across the Council including the separation of services across CCC and PCC can heighten the likelihood of disruption and challenge with motivation and engagement. 6. Significant demand in services. 7. Increased workplace expectations of employees.
						Potential Consequences	<ul style="list-style-type: none"> 1. The Council is unable to recruit & retain staff with the right skills and experience. 2. Failure to deliver effective services or Council objectives. 3. Reputational damage to the Council. 4. Low morale and negative impact on staff wellbeing. 5. Expenditure on costly interims or agency staff. 6. Workforce lacks relevant skills, knowledge and training and is not continually developed.
Controls		Adequacy	Critical Success			Assurance	
A. Fair Recruitment Policy. A Children's Workforce Board has been re-established under the leadership of the new DCS to focus on workforce challenges including recruitment. This meeting continues to focus on key areas of challenge and concern, engaging with our providers of agency workers as well around hard to fill posts to identify opportunities to improve candidate attraction and employee retention.		Good	Staffing levels become more stable to support service delivery.			Outcomes of actions from Recruitment and Retention Board.	
B. Full independent employee engagement survey carried out in September 2023 and will be re-run every two to three years moving forward to be able to track employee engagement levels and respond to changes in a timely manner.		Good	Employee Engagement is demonstrated through employees seeing the value of and therefore contributing to these opportunities to shape the organisation as an employer.			CLT see results of engagement surveys and agree action plans to respond to the survey.	
C. 5 year People Strategy, endorsed by Members with accompanying action plan to ensure the right focus on recruitment, retention and talent management. New People Strategy has been launched and has a clear focus on the shifting employment market and employment challenges that the Council faces, to establish clear plans for the workforce.		Good	Clear workforce plan in place for the Council.			Success of the People Strategy is measured through employee engagement surveys and feedback from key services/exit interviews. Additionally, an annual report is presented to Staffing and Appeals Committee.	
D. Dedicated Recruitment Team supporting the whole Council. Targeted recruitment campaigns and new e-recruitment system.		Good	The Council is able to recruit staff with the right skills and experience.			Impact of recruitment campaigns is reviewed by the Recruitment Board. Decisions on spending on major recruitment campaigns are approved by the Board.	

The team engage with services to understand the specific and differing challenges that they face and target recruitment campaigns accordingly, as well as maximising usage of social media channels.			Ongoing recruitment project has an emphasis on recruiting managers acting as Council ambassadors and not just focusing on their own area/vacancy, to improve attractiveness of Council as an employer to all applicants.
E. Staff appraisal system linked to performance management	Good	Staff performance is quantifiable across the Council services.	Directorate-level review of outcomes followed by CLT review of appraisal and performance outcomes.
F. Role of HR Business Partners. HR Business Partners work with services to anticipate and meet demands within service areas. BPs attend management meetings and meet Service Directors regularly.	Good	Services are supported in successful recruitment, engagement, development and retention of staff.	Feedback from HR Business Partners regarding organisational engagement.
G. Annual report to Staffing and Appeals Committee Reports are delivered to Staffing and Appeals Committee in February each year setting out a clear review of the workforce profile and activity during the year as well as key policy changes, employee engagement activity and an update around employee wellbeing.	Good	Impact of workforce policies and engagement is measured and evaluated to inform future policy development.	Report is taken to Committee in February.
H. Report on quarterly basis to CLT and to management teams on workforce and performance. CLT received monthly reports on Health, Safety and Wellbeing. Quarterly dashboard reports on workforce matters including absence and turnover are provided to Directorate Management Teams for them to keep a focus on their workforce profile and any emerging or potential concerns.	Good	CLT and Directorate Management teams are able to identify and address any emerging or potential concerns.	Reports are provided to DMTs quarterly.
I. Use of Consultants Policy and Interim & Agency Workers Policy.	Reasonable	Hiring managers use appropriate and compliant routes to market to obtain interim, agency staff and consultants.	Regular reporting on use of consultants, interims and agency staff to CLT and Audit & Accounts Committee. Internal Audit review of Use of Consultants & Interims planned for 2023/24. Consultancy policy ownership has transferred to Procurement. Head of Procurement and Head of HR have been attending Management Team meets within services to raise awareness of these policies and to discourage any procurement of staff/workers without seeking advice.
J. Agency Staff framework with Opus.	Good	Hiring managers use Opus as an accessible and cost-effective route to market for agency staff and as a provider of the skills and expertise we need to reach through our joint venture.	HR team manage Opus contract. Opus reporting has improved significantly with implementation of weekly returns for Social Care, Adults and Children's and monthly returns for other services. HR Advisory have introduced a reconciliation of returns to services to confirm accuracy of reports.
K. Well established consultative framework with trade unions. Chief Executive joins the meetings on a regular basis.	Good	Well established and positive relationships enable constructive discussions with trade union colleagues around any challenging workforce related matters, as well as an opportunity to gain valuable insights and contributions to help shape policy development.	

L. Effective Learning & Development platform and work of the Learning & Development team.	Good	Staff are able to access targeted learning and development opportunities and the Council can monitor training undertaken.	Rates of training completion.
M. Equality Diversity & Inclusion Working Group. EDI Working Group meets monthly to discuss EDI issues and engage staff across the organisation.	Good	The Council has a strong culture of equality, diversity and inclusion which supports staff engagement and retention.	Staff feedback in EDI engagement surveys and exit interviews.
N. Employee Wellbeing offer and new Employee Engagement & Wellbeing Advisor post.	Good	Staff are supported to maintain wellbeing, reducing absence and supporting employee engagement and retention.	Staff feedback in Engagement Surveys and exit interviews.

Action Plans	Assurance	Responsibility	Target Date
Children's Workforce Improvement Programme. Programme to address challenges in children's workforce retention and recruitment, launched in September 2022 and led by Chief Executive. This piece of work has broadened in scope and has now become part of the ongoing Children's Improvement Programme		Janet Atkin	30/03/2024
The values and behaviours framework has been reviewed in line with the new People Strategy. The Council's new Values will The People Strategy was approved in May and work is underway to develop an action plan for approval by Staffing and Appeals Committee.		Janet Atkin	31/03/2024
Work with the service directors to create a comprehensive L&D framework to support the wider People Strategy. Can only be completed once People strategy in place and agreed therefore target date to be aligned – June 2024		Janet Atkin	30/06/2024

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

Risk		07. Failure to Deliver Key Council Services											
Likelihood	5												
	4												
	3					RA							
	2					X							
	1												
		1	2	3	4	5							
		Risk Owners	Stephen Moir			Current Score	10	Last Review	27/02/2024				
						Risk Appetite	15	Next Review	27/05/2024				
						Previous Score	10						
		Triggers	<p>01. This risk may be triggered by the realisation of any of the other risks on the Corporate Risk Register:</p> <ul style="list-style-type: none"> - Failure of safeguarding arrangements (Risks 1 and 2) - Failure of financial management (Risk 3) - Impact of a major/critical incident (Risk 4), cyber attack (Risk 8) or climate change (Risk 12) - Failure of corporate governance (Risk 5), key contracts (Risk 10) or partnership and collaborative working (Risk 11) - Insufficient workforce (Risk 6) - Failure to comply with Information Governance legislation (Risk 9) <p>02. Changing county demography and high levels of growth create pressure on Council resources and increase the risk that funding does not match demand; this may also be exacerbated by weak demand management process within the Council.</p> <p>03. Failure to identify changing policy or legislation, or an inability to respond to changes in policy or legislation.</p> <p>04. Failure to develop, effectively communicate and implement clear Council strategies and service plans, including the Business Plan.</p> <p>05. Insufficient corporate oversight of performance.</p> <p>06. Non-compliance with corporate policies and procedures.</p> <p>07. Failure of arrangements for health and safety.</p>			Likelihood Factors (Vulnerability)	<p>01. Changes to legislation or Government policy having an adverse impact upon Council services and funding.</p> <p>02. Local Government Financial reforms and funding reductions leading to direct upon Council budgets.</p> <p>03. High levels of growth in Cambridgeshire outstripping forecasts and creating increased demand for key services.</p> <p>04. Pandemic or other form of long running incident.</p> <p>05. Organisational changes impacting service delivery.</p> <p>06. Economic uncertainty due to national and international events</p> <p>07. Political changes arising from General or Local Elections impacting upon service priorities.</p> <p>08. Commissioned service providers unable to continue service (if not managed under Risk 10)</p>			Potential Consequences	<p>01. Harm or risk to vulnerable people.</p> <p>02. Financial penalties</p> <p>03. Reputational damage to the Council.</p> <p>04. Government or regulatory intervention/sanctions.</p> <p>05. Statutory penalties or prosecution.</p>		
		Consequence											
Controls		Adequacy	Critical Success			Assurance							
1. Role of the Corporate Leadership Team for the operational delivery of services CLT have a leading role in ensuring that the Council delivers key services and legislative requirements. Individual Executive Directors have Service Plans setting out the required delivery from their teams for the year ahead.		Good	The Corporate Leadership Team has clear terms of reference and regular reviews service performance dashboards, financial reporting, workforce information, contract/commissioning and audit and risk matters.			Council Directors complete Directors Assurance Statements for the Annual Governance Statement providing assurance over the control of risk and compliance with corporate governance requirements in their area.							
2. Policy and Budget Framework A clear, approved Policy and Budget Framework for the Council (including the Strategic Framework, Medium Term Financial Strategy, Capital Programme and Treasury Management Strategy).		Reasonable	The Council's Strategic Framework should set the high level Vision and Ambitions for the authority, from which individual service plans should be developed and delivered.										

<p>3. The role and responsibilities of Council and Committed for decision making and scrutiny</p> <p>Full Council and through Council Committees there is robust overview, scrutiny and challenge in respect of the delivery of key services, performance reporting and the development and approval of policy and strategy for the Council.</p>	<p>Good</p>	<p>Council and Committees have cleared, defined constitutional roles and terms of reference, with clear schemes of delegation. Each Service/Policy Committee has a clear agenda and training plan. Committee governance and effectiveness is the subject of review during each Council term.</p>	
<p>4. Systems providing oversight of Council performance and service delivery.</p> <p>The Council's Performance Framework and Key Performance Indicators, along with associated systems for identifying performance issues such as the Complaints Procedure and Feedback Policy, provide corporate oversight of performance and delivery of key services.</p>	<p>Reasonable</p>	<p>Councillors and the Corporate Leadership Team have a robust overview of service performance, delivery and risks to enable scrutiny, accountability and performance improvement activities.</p>	
<p>5. Demand forecasting.</p> <p>The Council operates forecasting mechanisms to inform budget setting and long-term planning. This includes placement sufficiency processes to inform provision of school and early years places.</p>	<p>Good</p>	<p>The Council has an accurate view of likely demand for services, from both a demographic, inflationary and needs basis, in the short and long term to inform business planning.</p>	

Action Plans	Assurance	Responsibility	Target Date
1. Redevelopment of the Council's Performance Framework.		Sue Grace	31/03/2024
Review of Business Planning Process for 2024/25		Sue Grace Michael Hudson	29/02/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		08. The Council is a victim of cyber crime.							
Likelihood	5			X					
	4								
	3					RA			
	2								
	1								
		1	2	3	4	5			
		Risk Owners	Michael Hudson			Current Score	15		
					Risk Appetite	15			
					Previous Score	15			
		Triggers	<ul style="list-style-type: none"> 01. Data loss 02. Denial of IT services 03. Malware attack 04. Phishing attack 05. Ransomware attack 06. Telephone Toll Fraud 07. Major vulnerability 08. DR for IT Services 09. Data mishandling/breach 10. Training arrangements fail 11. Password attack 12. SQL injection attack 13. Monitoring does not identify threats 14. In-house expertise/resource is stretched/reduced 15. Outdated or unpatched systems 			Likelihood Factors (Vulnerability)	<ul style="list-style-type: none"> 01. Increasing malicious attempts from various sources 02. Malicious Emails to staff increasing 03. Non-compliance by staff or partners with IT Security policies 	Potential Consequences	<ul style="list-style-type: none"> 01. Regulatory breach subject to ICO action, reputational harm to the Council and disclosure of private information. 02. Inability or degradation in the ability of Council staff to access any computer based service hosted outside of the Council network. It will most likely also impact any services that the council hosts for access by the public. Finally it would also impact any VOIP services operated by the council. 03. Infection of Council systems by malware, causing a degradation of Council systems. 04. Credentials and/or data being made available to unauthorised third parties. This could result in ICO action, reputational damage to the Council and the unauthorised release of confidential information. 05. Loss of access to Council data, a financial ransom to recover access, reinstallation and restore operations to recover access, release of confidential data, reputational harm and ICO action. The exact impact will depend on how well mitigation reduce the impact of the attack. 06. Financial loss for the Council. The Council may also suffer reputational damage or information loss risks if the breacher of the system attempts to impersonate the Council. 07. Systems are exploited by using known\unknown vulnerabilities. 08. There is a risk that the functionality of the new DR solution has not taken place since implementation in August 2021 November 2021 and a retest will be required to provide assurances following platform changes. The consequence of not retesting is that if there is an incident which requires DR to be invoked it will be testing the solution during a live event.
		Consequence							
Controls		Adequacy	Critical Success			Assurance			
01. Phishing detection and prevention controls		Good	Phishing attempts are prevented or detected and			The service confirmed that multiple layers of Phishing			

		dealt with. Additional software to be procured and paper going to A&P Committee March 2024	<p>detection are in place and these will delete or mark messages as appropriate. External messages are also marked as such as they contain a higher risk of Phishing.</p> <p>Multifactor authentication is used to reduce the likelihood of successfully exploiting Phished credentials.</p> <p>A simulation phishing exercise was completed in May 2022 which resulted in 178 users entering their password/credentials, which equates to 2.47% of the total delivered emails. Targeted training was offered to</p>
02. Vulnerability detection and mitigation controls	Good	Vulnerabilities are identified internally and externally and patched in a timely manner – 14 days for vulnerabilities rated high or critical on the CVSS scoring system.	<p>Firewall, Email, Website access and end-device technical controls are used to eliminate or reduce the risk on known/unknown vulnerabilities from being exploited. NCSC Early Warning, WARP and other third-part intelligence source are used to identify vulnerabilities as soon as possible.</p> <p>There has been no action required or vulnerabilities detected from last 6 Months of WARP Threat Roundups. No NCSC Early Warning threat has been received since 16/12/2021. Other information and web sources are also monitored by the service on a regular basis to identify potential vulnerabilities.</p> <p>Additional assurances can be provided via progression of PSN Remediation Action Plan and outcomes of DLUHC (Department of Levelling Up) testing.</p>
03. Disaster Recovery Testing	Reasonable	DR actioned in January and February and further schedule of DR testing and reporting of outcomes mid 2024.	<p>The last DR test occurred as part of the data centre move in November 2021. A failover was successfully completed in March 2022 at Sand Martin House Data Centre.</p> <p>If DR is invoked systems will be available however platform system changes will require DR to be retested to ensure performance and functionality is available in the new environment.</p>
04. Robust policies and procedures including the new IT Strategy and the existing Information Management & Governance policy framework.	Good	Accessibility and awareness of comprehensive, up-to-date IT and Cyber security policies and guidance.	<p>Upcoming implementation of the new IT Strategy, toolkit materials and review of current policy suite.</p> <p>New IT strategy is being based on the National Strategy and will show how the service will support the 5 objectives: Manage, Protect, Detect, Minimise and Develop.</p> <p>A new toolkit has also recently been procured - ISO27001, PCI DSS and Cyber Essentials and these</p>

05. Staff training on the correct handling of private data, and to use technical controls available to the Council to enable this.	Good	Completion of e-learning and delivery of sessions at Council wide sessions, such as Cambridgeshire Conversations	Cyber Security E-learning has sufficient coverage, but completion levels require improvement. A council wide one-hour Cyber Griffin session is planned to be delivered by the City of London Police on the 22nd March 2023. Up to 1,000 staff can join the training
06. Use multiple layer of anti-malware protection on Firewalls, email and end-points to prevent malware with frequent signature updates.	Good	Anti-malware protection	Malware protection is provided by Trend Micro Apex One (contract ends 23/3/24), Microsoft 365 (rolling Monthly Contract) and PaloAlto (MLL Eastnet Contract).
07. Use technical controls to limit access to the Council VOIP system to the UK only.	Good	VOIP system access control and usage reports	Normal usage is monitored by the provider and Council staff so that any deviation from normal use patterns can be identified and alerted.
08. Use the automated denial of service mitigation service provided by our wide area network provider MLL. This will inform us of any denial of service attempts and mitigation activities.	Good	MLL monitoring notifications	The service has never received a DOS or DDOS warning from MLL since established there was a process in place.
09. Cyber Security Board and Technical Group	Good	Regular meeting and reporting on cyber security	The purpose of the Cyber Security group is to ensure that IT best practice security is monitored and managed uniformly across CCC and PCC, defining the secure use and management of our IT systems.
10. Information Governance Management Board	Good	Regular meeting and reporting on cyber security arrangements and actions.	The IMB provides advice and guidance on all elements of IM/IG. This includes leading on cyber security arrangements.
11. ITDS Recruitment Campaigns	Good	The service retains and develops workers with IT specialisms.	Team currently has 3 qualified CISP officers and apprenticeship routes are established.
12. IT Business Continuity Planning processes	Reasonable	BCP in place for IT and service specific IT risks are considered in other service's BCP	An LGSS IT BCP from 2018 was provided to audit by Emergency Planning. No current version is in place but work is ongoing with Emergency Planning to get in place.
13. ICT Security Procurements	Reasonable	Due diligence processes are adhered to when making IT procurements to ensure the Council's IT security systems are not compromised	RFQ sets out standard procurement requirements however this process is under review.
14. Information Risk Owner role; Data Protection Officer role; Caldicott Guardians	Good	Defined responsible officers are in place	Defined within the Information Governance Framework.
15. Performance monitoring – corporate IT KPIs on IT Security	Good	Performance Monitoring is regularly undertaken to ensure IT security arrangements are sufficient	No assurances at present. TBC.
16. Communication strategy	Good	Ad-hoc communications and publicity work to raise awareness of IT security	Internal engagement team publishes ad-hoc and reactive comms regarding IT security. Further comms work include Cambridgeshire Conversations sessions.
17. Limitations to FOI requests	Good	Limitations on details the Council can release in FOI answers in relation to council system infrastructure	New process established to restricting level of detail given in FOI requests in regards to Council IT infrastructure as not to expose Council to cyber risk.

Action Plans	Assurance	Responsibility	Target Date
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01. Business Continuity Plan for IT services to be developed with Emergency Planning	Currently in progress	Katherine Hlalat	30/03/2024
02. Corporate IT Security KPIs and reporting to be developed – such as Cyber Security and IG e-learning training complet	Currently in progress, however initial perspective is that there will be a single KPI on training. With additional reporting and dashboards being produced to report on the estate as this is a continually moving feat.	Julian Patmore	30/03/2024
04. DR retesting to be scheduled	Will be scheduled in once SAN replacement procurement has been finalised and will be included in one of the tasks within the implementation.	Michael Hudson	30/06/2024
05. Ensure DPIAs are completed for all systems (where they have not already been completed)	Review to be undertaken of quality.	Ben Stevenson	31/03/2024
06. Review partnership arrangements where data is either being processed or controlled on our behalf, or where we are ho	PSN being sought	Julian Patmore	31/03/2024
07. Partnership Directory. Create a partnership directory to understand our relationships with partners and the responsibilities of either party		Katherine Hlalat	31/03/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		09. The Council fails to comply with Information Governance legislation and industry standards				
Likelihood	5					
	4					
	3				X	RA
	2					
	1					
		1	2	3	4	5
		Consequence				
		Risk Owners	Emma Duncan			Current Score 12 Risk Appetite 15 Previous Score 12
		Triggers	1. High staff turnover and use of agency and interim staff. 2. Out of date IT systems or staff failure to install patches. 3. Cybercrime and phishing attacks. 4. Lack of training/awareness among staff. 5. Insufficient physical security of buildings. 6. Staff removing physical records from the office.			Likelihood Factors (Vulnerability) This risk is closely linked to Risk 08, 'the Council is a victim of cybercrime', and IT security vulnerabilities will increase the likelihood of a breach of Information Governance legislation.
					Potential Consequences	There is a risk that a lack of oversight and control of information management leads to information being mis-handled, which would expose the organisation to: * Legal action/Information Commission Officer involvement. * Damage to the reputation of the council and adverse publicity. * Complaints. * Data subjects suffer loss, detriment and distress as result of poor management of data. This will include records management, contractual obligations, case management, training and awareness.
Controls		Adequacy	Critical Success			Assurance
01. Mandatory data protection and security training for all staff		Good	95% of staff have undergone online training or face to face training dependent on risks faced.			Quarterly reports on training completion rates.
02. Use of Data Protection Impact Assessments (DPIAs) in all projects and procurements		Good	Register of DPIAs identifies which have seen a DPIA completed, signed off and managed. Ongoing review of DPIAs so it is not a one off			Ongoing review and creation of register.
03. Regular communications to all staff and at key locations (e.g. printers)		Good	CamWeb used to promote key messages in a structured and engaging way each quarter. IG attend DMTs on a quarterly basis to hear of issues and resolve problems.			Annual report to Joint Information Management Board.
04. Information Management Board, chaired by senior info risk owner (CLT member), with representative of all directorates along with DPO and both Caldicott Guardians. Board oversees IG and cyber security		Good	Board meetings to be held every quarter and led by CLT members.			Quarterly meetings and IM Board reporting.
05. A comprehensive set of information and security policies.		Good	Policies reviewed and refreshed annually with redundant documents removed.			Annual report to Joint IM Board.
06. Established procedure for notifying, handling and managing data breaches		Good	Compliance with policy and clear reporting on breaches.			Report to CLT on a six-monthly basis on breaches and impact. Report to Joint IM board on a quarterly basis. Chief Exec and director notified of high-risk breaches. Clear reporting to services on causes of breaches/incidents via PBI dashboards

07. Subject Access Requests responded to within the statutory timeframe.	Good	Targeting compliance rate of 90% SARs completed within statutory timeframe.	Quarterly report of progress towards 90% within statutory timeframe to both Strategy & Resources Committee and Joint IM Board. Six monthly report to CLT.
8. FOI responses issued within the statutory timeframe.	Good	Targeting compliance rate of 90% FOIs completed within statutory timeframe.	Quarterly report of progress towards 90% within statutory timeframe to both Strategy & Resources Committee and Joint IM Board. Six monthly report to CLT.

Action Plans	Assurance	Responsibility	Target Date
Awareness and communications regular updates via Cambweb, DMTs and conversations to keep awareness levels up	Visibility on Cambweb	Ben Stevenson	31/03/2024
Completion of NHS DSP Toolkit Ensures areas of compliance considered and how met for Public Health and Adult	Publication of toolkit and any audits	Ben Stevenson	31/03/2024
Implement learning from incidents Ensure that processes are reviewed and trends analysed	Lack of repeat incidents in service areas where processes are reviewed and changed	Ben Stevenson	31/03/2024
Mandatory training Training to be delivered annually to all staff, relevant to services and councils	BI reports to identify non completers Raised with directors and CLT to ensure completion Annual training	Ben Stevenson	01/04/2024
Review of advice sought and provided to develop staff guides such as when to share and how to share to ensure confidence review of what the service is asked about to look for common themes and produce guides/notes to support	Published guides		01/04/2024
Review of IG policies Annual review of policies and updating to ensure best practice shared	Published policies to be approved by IM board	Ben Stevenson	30/04/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		10. Failure of key contracts.					Risk Owners	Michael Hudson	Current Score	12	Last Review	20/02/2024
Likelihood	5						Risk Appetite	15 <th>Next Review</th> <td>20/05/2024 </td>	Next Review	20/05/2024		
	4						Previous Score	12				
	3				X	RA	Triggers	Likelihood Factors (Vulnerability)	Potential Consequences			
	2						01. Different partnership arrangements and/or contracts have conflicting aims or priorities. 02. Large scale handback / collapse of major suppliers for economic/profitability reasons 03. Supply chain failure and/or significant cost increases in supply chain or CPI. 04. The Council fails to identify key/business-critical contracts. 05. Lack of robust, formally agreed contract documents to set deliverables, performance and governance arrangements for all key contracts. 06. Failure to compliantly procure key contracts leads to legal challenge. 07. Contracts lack clear corporate owners; or contract owners have a conflict of interest between their CCC role and external interests. 08. Contracts fail to drive desired deliverables/outcomes through appropriate penalties/rewards. 09. Lack of in-house contract management expertise. 10. Third party fraud committed by or against suppliers and/or internal fraud or corruption in collusion with suppliers. 11. Relationship breakdown with key contractors, potentially leading to a legal dispute. 12. Heavy reliance on single suppliers leading to lack of a diversified supply chain. 13. Policy or leadership changes in central government.	01. Uncertainty and major change programmes underway within the Council. 02. Significant economic and inflationary volatility. 03. Industrial Emissions Directive and the Best Available Techniques conclusions (BATc). 04. Capacity and experience to deliver robust contract and supplier relationship management for key contracts. 05. Understanding of market conditions for the specific markets in which the key contracts sit.	01. Financial impact of credit loss or default on monies owed. 02. Revenue impact of increased costs or reduced income returns. 03. Interruption to outcomes and service delivery. 04. Construction quality and health & safety matters. 05. Reputational damage. 06. Failure to fulfil statutory duties.			
	1											
		1	2	3	4	5						
Consequence												
Controls		Adequacy	Critical Success	Assurance								
01. Contract Procedure Rules and associated guidance and training.		Good										
02. Contracts Register.		Good										
03. Procurement Governance Board.		Reasonable										
04. Business Continuity Planning processes.		Poor										
05. Head of Diligence & Best Value role.		Reasonable										
06. Corporate due diligence processes.		Good										
07. Declarations of Interest processes within the Codes of Conduct for officers and members		Reasonable										
08. Corporate process for identifying key partnerships and contracts.		Reasonable										

09. Budget monitoring and forecasting processes.	Good		
10. Contract Management Toolkit in place. Contract management training is delivered to key contract managers via the Government Commercial Function.	Good		

Action Plans	Assurance	Responsibility	Target Date
03. Implement additional support for key contracts including from a business continuity perspective.		Clare Ellis	31/03/2024
04. Implement the new Sustainable Procurement Strategy		Clare Ellis	31/12/2024
05. Undertake regular Contract Register reviews to ensure that new 'key contracts' are captured by the process above.		Clare Ellis	31/03/2025

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		11. Failure of collaborative working.					Risk Owners	Sue Grace	Current Score	12	Last Review	22/02/2024
Likelihood	5							Risk Appetite	15	Next Review	22/05/2024	
	4							Previous Score	12			
	3				X	RA	Triggers	Likelihood Factors (Vulnerability)		Potential Consequences		
	2						01. Different partnership arrangements have conflicting aims or priorities.	1. Uncertainty and major change programmes underway within CCC and partner organisations.		01. Financial impact of partnership failure particularly where budgets are pooled.		
	1						02. The Council fails to identify and manage key/business-critical partnerships.	2. Restricted budgets across sector, coupled with significant economic and inflationary volatility.		02. Revenue impact of increased costs or reduced income returns.		
		1	2	3	4	5	03. Lack of robust, formally agreed partnership agreements or equivalent to set scope, deliverables and governance arrangements for all key partnerships.	3. Current negotiations regarding LD pooled budgets.		03. Interruption to outcomes and service delivery.		
		Consequence					04. Partnerships lack clear corporate owners; or partnership owners have a conflict of interest between their CCC role and external interests.			04. Reputational damage.		
							05. Partnership agreements fail to drive desired deliverables/outcomes.			05. Failure to fulfil statutory duties.		
							06. Relationship breakdown with key partners, potentially leading to a legal dispute.					
							07. Policy or leadership changes in central government or local partnership organisations.					
							08. Lack of transparency regarding the operation of key partnerships.					
Controls							Adequacy	Critical Success	Assurance			
01. Partnerships Advice & Guidance Document.							Reasonable	Clear guidance is available to Council officers and members on operating effectively in partnerships.	The Council's Partnerships Governance Advice & Guidance document is currently under full review (see Action Plan).			
02. Grants to Voluntary Organisations Policy.							Good	Officers have clear guidance on how to manage award of grant monies effectively, to ensure that grants achieve best value and are awarded to partners who are able to deliver the agreed objectives.	Grants Policy is due for Internal Audit compliance review in 2023/24 (see Action Plan).			
03. Appointments to Outside Bodies Process							Good	Officers and Members have guidance on the law around serving on external bodies, and Democratic Services maintain a record of Member appointments to outside bodies.	Democratic Services produce an Annual Report on Member Representation on Outside Bodies.			
04. Council's Strategic Framework							Good	Clear statement of our Vision and Ambitions as a basis for our collaborative working.	Strategic Framework as approved at full Council in February 2023 as part of the budget setting process			
05. Regular liaison with key partners ICS, CPCA, District & City Council, CAPALC (Cambs & Peterbr' Association of Local Councils), CPSB (Cambs & Peterbr' Strategic Board).							Good	Partners are clear about where they can work together for the benefits of the communities of Cambridgeshire	CLT regular review of strategic partnership activity and how this contributes to the Council's ambitions.			

Action Plans	Assurance	Responsibility	Target Date
01. Review and update Partnerships Advice & Guidance document linking in to the Appointments to Outside Bodies Process.	Partnerships Advice & Guidance document has been reviewed and updated linking in to the Appointments to Outside Bodies Process. Was presented to CLT on 19th February for comment with a final version due for sign-off in March.	Sue Grace	31/03/2024
02. Conduct a fact-finding exercise to review our key partnerships, engagements and collaborative work.	A fact-finding exercise is underway to review our key partnerships, engagements and collaborative work. It will report initial findings to CLT in March.	Sue Grace	31/03/2024
03. Identify opportunities for collaborative working around shared ambitions with our key partners	Opportunities for collaborative working around shared ambitions with our key partners will be identified following the completion of the above steps.	Sue Grace	01/05/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		12. Climate Change														
Likelihood	5															
	4				X											
	3					RA										
	2															
	1															
		1	2	3	4	5										
		Consequence														
		Risk Owners		Frank Jordan		Current Score		16		Last Review		20/02/2024				
						Risk Appetite		15		Next Review		20/05/2025				
						Previous Score		16								
		Triggers					Likelihood Factors (Vulnerability)					Potential Consequences				
		<p>1. Carbon reductions are not realised across the Council and Cambridgeshire.</p> <p>2. Internal skills, knowledge and resources not available to address the issue.</p> <p>3. Partnerships not effectively managed.</p> <p>4. Government climate and environmental regulation and strategy amended.</p> <p>5. Availability of funding.</p> <p>6. Projects to deliver carbon reductions and/or biodiversity enhancement not delivered.</p> <p>7. Carbon reduction and biodiversity enhancement is not appropriately embedded into the organisation's service delivery mechanisms.</p> <p>8. Supply chain insufficiently developed to deliver low carbon solutions and/or biodiversity enhancements at pace, scale and price to deliver the CCES in Cambridgeshire.</p> <p>9. Behavioural change required in communities and/or workforce is not realised.</p> <p>10. Insufficient awareness from staff and Members of key policies and procedures.</p>					<p>1. Increased demand on services reduces capacity to deliver the strategy.</p> <p>2. Need to balance competing priorities.</p> <p>3. Revised legislation/regulation.</p> <p>4. Supply chain weaknesses – increases costs and risks for the Council.</p> <p>5. Global competition for resources drives significant macro-economic changes to markets e.g. Ukraine war.</p> <p>6. New technologies and innovations are complex to implement in current economic environment.</p> <p>7. Inflationary pressures.</p> <p>8. Changes to government funding regimes and/or approaches.</p>					<p>1. Failure to deliver statutory duties and legislative requirements.</p> <p>2. Significant political and reputational damage to the Council for not acting on the climate emergency that has been declared.</p> <p>3. Significant longer-term risks and costs to health, society, economic and financial position of the County and the Council if mitigation and adaptation measures are not effective.</p> <p>4. Resilience of services at risk due to climate impacts impeding Officers and/or service users delivering or accessing services.</p> <p>5. Legal challenge on the Council's failure to deliver the Council's targets.</p>				
Controls		Adequacy					Critical Success					Assurance				
01. Council policy on the CCES and action plan in place to guide decarbonisation and nature recovery priorities. Climate/environment integrated into CCC operations and systems.		Good					CCEP Programme reviewed in Feb 24 to revise governance.					Annual review of action plan and CCES targets. Monitoring of Capital Programme Board papers to ensure inclusion of carbon valuation.				
02. Implementation of the Phase 1 Net Zero Enabling Programme to improve knowledge, skills, governance and resource capacity. Carbon budget reporting when agreed and in place.		Good					Governance established. Reviewed Dec-Feb 24. Recruitment underway to increase capacity. Phase 2/3 mobilisation programmes developed.					Decarbonisation plans in place for high carbon emitting areas. Improved data integration for dynamic reporting on				
03. Performance management - Annual Carbon Footprint Report and monitoring of progress against CCES targets.		Reasonable					Baseline assessments in place for carbon and biodiversity. Forecast annual carbon budget.					Annual carbon footprint published. Trajectory to Net Zero by 2030 reviewed.				
04. Quarterly reporting to CLT on progress with the CCES by the Executive Director Place & Sustainability.		Reasonable					Reporting template agreed and started from October 2022.					Quarterly reports produced.				
05. Delivery and Programme Management support to the CPCA Climate Change Action Plan.		Reasonable					CCC puts in place a delivery programme to support the CPCA. CPCA puts resources in place to deliver the action plan.					Reporting to the CPCA Climate Working group and the Independent Commission for Climate.				

06. Continued involvement in various strategic partnerships/collaborative spaces to feedback information and establish collaborative working approaches e.g. Local Climate Change Officers Group, UK100, ADEPT, UKPN Innovation Teams, Biodiversity Officers group, Fenland SOIL.	Good	Sharing best practice for policy and delivery improvements.	Reporting via the Climate Change and Environment Board.
07. Climate and Environment Training Programme to all staff, consisting of e-learning module(s) and Carbon Literacy Training for all senior staff and Members.	Good	20 Members and 50 Officers trained, including majority of CLT.	Achieving equivalent of Gold CLT standard. All Senior Managers to P4 to attend training. Aspire towards 80% of Members trained.
08. Maintaining a watching brief on governmental policy, legislative and funding positions to enable pro-active responses to emerging changes.	Good	Increase external funding success for decarbonisation projects.	£1.2m of external funding to deliver CCES.
09. Corporate performance outcome agreed to cover Climate Change and Sustainability.	Good	All staff will have a corporate outcome regarding Climate Change and Sustainability included in their outcomes and impacts targets as part of the corporate Our Conversations process.	Services, teams and individual staff consistently work towards achieving the Council's Climate Change strategy and aims.

Action Plans	Assurance	Responsibility	Target Date
01. Annual review of action plan and CCES targets.	CCES Action Plan - Risk Approach. Latest risk review of achieving CCES targets approved at Committee October 2023. Internal Audit provided recommendations for improvement January 2024 on CCES targets and setting interim milestones.	Sheryl French	31/12/2024
02. Delivery of the Enabling Net Zero Phase 1 programme of work.	Programme monitoring via the Programme Board. Updates provided to the monthly Programme Board.	Sheryl French	31/12/2024
03. Delivery of CPCA Action Plan areas led by CCC.	Quarterly progress reports to the CPCA Officer Board and Member Board. Areas being led by CCC include Local Area Energy Planning (LAEP) and Local Nature Recovery Strategy. The CPCA action plan has been reviewed ahead of 24/25. Updates were shared at a workshop February 2024. During 24/25 a more fundamental review of the CPCA action plan will be delivered.	Maggie Pratt	31/12/2024
04. Integration of climate and environment into procurement strategy and frameworks e.g. Climate Change Charter, implementation of the Social Value toolkit, training and support for commissioning officers.	The Climate Charter is live and being used for all procurements valued over £100,000. The Council's Sustainable Procurement Strategy was agreed in February 23 and is starting to be delivered. Social value is considered in all procurements valued over £100,000. Further work is being done on considering how to reduce carbon in existing contracts.	Clare Ellis	31/12/2024
05. Corporate Asset Management Strategy.	The Asset Management Strategy and Corporate Landlord approach will be reviewed and updated (when this is completed and delivered).	Chris Ramsbottom	30/06/2024
06. Incorporation (and delivery) of carbon reduction and biodiversity improvements into CCC management approaches. Use C Use CCC assets to drive net zero system change. This is carried out as the norm in all project work irrespective of the formal Corporate Property Strategy being in place.	Work underway on CCC biodiversity audit will drive decision making for delivering optimal biodiversity outcomes. Tree canopy data also includes carbon sequestration assessment, showing the increased carbon capture of new schemes.	Quinton Carroll Sarah Wilkinson	31/12/2024
07. Climate / environment integrated into CCC operations and systems including Carbon Valuation; Net Zero by Design; Triple bottom line.	Monitoring of Capital Programme Board papers to ensure papers include carbon valuation. This is undertaken on a monthly basis.	Sarah Wilkinson	31/12/2024

08. KPIs including the Council's Net Zero targets of 2030 & 2045.	Quarterly reporting to Committee on Net Zero targets as part of the Council's performance framework. Last reported January 2024.	Richard Springbett	31/12/2024
09. Engagement and awareness campaign To deliver behavioural change and empower individuals, communities and businesses to act independently of the Council: a) internal and b) external.	Annual comms service and campaigns plan (and reports back to the Net Zero Board). For any significant campaigning work, the Council still needs to fund. The internal campaign is the promotion of the Corporate Outcome. This focuses on upskilling staff particularly via e-learning, the Net Zero Team training course and Carbon Literacy Training, all of which is regularly promoted across internal channels – CamWeb, Friday Focus etc. The Climate Hub site hosts case studies of ongoing work across the Council. Resource available is based on graduate trainee availability which ends at the end of Q4. The Phase 1 and subsequent Phase 2 funding bids both had engagement capacity removed due to funding pressures. For significant external campaigning and behavioural change work to develop, for example, citizen assembly/focus groups, website, app, toolkits for schools, businesses, business training courses, advertising etc capacity and funding will need to be found	Andrew Hadfield-Ames	31/12/2024
10. On-going market development/ skills/Cleantech.	Via the CPCA Climate Action plan and its wider skills work via the Greater South East Net Zero Hub. CPCA has commissioned Cambridge Cleantech to deliver a study on the ecosystem supporting Cambridgeshire & Peterborough to become a leader in climate and agritech. A workshop was held on 13 Feb 2024 with key partners to identify the significant priorities/actions for development. GSENZH is supporting Local Skills plan Pilots and investing in a retrofit skills hub in Wisbech.	Sheryl French	31/12/2024
11. Annual Carbon footprinting – New data to fill known data provision gaps.	Annual publication of the Council's carbon and area footprints on the Council's website. Latest approved at EGI Committee January 2024.	Rachel Hallam Sarah Wilkinson	31/12/2024
12. Funding & financing for Net Zero 2030	Via Workstream 3 of the Climate Change and Environment Programme. Linked to the business planning process and balancing of funding against other priorities. A capital funding bid is expected to come forward under 24/25 business planning for high emitting sectors once consultancy is completed end of May 24 for rural estate, transport, schools, CCC buildings. Noting that funding may not be available.	Sheryl French Stephen Howarth	31/12/2024
13. On-going closer collaboration with Govt departments to share Net Zero successes, projects and programmes to inform government policy.	Working with the government on task and finish groups. Collaborating through membership organisations e.g. ADEPT to inform policy, Regional Climate Change Forum, LGA Climate group	Sheryl French	31/12/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Update on Audit & Accounts Committee Review of Effectiveness Action Plan

To: Audit & Accounts Committee

Meeting Date: 28th March 2024

From: Head of Internal Audit & Risk Management

Electoral division(s): All

Executive Summary: The report provides an update on the implementation of the Action Plan agreed in response to the Audit & Accounts Committee review of effectiveness undertaken in September 2023.

Recommendation: The Committee is asked to consider the update on the implementation of the Action Plan.

Officer contact:

Name: Mairead Claydon

Post: Head of Internal Audit & Risk Management

Email: Mairead.claydon@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The Audit & Accounts Committee plays a vital role in ensuring the adequacy of the risk management framework, the internal control environment, and the integrity of the financial reporting and annual governance processes at Cambridgeshire County Council. As such, ensuring that the Committee is operating effectively and in line with best practice supports the achievement of all seven of the Council’s strategic ambitions.

2. Background

2.1 CIPFA’s updated *Position Statement on Audit Committees in Local Authorities and Police* (2022) also includes a set of documents to enable Audit Committees to complete a self-assessment against good practice and to evaluate the impact and effectiveness of the Audit Committee.

2.2 Members of the Audit & Accounts Committee in conjunction with key officers conducted a self-assessment exercise against the updated CIPFA *Position Statement* on the 8th September 2023.

2.3 The findings and action points from the review of effectiveness were developed into an Action Plan and presented to the full Audit & Accounts Committee on the 1st December 2023. This report provides an update on the progress with implementing the Action Plan.

3. Progress with Action Plan Implementation:

3.1 The Action Plan capturing all action points identified during the review of effectiveness is presented below, with information on completion and revised target dates where necessary:

Action:	Target Date:	Officer Contact:	Update:
The Audit & Accounts Committee’s report to Full Council will be amended to include a reminder to other Committees that they can refer matters to the Audit & Accounts Committee for its consideration or action. It will also be updated to include information on the Review of Effectiveness and development work undertaken during the year and planned improvements going forward.	COMPLETE	Head of Internal Audit & Risk Management	This action had been completed as at the previous update to Committee on 1 st December 2023.
A shared drive will be set up to share internal audit final reports; in the interim,	COMPLETE	Head of Internal Audit & Risk	A Microsoft Teams site has been created to share final reports and all

Committee members are reminded that they can request sight of final audit reports.		Management	members of the Committee were contacted with details on how to access the site on 7 th March 2024.
Committee members should consider the range of actions available to them in obtaining additional information and assurance from officers and other Committees and considering and making recommendations for the improvement of governance, risk and control arrangements.	COMPLETE	Head of Internal Audit & Risk Management	This action had been completed as at the previous update to Committee on 1 st December 2023.
A private meeting with the Committee and the external auditors and Head of Internal Audit to be held following a Committee meeting before the end of the financial year.	COMPLETE	Head of Democratic Services	The private meeting has been scheduled to take place following the 28 th March Committee meeting at which this report will be presented.
Training Plan to be re-presented to Committee as a standing item at the end of each meeting for review.	31 st March 2024 Revised to: 30 th May 2024	Head of Democratic Services	A comprehensive update of the training plan will be brought to the May 2024 meeting of the Committee.
The Committee will conduct a feedback exercise inviting feedback on its performance from the Chief Executive, Monitoring Officer, Section 151 Officer and key Councillor stakeholders.	COMPLETE	Head of Internal Audit & Risk Management	A feedback exercise has been conducted in February/March 2024 but only one response was received. Recognising that the end of the financial year is a busy time for officers and members, it is therefore suggested that a feedback exercise is re-run in advance of the next Review of Effectiveness to obtain a wider range of views. This may be undertaken in person via a meeting at Statutory Officers Group (or equivalent).

<p>Conduct a review of the Audit & Accounts Committee Terms of Reference alongside the CIPFA <i>Position Statement on Audit Committees in Local Authorities and Police</i>.</p>	<p>31st March 2024</p> <p>Revised to: 30th July 2024</p>	<p>Head of Internal Audit & Risk Management</p>	<p>This review has yet to be completed due to capacity within the internal audit team. It is proposed that an updated version of the Terms of Reference will be brought to the July 2024 meeting of the Audit & Accounts Committee for discussion, as the agenda for the next meeting in May 2024 is full.</p>
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4. Significant Implications

There are no significant implications for this report.

5. Source Documents

5.1 [Audit & Accounts Committee Review of Effectiveness 2023/4](#)

5.2 [CIPFA Position Statement on Audit Committees in Local Authorities & Police](#)

Internal Audit Progress Report

To: Audit & Accounts Committee

Meeting Date: 28th March 2024

From: Mairead Claydon, Head of Internal Audit & Risk Management

Electoral division(s): N/A

Executive Summary: The purpose of the report is to provide an update to Audit & Accounts Committee on the main areas of internal audit coverage for the period to 28th February 2024.

Recommendation: Audit & Accounts Committee is requested to consider and comment on the contents of this report.

Officer contact:

Name: Mairead Claydon
Post: Head of Internal Audit & Risk Management
Email: Mairead.claydon@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

- 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. As such, the maintenance of an effective system of internal audit management contributes to the achievement of all seven of the Council's ambitions.

2. Background

- 2.1 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.
- 2.2 The annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; and the 'flexible' plan, i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process.

3. Main Issues

Please see the full Internal Audit Progress Report provided at Appendix 1 to this report.

3.1 PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) COMPLIANCE

- 3.1.1 The Internal Audit service has conducted its annual self-assessment of compliance against Public Sector Internal Audit Standards. The review has concluded that the team is compliant with PSIAS, however areas for further improvement have been identified and will be incorporated into the team's Quality Assurance & Improvement Plan for 2024/5. See Section 6 of the report for details.

3.2 OUTSTANDING AUDIT ACTIONS

- 3.2.1 Annex B details 80 outstanding audit agreed actions as at 28th February 2024. This is a slight reduction from 85 outstanding actions in our previous Internal Audit Progress Report. There are no outstanding 'essential' actions. Narrative updates on actions where the current target date is after 28th February have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.

- 3.2.2 See Section 7 of the report for more details.

3.3 INVESTIGATIONS CASELOAD

- 3.3.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as updates on other counter-fraud work including the launch of new anti-money laundering training.
- 3.3.2 An investigation into a backlog of contracts in the Passenger Transport service is detailed at Section 9.4

3.4 KEY FINANCIAL SYSTEMS

- 3.4.1 Section 10 of the Progress Report provides an update on the progress with Key Financial Systems reviews. The most significant update is that a recent staff departure in the Internal Audit service at West Northamptonshire has resulted in that service reporting that they will be unable to complete the Debt Recovery Shared Service review for 2023/24.
- 3.4.2 The Cambridgeshire IA Team has agreed to complete this review, given that we possess prior experience of delivering this annual audit. The team are currently awaiting working papers from the team at West Northamptonshire to assess the work they have undertaken to date before agreeing the plan for completing the review; however this will not be commenced until late March/early April. The team will seek to complete the work in time for the annual audit opinion in May, however this cannot be guaranteed.

4. Significant Implications

- 4.1 This report is an information-only update and there are no significant implications to highlight.

5. Source Documents

- 5.1 None

Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 29th February 2024

Section 1

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

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

SECTION 5: Internal Audit Activity

SECTION 6: Public Sector Internal Audit Standards (PSIAS) Review

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2023/24

ANNEX B: Outstanding Agreed Actions

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CCLT, with a summary of internal audit activity for the 2023/24 financial year to date.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

2.2.2 However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Compliance Assurance	Control Environment Assurance
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

3 FINALISED ASSIGNMENTS

3.1 Since the last Internal Audit Report in **February 2024**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Systems Assurance	Compliance Assurance	Organisational impact	Audit Actions Agreed			
						Essential	High	Medium	Advisory
1.	Finance & Resources	Procurement Governance (TIAA Ltd)	Good	Moderate	Moderate	0	3	6	3
2.	Place & Sustainability	Section 106 Funding (TIAA Ltd)	Limited	Moderate	Moderate	0	3	5	0
3.	Place & Sustainability	Implementation of Capital Project Management Actions	Moderate	Limited	Moderate	0	4	3	1
4.	Children, Education & Families	Meridian Primary School	Moderate	Moderate	N/A	N/A ¹			
5.	Children, Families & Adults	Case 126 Transport Contracts	Investigation Report Issued			0	2	2	0

¹ Individual recommendations within individual schools reports are not risk rated and are not followed up individually by Internal Audit. An action plan to respond to the audit findings is agreed with the school and presented to Governors. Thematic findings are then incorporated into the overarching schools audit report issued to the Director of Education, and recommendations within the overarching report are then risk rated and followed up by audit as usual.

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) which have been issued as final since our last Progress Report in February 2024 are provided in Section 4. Summaries of investigation reports are provided in Section 9.

3.3 The following audit assignments have reached draft report stage, as set out below in Table 2:

Table 2: Draft Reports

No	Directorate	Assignment
1.	CCC-wide	Agency Workers, Interims & Client-side Review of Opus People Services
2.	Finance & Resources	Electronic Records Management
3.	Children, Education & Families	Schools Capital Programme
4.	Children, Education & Families	Castle School
5.	CCC-wide	Waivers & Direct Awards
6.	CCC-wide	Use of Consultants
7.	Children, Education & Families	DSG Safety Valve
8.	Children, Education & Families	Schools Deficit Recovery Plan Desktop Review
9.	Strategy & Partnerships	Project Framework & Projects Assurance
10.	CCC-wide	Grants to External Organisations

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

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

4.1 SECTION 106 FUNDING

- 4.1.1 Section 106 (s106) agreements are legal obligations imposed on developers as part of the planning permission process to mitigate the impact of their developments. Based on the completion of an audit by the Cambridgeshire's co-source Internal Audit contractor, TIAA Ltd, limited assurance was given over the Council's systems for receipt, monitoring and disbursement of S106 funds.
- 4.1.2 The audit identified fragmented data management systems which complicates the effective tracking and management of S106 funds, and the lack of a formalised process for communicating new S106 agreements. The audit gave moderate assurance over the Council's compliance with Section 106 agreements, and highlighted a lack of comprehensive and best practice guidance materials/training, alongside resource constraints within the service which limit the Council's ability to monitor trigger points within S106 agreements.
- 4.1.3 A number of actions have been agreed with the service to address the findings of the review. This includes undertaking an analysis of the timeliness of S106 fund allocation to projects and developing an action plan to improve the allocation process; introducing Key Performance Indicators for the team; and conducting an evaluation of the team's current staffing and system needs to identify whether an increase in resource may increase receipts. The implementation of these actions will be followed up and reported in line with the usual process for Internal Audit actions.

4.2 IMPLEMENTATION OF CAPITAL PROJECT ACTIONS

- 4.2.1 This Internal Audit review sought to follow up on the implementation of 26 actions agreed as part of previous audit reviews of project management and governance within major infrastructure projects in the Council's Capital Programme. This audit confirmed that the service has made a range of changes to strengthen the project management framework in place and the corporate control and oversight of capital projects within Project Delivery, including the implementation of a gateway review model, a new approach to budgeting and cost, and a quality assurance process.
- 4.2.2 Overall Internal Audit have given a moderate opinion on the control environment for project management and governance within these capital projects, and a limited opinion on the compliance with controls. While the control environment has been developed significantly, and officers have demonstrated a strong commitment to improving practice, there remain areas where the processes in place continue to expose the Council to risk in delivery of projects.

- 4.2.3 Internal Audit has closed the recommendations from the previous review and issued new recommendations based on the current audit findings. In particular, there is a need to implement a formal approach to project risk assessment/project sizing and clarify which elements of the process are mandatory for projects, and to ensure that guidance documents are regularly updated for consistency. The service has agreed to undertake a full review of the capital project framework and policies to incorporate the range of recommendations made as part of the audit.
- 4.2.4 Although the project gateway process and quality assurance arrangements have been implemented, as yet they lack formal enforcement or centralised control to enforce compliance, and there is a need to develop a clear escalation route for cases where quality assurance processes identify extended non-compliance. The service has agreed to redevelop the quality assurance process and expand on reporting on capital project delivery. The implementation of the actions agreed as part of the review will be followed up and reported in line with the usual process for Internal Audit actions.

INTERNAL AUDIT ACTIVITY

5.1 AUDIT PLANING 2024/5

5.1.1 The Internal Audit team have been preparing the draft Internal Audit Plan 2024/5 in consultation with CLT and key officers. Full details of the proposed Audit Plan and how it was developed are provided in the separate Draft Internal Audit Plan 2024/5 report.

5.2 AUDIT PLAN PROGRESS 2023/4

5.2.1 Progress with delivery of the Audit Plan 2023/4 is provided at Annex A to this report.

5.2.2 It should be noted that the Council received notification of an Ofsted inspection at the end of February. In order to allow colleagues in the Children's, Families & Education service to focus on responding to the Ofsted visit, the audits of the Multi-Agency Safeguarding Hub (MASH) and Quality Assurance in Children's Social Care have been paused.

5.2.3 As the MASH audit fieldwork was complete by the time of the Ofsted visit, it should still be possible to issue the draft report by the end of the financial year; however the work on Quality Assurance was still at an early stage and therefore the draft report will now not likely be issued until at least April 2024.

5.3 ADVICE & GUIDANCE:

5.3.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:

- Advice was provided to Service Delivery Manager (Accounts Payable) regarding a proposal for multi-client supplier bank detail changes. Currently, when a commercial supplier changes their bank details, verification checks are undertaken before making the change in ERP Gold – a key control against bank mandate fraud. Where the same supplier with the same bank details exists in multiple clients (e.g. CCC and MKC) in ERP Gold these checks are undertaken for each client. This is resource intensive and so Accounts Payable are proposing that when a supplier changes their bank details for one client the Accounts Payable team will make the same changes for the supplier in the other clients. A report will be developed to identify such cases and the change will only be made where the existing bank details are an exact match. Internal Audit a advised that robust testing

of the proposed report and process should be undertaken prior to implementation.

- The Audit team provided advice and guidance on money laundering checks to a primary school, relating to a purchase of a new IT system.
- The Policy & Insights team shared a copy of a draft Partnerships Advice & Guidance Document and Internal Audit provided feedback on the current draft.
- Internal Audit provided feedback on a proposal from Finance regarding the centralisation of legal costs.

6. *PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) REVIEW*

6.1 INTRODUCTION AND BACKGROUND

6.1.1 Public Sector Internal Audit Standards (PSIAS) define the nature of internal auditing across the UK public sector and were introduced in 2013, and later updated in 2017. They set basic principles and a framework for internal audit services, which will provide value to organisations. The PSIAS apply to all internal audit service providers, whether in-house, shared services or outsourced and therefore, establish the basis for the evaluation of internal audit performance.

6.1.2 A self-assessment of CCC internal audit activities is conducted every year by the Cambridgeshire Internal Audit service, in line with PSIAS requirements. An external assessment is undertaken every five years; this was last conducted by the Chief Internal Auditor of Peterborough City Council during 2022.

6.1.3 The goal of PSIAS is to align internal audit services with best practice for effective auditing. PSIAS gives us the definition of internal audit, code of ethics and international standards for the professional practice of internal auditing, and are broken down into two specific areas:

6.1.4 The Attribute Standards, which look at the characteristics of the organisation and the individuals performing internal audits, cover the following areas:

- Purpose, Authority, and Responsibility;
- Independence and Objectivity;
- Proficiency and Due Professional Care; and
- Quality Assurance and Improvement Program.

6.1.5 The Performance Standards, which describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured, cover the following areas:

- Managing the Internal Audit Activity;
- Nature of Work;
- Engagement Planning;
- Performing the Engagement;
- Communicating Results;
- Monitoring Progress; and
- Communicating the Acceptance of Risks.

6.1.6 It against the above areas that the self-assessment is undertaken. The 2023/4 self-assessment by the Cambridgeshire Internal Audit team was undertaken by the incoming Deputy Head of Internal Audit.

6.1.7 It should be noted that the Global Institute of Internal Auditors has released new Global Internal Audit Standards on January 09, 2024, with the Standards becoming effective 12 months from the release date, in 2025. The UK Public Sector Internal Audit Standards Advisory Board (IASAB), which is responsible for setting the PSIAS, has confirmed that they have begun to review the new Global Standards and consider the impact of this change on the PSIAS. The IASAB have stated:

“The format of the new standards is different from the current IPPF and some of the content is different. The IASAB will determine the implications for the PSIAS and will develop proposals for revised material which will be suitable for the UK public sector context. Any subsequent changes to the UK’s PSIAS, and their implementation, will be subject to consultation and appropriate transitional arrangements.”

6.1.8 As such, in 2024/5 the Internal Audit team will continue to maintain compliance with the current PSIAS, while awaiting further information on the future of the UK public sector audit standards. The team will also review the new Global Standards and assess how best to implement compliance with the new framework.

6.2 KEY OBSERVATIONS AND RECOMMENDATIONS

6.2.1 The self-assessment conducted to evaluate the CCC internal audit practices against public sector internal audit standards did not identify any instances of non-compliance. Equally, the self-assessment proved to be a valuable exercise in identifying opportunities for enhancing the operation of the internal audit function.

6.2.2 While the existing charter and overall framework were found to be largely compliant and well structured, the self-assessment highlighted some specific minor areas where improvements could be implemented. These areas encompass refining the internal audit charter, strengthening the quality and improvement program, and ensuring consistent adherence to best practices across key audit procedures.

6.2.3 The Internal Audit team has therefore identified some action points to further improve practice in 2024/5, which are listed below:

a) Internal Audit Charter:

The existing internal audit charter is well structured and included all the necessary guidance; however, the following cosmetic changes will be introduced in the next update of the Charter:

- Include the seven principles of public life (the ‘Nolan Principles’);
- Update the nomenclature of JLT (Joint leadership team) to CLT (Corporate leadership team);
- Enhance the charter by including links to guidance notes and templates used for audit execution planning and reporting.

b) Quality Assurance and Improvement Plan

The Standards require that a Quality Assurance and Improvement Plan (QAIP) be developed which covers all aspects of the internal audit activity. Internal audit has established a QAIP to ensure the audit function consistently meets professional standards. However, currently the majority of the team's key performance indicators (other than completion of the Internal Audit Plan), are only reported internally within the service and at the end of the year as part of the Annual Internal Audit report. The following actions will be undertaken within the team to improve the QAIP process in future:

- Develop a comprehensive formal skills matrix and tailored training plan for the team in 2024 /25. This proactive measure will enable Internal Audit to identify and bridge any skills gaps, ensuring team possess the necessary competencies to deliver high quality audits effectively. Additionally, the training plan will provide opportunities for development, including exploring external training avenues, contributing to the team's continuous growth and knowledge enhancement.
- Implement quarterly reporting of KPIs to the Statutory Officers Group to enhance oversight.
- Conduct a review of the current KPIs in place to ensure the suite of KPIs aligns with the internal audit team's objectives, communicate expectations, and monitor progress to drive continuous improvement.

c) Proficiency, Due Professional Care and Policies & procedures

The Internal Audit function upholds the standards of the due professional care and proficiency in executing its responsibilities. Supervisors review all work to ensure adherence to relevant standards and to ensure assignments are delivered with due professional care and proficiency. Additionally, weekly team meetings are conducted to provide ongoing training and guidance to staff, reinforcing their competencies and enhancing their skills sets. To further strengthen this aspect of the team's work, it has been agreed that:

- Refresher training sessions will be undertaken in team meetings in 2024/25 to cover all key audit procedures from start to finish of the audit process. This will include sessions on writing terms of reference documents, preparing work programmes, analytical reviews, report writing etc. This dedicated series of training sessions will ensure that the whole team remains proficient in executing audit assignments with due professional care.

d) Nature of work:

The internal audit activity is committed to evaluating and contributing to improvement of the organisation's governance, risk management and control

processes. To obtain valuable feedback and insights, audit has introduced customer feedback surveys to solicit input from senior management and recipients of internal audit reports. However, currently there is no follow up process in place and feedback is not being received consistently for all audits. To address this gap and increase the volume of feedback received, it is agreed that the team will:

- Implement an ongoing follow-up protocol for client feedback surveys in 2024/25. This measure will ensure internal audit function receives comprehensive feedback, enabling them to identify any areas for improvement.

e) Risk Management

The PSIAS state the requirement for Internal Audit to evaluate the effectiveness and contribute to the improvement of risk management processes. All CCC internal audit assignments consider the relevant risks and controls and evaluate the effectiveness of the control environment in mitigating any risk. Risk management assurance audits are also carried out and an audit was originally included in the team's annual plan for 23/24; however, due to the resourcing constraints this year it was not undertaken, hence it is agreed:

- To include a risk management assurance audit in annual audit plan for 24/25

f) Communication and acceptance of risk:

Regarding risk acceptance by management, internal audit has a process in place whereby if a risk is identified in an audit and management wish to accept the risk, but audit consider this to represent a level of risk that may be unacceptable to the organization, this is first discussed with the relevant Director, and then if the matter is not resolved it is brought the attention of the Audit & Accounts Committee at the next meeting. However currently while this process operates in practice it is not defined and documented in detail, hence it has been agreed:

- To include detail on the procedure for risk acceptance in the internal audit charter.

g) Retention requirements for engagement records:

Under PSIAS, Internal audit must have a records retention policy in place. The audit team has a file disposal and archiving guide in place; however it is old and needs to be reviewed and updated, hence it has been agreed to:

- Review and update the CCC file disposal and archiving guide. Eliminate any redundant, outdated, or unnecessary documentation stored in the team's electronic document storage system, Sharepoint.

6.3 OVERALL CONCLUSION

- 6.3.1 Overall, the review concluded that the CCC Internal Audit Service is substantially compliant with the requirements of the Public Sector Internal Audit Standards, with some areas for improvement. No areas of concern have been identified which would suggest that the Internal Audit Service is unable to form a judgement as to whether the council has appropriate risk management processes, governance arrangements and a sound system of internal control.
- 6.3.2 The improvement actions outlined above will be incorporated into the CCC Internal Audit Service's Quality Assurance & Improvement Plan for 2024/5 and addressed alongside a refresh of the Internal Audit Charter. Further updates on implementation will be included in the Internal Audit Annual Report and subsequent Progress Reporting.

7. FOLLOW UP OF AGREED AUDIT ACTIONS

7.1 OVERVIEW OF FOLLOW UPS

7.1.1 The outstanding management actions from Internal Audit reports as at 28th February 2024 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

7.1.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate up-to-date position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

7.1.3 Internal Audit has recently introduced a new process for following up recommendations. The new process involves the Executive Assistants in each directorate sharing a spreadsheet of all recommendations with the officers responsible for implementing each recommendation on a monthly basis. Responsible officers are required to provide monthly updates on each recommendation. Internal Audit review those updates to assess whether any recommendations can be closed as implemented, and to provide information on follow ups in this report and Annex B of this report. This new process should increase directorate oversight of outstanding actions.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		Category 'High' recommendations		Category 'Medium' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Implemented	2 (2)	1.05% (1.09%)	23 (25)	12.11% (13.66%)	85 (74)	44.74% (40.44%)	110 (101)	57.89% (55.19%)
Actions due within last 3 months, but not implemented	0 (0)	0.00% (0.00%)	2 (0)	1.05% (0.00%)	21 (19)	11.05% (10.38%)	23 (19)	12.11% (10.38%)
Actions due over 3 months ago, but not implemented	0 (0)	0.00% (0.00%)	14 (14)	7.37% (7.65%)	31 (49)	16.32% (26.78%)	45 (63)	23.68% (34.43%)

Actions due over 12 months ago, but not implemented	0 (0)	0.00% (0.00%)	0 (0)	0.00% (0.00%)	12 (n/a)	6.32% (n/a)	12 (n/a)	6.32% (n/a)
Totals	2		39		149		190	

7.1.4 There are currently 80 management actions outstanding, compared to 85 in the last reporting period. Further detail on outstanding actions is provided at Annex B.

7.1.5 Table 8 below shows the number of overdue recommendations in each directorate.

Table 8: Overdue Actions By Directorate

Directorate		Outstanding recommendations
Children's		13
Adults, Health and Commissioning		7
Place and Sustainability <i>Actions (see footnote 3)</i>		2
Finance and Resources Directorate	<i>Key Financial Systems</i>	9
	<i>Other</i>	33
Public Health		2
Strategy and Partnerships		14

7.2 ACTION IMPLEMENTATION DEPENDENCIES:

7.2.1 Internal Audit highlight the following areas where the implementation of multiple overdue actions from the same audit are dependent on a limited number of actions:

- There are 9 recommendations that to a greater or lesser degree are dependent of the introduction of new consolidated schools finance guidance. The service has advised that it expects to launch of the new guidance for the start of the 2024/25 financial year.
- There are 5 recommendation from the Transparency Code and Freedom of Information Request audits that are dependent on the development of a new Information Management Board (IMB). A paper has now been to CLT regarding the formation of the new board and the first meeting of the IMB likely to be in April 2024.
- There are 6 VAT recommendations that cannot be fully implemented until the new overarching procedures have been reviewed and approved by key technical officers and management. It is anticipate that this will be done before the end of April 2024.

- There are 4 Accounts Payable recommendations that have been delayed due to the change freeze in ERP Gold or the introduction of new software. The change freeze has now been lifted and work is underway to address these recommendations.

7.3 ACTIONS CLOSED AS UNIMPLEMENTED:

- 7.3.1 Two recommendations from the Client Funds & Deputyships audit have recently been closed as unimplemented. The client funds service supports a range of service users who do not have mental capacity to fully manage their finances.
- 7.3.2 In addition to Client Funds managing service users' ongoing financial commitments such as rent/mortgage etc, service users have varying amounts of money that they may use as they wish on a day to day basis. Two recommendations in the audit report were aimed at introducing further reconciliations and monitoring of this day to day expenditure, with the intention of mitigating against potential theft or fraud. However, on advice from the Chair of the Association of Public Authority Deputies (APAD) the service proposed to not implement those recommendations.
- 7.3.3 The Chair of APAD advised that implementation of recommendation would be a restrictive action and give rise to a risk of processes not being in line with the Mental Capacity Act. The Council's S151 Officer has confirmed to Internal Audit that he is supportive of the service not implementing these recommendations and has confirmed acceptance of the remaining financial risk.

8.0 *RISK MANAGEMENT*

8.1 Please see the separate report on the Corporate Risk Register and risk management update.

9 FRAUD AND CORRUPTION UPDATE

9.1 FRAUD INVESTIGATIONS 2023/4

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 7. As at the 29th February 2024, Internal Audit has received 29 whistleblowing referrals in the 2023/24 financial year, more than the number of referrals received by the same point in 2022/23 (22 cases). There are no open cases which have been carried forward from 2022/23.

Table 9. Current Internal Audit Investigations Caseload

All Cases Reported in 2023/24 To Date		Open	Closed	Total
Fraud and Theft	Conflict of Interest	0	3	3
	Council Officer Fraud	2	3	5
	Third Party Fraud	2	2	4
	Theft	0	3	3
	Attempted blackmail	1	0	1
Governance	Internal Governance Issue	1	3	4
	Schools Governance	0	1	1
Grievance/Bullying	Staff Conduct/Grievance	0	2	2
Safeguarding and Health & Safety	Safeguarding	1	4	5
	Health and safety	0	1	1
Total		7	22	29

9.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.3 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Safeguarding (1 open case)** – One case of safeguarding concerns raised by a member of the public is currently open, which is being investigated by Children’s Social Care.
- **Internal Governance (1 open case)** – Internal Audit are currently investigating one case relating to internal governance concerns. Internal Audit have initiating an audit review of this case.

- **Council Officer Fraud (2 open cases)** – Internal Audit is currently investigating two cases of alleged fraud involving people working for CCC, in conjunction with HR colleagues.
- **Third Party Fraud (2 open cases)** – Internal Audit is currently investigating two cases of alleged fraud involving the Council by members of the public. These cases are both being investigated by Internal Audit, including a review of the control environment where appropriate.
- **Attempted blackmail (1 open case)** – There is currently one open case relating to attempted blackmail. This is being dealt with in conjunction with the police and Information Governance colleagues.

9.2 WHISTLEBLOWING, ANTI-FRAUD AND ANTI-MONEY LAUNDERING E-LEARNING

9.2.1 Following the implementation of the new Anti-Fraud and Corruption Policy and new Anti-Money Laundering Policy which both came into force in 2022, Internal Audit is undertaking, in conjunction with the Learning and Development team, to create two e-learning modules to support the embedding of these new policies for both existing and new staff.

9.2.3 Following the update provided in January's report, the Money Laundering training module is now available for staff on the Our Development e-learning platform. A campaign of communications to highlight this training, particularly to key teams, is being formulated for circulation as soon as possible. The Whistleblowing & Anti-Fraud training module is still being drafted. Progress has been hindered by resourcing issues in Internal Audit, which have resulted in a scarcity of time to work on the modules in light of priority audit work.

9.3 NATIONAL FRAUD INITIATIVE (NFI)

9.3.1 The NFI compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud.

9.3.2 The current exercise commenced in September 2022 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output was released by the NFI in January 2023. The total number of matches for CCC as at January 2023 was 4,200 across 34 reports which have a high or medium risk rating, depending on the nature of the data. The NFI released an extra data set recently regarding residential parking permits therefore the total number of matches is now 4229 across 35 reports.

9.3.3 As at February 2024, 2,741 matches have been reviewed and cleared resulting in £1,462.46 identified to recover. This sum relates to pension payments made to a

deceased person and the Pension Team Leader (West Northamptonshire) is progressing this case. The purpose of the match is to identify instances where an occupational pensioner has died but the pension is still being paid.

9.3.4 413 blue badges have been cancelled; the Cabinet Office estimates a notional saving of £268,450 for these.

9.4 TRANSPORT CONTRACTS BACKLOG INVESTIGATION

9.4.1 The Head of Internal Audit was approached by Passenger Transport regarding a significant backlog of historic contracts that were never issued to Council home to school and social care transport providers. Internal Audit conducted a review with the aim of verifying that the backlog consisted solely of expired contracts where the service had been provided and paid in full and that the current contracting process is sufficient to prevent any further backlog building up.

9.4.2 The audit identified that the service did not have processes in place to identify the total amount paid on each contract or verify that total payments per contract are in line with expected contract value. Internal Audit recommended that the service implement a process to conduct full reconciliations between payments and contracts, and introduce a more detailed tracking spreadsheet to monitor the contracting process.

9.4.3 The review also identified a number of occasions over the year prior where call-off contracts had been sent but not returned signed, and a high proportion of cases where signed contracts were not in place prior to the start of the service. However, it should be noted that as all transport routes are awarded via the Council's Dynamic Purchasing System (DPS) framework contract and no operator can bid for work without having signed the DPS agreement, the risk associated with unsigned call-off contracts is significantly reduced.

9.4.4 Internal Audit has recommended that the service explore with legal support whether they are able to tighten the terms of the DBS to dispense with the need for agreement of a separate call-off contract as far as possible, and to dedicate resources to work with the Procurement & Commercial team to review their processes and aim to explore alternative approaches such as whole-school contracting.

9.4.5 The service have agreed these recommendations, which will be followed up by Internal Audit and reported in line with the usual process for audit actions.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2023/24 KEY FINANCIAL SYSTEMS AUDITS

- 10.1.1 The CCC Internal Audit Team are undertaking the Payroll and Pensions Administration key financial system audits for 2023/24 for authorities which share these services under the Lead Authority model. This is a change in approach, as since the implementation of ERP Gold in 2018, the CCC IA Team had previously been responsible for the Accounts Payable, Income Processing and Debt recovery audits, whilst the Pensions and Payroll work has been undertaken by IA Teams at other local authorities that are part of those shared services.
- 10.1.2 Both the Pensions and Payroll audits are underway. Fieldwork undertaken to date on the payroll starter and leaver processes has not identified any significant issues. Similarly, work undertaken to date has not found fundamental issues relating to overpayments, emergency payments, and the overall payment file process. Work is continuing on the review of control accounts and clearance of aged items from those accounts.
- 10.1.3 Work is also underway on the Pensions Administration audit covering the Cambridgeshire and West Northamptonshire schemes. Fieldwork will include coverage of key transfer processes, payments, bank account changes, and performance reporting. The commencement of fieldwork was significantly delayed, as there were delays in the processes to give the Cambridgeshire IA Team access to the ALTAIR pensions computer application and the West Northamptonshire IT network on which the ALTAIR application is hosted. As of mid-January, the Cambridgeshire team obtained access to Pensions systems and work is progressing. Work to date has not identified any significant issues or concerns.
- 10.1.4 A recent staff departure in the Internal Audit Service at West Northamptonshire has resulted in that service reporting that they will be unable to complete the Debt Recovery Shared Service review for 2023/24. The Cambridgeshire IA Team has agreed to complete this review given that the team possess experience of delivering this annual review. The team are currently awaiting working papers from the team at West Northamptonshire to assess the work they have undertaken to date before agreeing the plan for completing the review; however this will not be commenced until late March/early April.

Annex A
Internal Audit Plan Progress
2023/24

Progress to 29th February 2024 with the core Internal Audit Plan 2023/24 and the agreed Q1 – Q4 ‘flexible’ plan, on the basis of individual reviews completed, is summarised as follows:

Audit Plan 23/24 Progress In-Year		
Total Completed & Closed Reviews	35	44%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	18	23%
Draft Report Issued	11	14%
Fieldwork In Progress	15	19%
Reviews at Terms of Reference (ToR) stage and before	1	1%
23/24 Planned reviews yet to start	0	0%
Reviews on hold/paused at Director request	1	1%

Detail of the agreed Core and Q1 – Q4 ‘flexible’ Internal Audit Plan 2023/24, including progress to 29th February 2024, is provided below:

AUDIT TITLE	Directorate	TYPE OF WORK	PROGRESS
Client Funds & Deputyships	F&R	Audit	Complete
Schools Capital Programme	Childrens	Audit	Draft Report
Street Lighting PFI Variations	P&S	Audit	Complete
Pathfinder Legal Services	S&P	Audit	Complete
Climate Change & Environment Strategy	P&S	Audit	Complete
FOI and SAR	S&P	Audit	Complete
ICT Incident & Problem Management	F&R	Audit	Complete
Capital Project Management	P&S	Audit	Complete
ICT Security	F&R	Audit	Complete
ICT Records Management	F&R	Audit	Draft Report
Estate Health & Safety Inspections	F&R	Audit	Fieldwork
Dedicated Schools Grant Safety Valve	Childrens	Audit	Draft Report
Safe Employment	CCC	Audit	Draft Report
Asset Valuations for Statement of Accounts	F&R	Audit	Draft Report
Establishment Control	F&R	Audit	Fieldwork
Grants to Voluntary Organisations Policy & Compliance	CCC	Audit	Draft Report
Rental Income	F&R	Audit	Fieldwork
Section 106 Funding	P&S	Audit	Complete
Business Continuity Planning	S&P	Audit	Fieldwork
Multi Agency Safeguarding Hub	Childrens	Audit	Fieldwork

Adults Directorate Business Planning Review & Challenge	Adults	Audit	Fieldwork
Quality Assurance in Childrens Social Care	Childrens	Audit	Paused due to Ofsted
Project Management Framework and Project Assurance	S&P	Audit	Draft Report
Mosaic System Uploads, Data Integrity and Key Controls	Adults	Audit	Fieldwork
Supporting Families	Childrens	Grant	N/A
Local Transport Capital Block Funding (Highways Maintenance)	P&S	Grant	Complete
Pothole and Challenge Fund	P&S	Grant	Complete
Disabled Facilities Grant	CCC	Grant	Complete
A14 Grant	P&S	Grant	Complete
Basic Needs Funding	Childrens	Grant	Complete
Procurement Governance	F&R	Audit	Complete
Procurement Compliance	F&R	Audit	Fieldwork
Waste PFI Review Support	P&S	Support	Ongoing
Waivers & Direct Awards Compliance	F&R	Audit	Draft Report
Street Lighting PFI Contract	P&S	Audit	Fieldwork
Management of Consultants	S&P	Audit	Draft Report
OPUS People Services & Interims	S&P	Audit	Draft Report
Energy Contract	P&S	Audit	Fieldwork
Commissioning Governance	Adults	Audit	Fieldwork
LD Supplier Resilience Reviews	Adults	Audit	Fieldwork
Treasury Management	F&R	Audit	Complete
Payroll	F&R	Audit	Fieldwork
Pensions	F&R	Audit	Fieldwork
National Fraud Initiative	CCC	Support	N/A
Fraud Investigations Review Process	CCC	Investigations	N/A
Case 111 - Conflict of Interest	F&R	Investigations	Complete
Case 118 – Interims	Childrens	Investigations	Complete
Case 125 – Legal Procurement	P&S	Investigations	Complete
Case 126 – Contracts Backlog	Childrens	Investigations	Complete
Case 127 – Supported Living	Adults	Investigations	Complete
Case 128 – NFI Match	CCC	Investigations	Complete
Pro-active Counter Fraud Work	CCC	Investigations	N/A
Development of Anti-Fraud & Corruption Strategy	CCC	Investigations	Ongoing
Counter Fraud Training	CCC	Investigations	N/A
FACT/HACT Follow Up	CCC	Investigations	N/A
Council Tax NFI Project	CCC	Investigations	N/A
Whistleblowing Policy Annual Review	CCC	Investigations	Draft Report
Schools Assurance Auditing	Childrens	Audit	Complete
Fen Drayton Primary School	Childrens	Audit	Complete
Orchard Park Primary School	Childrens	Audit	Complete
Bewick Bridge Primary School	Childrens	Audit	Complete
Huntingdon Primary School	Childrens	Audit	Complete
Castle School	Childrens	Audit	Draft Report
Huntingdon Nursery School	Childrens	Audit	Complete

Meridiam Primary School	Childrens	Audit	Complete
Desktop Deficit Recovery Plans review	Childrens	Audit	Draft Report
Information Management Board	S&P	Support	N/A
Annual Governance Statement/Code of Corporate Governance	CCC	Support	Complete
Public Sector Internal Audit Standards (PSIAS) Review	CCC	Support	Complete
Corporate Key Performance Indicator Framework	CCC	Audit	Complete
Annual Key Policies & Procedures Review	CCC	Audit	Complete
Annual Assurance on Risk Management	CCC	Audit	Complete
Development of Risk Strategy	CCC	Risk Management	Complete
Risk Management	CCC	Risk Management	N/A
Advice & Guidance	CCC	Support	N/A
Freedom of Information Requests	CCC	Support	N/A
Follow-Ups of Agreed Actions	CCC	Support	N/A
Committee Reporting	CCC	Support	N/A
Management Reporting	CCC	Support	N/A
Audit Plan	CCC	Support	N/A

ANNEX B *Summary of Outstanding Recommendations*

(Recommendation status as at 28.02.2024).

Audit	Risk level	Summary of Recommendation	Target Date	Status
<i>Essential Recommendations overdue</i>				
There are no 'essential' recommendations overdue.				
<i>High Recommendations overdue - over 12 months</i>				
There are no 'high' recommendations overdue by over 12 months.				
<i>Medium Recommendations overdue - over 12 months</i>				
Accounts Receivable Income 21/22	M	<p>A policy should be developed to govern how credit only customer accounts should be treated and managed. The policy should include at what point in time a credit only account should be considered as aged. For example, an aged account could be defined as one that has not had any invoices raised for 6 months. The policy should include a check to ensure that a credit only account is not due to failure on behalf of the Council to raise an invoice prior to any further action being taken.</p> <p>Once this policy has been developed, exception reporting should be developed to identify aged credit only accounts so that action can be determined and taken in line with the policy.</p> <p>Data on credit only accounts should be incorporated into the current reporting regime and in conjunction</p>	31/12/2022	<p>The Service has confirmed that Income Processing have started to refund credit-only accounts; 86 customer accounts have been cleared totalling £149,525.63</p> <p>To be able to move credit-only balances to a code where a refund is not required, they are awaiting an update to their Journal template, which was not be possible until the ERP Change Freeze ended - this is now with Business Systems to update. Once updated, both routes of the Credit Only Account policy can be implemented. Currently only the refund element is live.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • December 2023 - 31 January 2024

		<p>with unapplied items reporting (recommended above) and should include:</p> <ul style="list-style-type: none"> • The number of credit only accounts • The value of transactions on credit only accounts • The volume of transactions on credit only accounts • Narrative on any issues and action taken in relation to clearing transactions from credit only accounts. 		
Accounts Receivable Income 21/22	M	<p>Documented procedures should be created to govern the future ongoing use of the fortuitous income codes. These procedures should include clear criteria that should be met prior to a suspense item being moved to an income code.</p> <p>These procedures should also cover the process of moving transactions from customer accounts to a fortuitous income code. Once developed, the procedures should be agreed with the S151 officers.</p>	31/12/2022	<p>The Service has confirmed that a CCC process document has been agreed and Finance codes provided, that operations have commenced and as such the recommendation is implemented. Internal Audit has requested evidence for review before closure is confirmed.</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • December 2023 - 31 January 2024
DSG - High Needs Block Demand Management	M	<p>The service has indicated that there are already plans to review and update the Personal Budget policy. The service should ensure as part of this update that guidance is clear that where any provision is to be secured by a Personal Budget, Section J of the Education Health and Care Plan should include: details of how the Personal Budget will support particular outcomes; the specific provision it will be used for, including any flexibility in its usage; and the arrangements for any direct payments for education, health and social care.</p>	01/04/2022	<p>The owner of this action has very recently changed due to there being a vacancy in the service – this recommendation has now been picked up by the Head of Special Education Needs & Disability Complex Cases:</p> <p>The service has confirmed that there is now a new Personal Budgets Policy which has been uploaded to the Local Offer Special Education Needs & Disability Information Hub. The service is making amendments to EHCPs with personal budgets that have not been completed correctly, but due to the legal ramifications, it may take about a year to write-out the incorrect funding. Internal audit will meet with the service to consider whether the policy amendments satisfy the recommendation when the current Ofsted inspection has concluded.</p>

				<p>Revised target date: 31 January 2025</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - TBC • December 2023 – TBC • September 2023 – 30 September 2023
DSG - High Needs Block Demand Management	M	A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an Education, Health and Care Plan (EHCP) after an annual review has taken place. The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.	01/09/2022	<p>A new training package has been developed on the EHCP 20 week process and AR process, which will soon be delivered to schools.</p> <p>Revised target date: 31 July 2024.</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • September 2023 – 31 January 2025.
General Ledger 20/21	M	Urgent action is taken in conjunction with the Payroll and HR Transactions Manager to address the weaknesses in the quality and accuracy of payroll control accounts.	30/09/2021	<p>This action continues to be progressed by the Payroll Team in liaison with Corporate Finance. Aged items are being cleared and there is an action plan in place to address specific issues. The Strategic Finance Manager confirmed that system changes have been implemented that have resolved the root cause issue in relation to two control accounts. Latest analysis shows a significant reduction in aged items. Work is still ongoing.</p> <p>Revised target date: While progress has been made, Finance Colleagues have confirmed it will take some time to clear the remaining historic transactions. Internal Audit are undertaking a payroll audit to be completed in Q4. This includes a review of control account reconciliations and clearance of unreconciled items.</p>

Insurance Fund	M	The Claims Handling Manual should be updated following implementation of an Insurance Strategy, this should ensure that the service goals and objectives are supported by operational processes which target management resource accordingly. This could also include: current reporting review processes, betterment circumstances.	31/12/2022	<p>There are a number of areas where procedures and governance are being challenged and amended. The team held a session in February that resulted in a number of suggested actions and the insurance management team is holding weekly sessions to progress. This will result in manuals and procedures being changed. The intention is to develop or refresh procedures for all elements of the service at the conclusion of these challenge sessions, with a target date for the end of April ready for the new Head of Insurance to review.</p> <p>Revised target date: 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 – 31 March 2024 • December 2023 - 31 January 2024 • September 2023 - 1 December 2023
Insurance Fund	M	An Insurance Strategy is developed to provide a clear framework for the service goals and objectives including a structured approach to the Councils insurance arrangements. For example, this could include the following information: The strategic aims of the service, a breakdown of the risks the council self-insures and policies the council holds with external insurance providers, the process for projecting future risk profile, management and recharging arrangements, claims management processes and processes for reviewing the insurance strategy.	31/01/2023	<p>This action has been delayed to allow the incoming permanent Head of Insurance to consider. The new Head of Insurance commences at the end of April. The draft has been completed and has been reviewed and commented upon by the S151 Officer. The strategy will then need to go to Lead Authority Board for approval, as the document will support all councils the Insurance Service supports.</p> <p>Revised target date: 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 – 31 March 2024 • December 2023 - 31 January 2024 • September 2023 - 1 December 2023

Key Policies and Procedures	M	The Partnership Governance Advice and Guidance to be allocated an owner, reviewed depending on the last review date and published on Camweb.	30/11/2022	<p>The Partnership Governance & Advice document was reviewed at CLT on 19/02/2024 following engagement on the initial draft with a range of internal stakeholders. A final draft will now be produced and taken back to CLT for sign-off in March.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> December 2023 - 31 January 2024
Overall Schools Report	M	The School Finance Team should amend existing CCC regulations for schools to clearly specify areas where schools need to formulate their own internal policies in addition to the CCC regulations for schools. These include a Scheme of Financial Delegation and the other policy areas listed in Annex A to this report.	30/09/2022	<p>Draft updated consolidated guidance has shared with Internal Audit and Senior Managers, and Internal Audit colleagues have returned the draft with comments. Subject to final sign off, new consolidated guidance is expected to be published by end of the financial year.</p> <p>The new consolidated guidance will be used to implement all of these recommendations with new sections of the guidance including these controls.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - TBC December 2023 – TBC September 2023 - 31 October 2023
Overall Schools Report	M	<p>Where CCC regulations for schools allow for varying proportionality of controls such as separation of duties, the Schools Finance Team should consider clarifying in what situations it is acceptable to deviate from best practice, and to what degree. This could include setting a financial threshold above which schools must be able to evidence separation of duties in purchasing.</p> <p>It also be made clearer in the regulations what constitutes sufficient separation of duties at different stages of the purchasing process. For example, can the</p>	30/09/2022	<p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - TBC December 2023 – TBC September 2023 - 31 October 2023

		same person approve a purchase order and then raise it on the system (such as the Headteacher)		
Overall Schools Report	M	School Finance Team should amend CCC regulations for schools to state that the Payroll Costing Report and Previous Pay Comparison Report should be used to identify all variances and illustrate the full cost of the payroll to be signed off. If these two reports are used, the Payroll Validation Reports and EPM Variance reports are not necessary and schools are able to conduct more detailed scrutiny of their payroll.	30/09/2022	
Overall Schools Report	M	School Finance Team should consider amending CCC regulations for schools to include a requirement that a second officer must authorise individual payroll amendments. This would require schools to apply separation of duties in all individual payroll amendments, which if not demonstrated increases the risk of payroll fraud.	30/09/2022	
<i>High Recommendations overdue - over 3 months</i>				
Healthy Child Programme	H	Once a detailed Pricing Schedule has been developed for the contract, the Public Health team should implement quarterly open-book monitoring against the pricing schedule. This should include a detailed breakdown of actual costs incurred by the providers, with this information being reviewed and challenged by the Authority. The service should also ensure the year-end reconciliation of reported costs to actuals takes place in line with the Section 75 Agreement document.	30/06/2023	<p>The Director of Public Health has confirmed that these actions are on track and will be completed by the revised target date, pending the rollout of new open-book contract management training. The Service is working with the Head of Diligence Best Value and the Commercial Team to develop in-house training for staff to enable them to undertake streamlined open book accounting for commissioned services.</p> <p>Revised target date: 30th April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • December 2023 – 30 April 2024 • September 2023 – TBC

Integrated Drugs and Alcohol Treatment System Contract	H	<p>Public Health should alter financial monitoring so that, for budget variances as uncovered in the review of SMS reporting within quarterly contract monitoring meetings, are reconciled to prime evidence, as allowed by clauses 34.1 and 34.2 of the contract. This represents a shift to more open book financial reporting.</p> <p>To assist with this Public Health should utilise the detailed pricing schedule which includes a detailed list of allowable costs against each pricing element. This pricing schedule can be the basis for challenge in contract monitoring meetings allowing for efficient detection of budget variances. It will also allow the council to distinguish costs that should be absorbed by CGL.</p> <p>If the Service considers this unfeasible, they should consult with the Head of Diligence and Best Value for advice and guidance on how to implement a more open book financial reporting approach.</p>	31/03/2023	<p>The Director of Public Health has confirmed that these actions are on track and will be completed by the revised target date, pending the rollout of new open-book contract management training. The Service is working with the Head of Diligence Best Value and the Commercial Team to develop in house training for staff to enable them to undertake streamlined open book accounting for commissioned services.</p> <p>Revised target date: 30th April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • December 2023 - 30 April 2024 • September 2023 - TBC
Fire Risk Assessments	H	<p>The Property Compliance Team, Estates and Facilities Management should ensure that a review is undertaken to identify a definitive list of all properties for which the Council is required to undertake FRA's. If any such properties identified have not had an FRA in the last three years, the Property Compliance Team Manager should ensure that a FRA is undertaken as a matter of priority.</p>	31/03/2023	<p>The service has confirmed this action has not been implemented. The Service Director, Property, has confirmed that Property are aware of the outstanding action and are prioritising completion of this action by the end of March.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • September 2023 - 31 March 2024
Direct Payments Consolidated Report	H	<p>Internal Audit has consulted with staff in social care, Finance and Debt Recovery and drafted a proposed Direct Payments Fraud and Misuse Policy, attached as Appendix A. The Executive Director of People Services and the Service Director of Finance & Procurement</p>	30/04/2023	<p>The action owner provided a revised target date but no update or further detail on progress.</p> <p>Revised target date: 31 March 2024</p>

		<p>should review this policy, make any amendments, and adopt the policy on behalf of the Council.</p> <p>Once the policy is adopted, it should be communicated to staff in social care and finance, alongside an awareness-raising exercise through the Council's internal corporate communication channels.</p>		<p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> December 2023 - 1 February 2024 September 2023 - 31 October 2023
Government Procurement cards (GPC)	H	<p>Clear guidance to schools on GPC use should be developed. This should include clear guidelines regarding prohibited categories of expenditure and requirements to review and approve spend. This could be the same as the CCC standard GPC guidance document, or a separate document if it is believed this is required to suit school's needs. Once agreed, a copy should be circulated to all maintained schools and should be shared when schools apply for new GPC or to change a cardholder/approver</p>	01/08/2023	<p>The service has confirmed the GPC Team are working on developing guidance for schools regarding the use of school GPC cards. This will be produced in line with the overarching Council user guide.</p> <p>Revised target date: 30 June 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 - 31 March 2024 December 2023 – 31 December 2023 September 2023 - 30 September 2023
Transparency Code	H	<p>An Information Management Strategy (or equivalent) should be produced to establish how information should be produced and published.</p> <p>It should include:</p> <ul style="list-style-type: none"> A clear process for key officers to check that all required datasets are published correctly and on time ensuring compliance that the information is published quarterly and annually. A timetable for key officers to get in touch with service contacts who own the datasets, to remind them that publication is due in advance of deadlines. Guidance for ensuring if any delayed or absent publication is identified that it is discussed to find out the reasons for this with the officers involved and to 	30/06/2023	<p>Internal Audit has seen a copy of the draft Freedom Of Information Publication Scheme & Local Government Transparency Code Policy.</p> <p>The policies have been reviewed but need to go to the new Information Management Board (IMB) for final review and approval, when the Board has been set up.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in April 2024.</p> <p>Revised target date: 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - 31 March 2024

		<p>establish whether there are ongoing issues with timeliness of publication and to identify the root cause.</p> <ul style="list-style-type: none"> Processes to ensure that personal information is redacted appropriately. 		<ul style="list-style-type: none"> December 2023 - 28 February 2024 September 2023 - 16 January 2024
Transparency Code	H	<p>Key Officers need to be identified in the Council who are responsible for ensuring that the Transparency Code data is published in line with requirements. This should include identifying, in a written document (such as the Information Management Strategy referenced at Recommendation 1):</p> <ul style="list-style-type: none"> The central team (i.e. the Information Governance team) with responsibility for requesting data due for publication; collating the data; ensuring that data accuracy checks have been completed; and publishing the data on the Council's external website. For each individual dataset, identifying which team within the Council is responsible for owning and producing the data and supplying the data to the central team. This should include identifying a named key contact within each team for producing the data. For each dataset, identifying the checks that should be conducted to verify that the information published is accurate and is compliant with the format requirements of the Transparency Code, by the key officers. This can then be followed consistently when officers change to ensure that the process is consistent. 	30/06/2023	<p>Internal Audit has seen a copy of the draft Freedom Of Information Publication Scheme & Local Government Transparency Code Policy.</p> <p>The policies have been reviewed but need to go to the new Information Management Board (IMB) for final review and approval, when the Board has been set up.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in April 2024.</p> <p>Revised target date: 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - 31 March 2024 December 2023 - 28 February 2024 September 2023 - 16 January 2024
VAT	H	<p>The VAT team should ensure that reconciliations of purchase VAT are undertaken on a monthly basis and include a detailed review of differences highlighted between the General Ledger and the Making Tax Digital report totals.</p>	31/07/2023	<p>Detailed process notes will be incorporated into the VAT procedures. These have been drafted and are with management for review. The service have stated this is now happening in practice, but will need the agreed procedures in place before full sign off of the action.</p> <p>Revised target date: 15 April 2024</p>

		This requirement and detailed process should be incorporated into the VAT procedures recommended at recommendation 1 above.		Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> • January 2024 - TBC • December 2023 - TBC • September - 30 September 2023
VAT	H	<p>The VAT team should establish and document a procedure to ensure the HMRC regulations on the Partial Exemption rule to local authorities are complied with. This should include regular monitoring to provide in year assurance or to identify where it is likely that the partial exemption limit may be exceeded. This would also support timely completion of the full year calculation as potential issues will have been identified during the year.</p> <p>The VAT team should ensure the procedure requires officers to notify the S151 if it is identified that the partial exemption limit may be breached.</p> <p>The Partial Exemption calculations should be reviewed and reported to the Deputy 151 Officer as a matter of priority.</p>	31/07/2023	<p>The Service have confirmed that partial exemption limit calculations are now included as part of the monthly VAT return process and that results of the calculation are shared with the Head of Finance. This process will be further developed to include a check of suspense accounts.</p> <p>Detailed process will be incorporated into the VAT procedures. These have been drafted and are with management for review.</p> <p>Revised target date: 15 April 2024</p> <p>Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> • January 2024 – 28 February 2024 • December 2023 – TBC • September - 30 September 2023 </p>
VAT	H	<p>The VAT team should develop documented procedures to give clear guidance on VAT requirements and processes. These procedures should include and clearly explain:</p> <ul style="list-style-type: none"> • Roles and responsibilities of officers • VAT reporting requirements • The detailed steps to be undertaken using the monthly VAT return working spreadsheet • Timescales and deadlines for key tasks • Details of how VAT returns and supporting reconciliations should be undertaken and 	30/09/2023	<p>Procedure notes have been drafted and are with managers for review. Review and approval of these procedures has been delayed, as the relevant managers are focusing on the closedown of the 2022/23 accounts.</p> <p>Revised target date: 15 April 2024</p> <p>Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> • January 2024 – 28 February 2024 • December 2023 - TBC </p>

		<p>reviewed/signed off.</p> <p>In developing these procedures the VAT Team should review current processes to determine:</p> <ul style="list-style-type: none"> • the purpose and necessity of the tasks in each of the 25 worksheets, including removal of duplication. • What each VAT report currently run details, is used for, and whether they are all necessary. 		
VAT	H	<p>Corporate Finance should educate the budget managers on the importance of coding VAT to its correct cost centre and make sure that budget managers follow the guidance, re-allocating the associated VAT amount while they re-allocate/journal the net expenditure from the suspense cost centre.</p> <p>Corporate Finance should regularly check the suspense cost centre to ensure the VAT amounts left there won't cause the council to breach 5% PE limits.</p>	30/09/2023	<p>The service is reviewing communication options to target finance admin staff as well as budget managers, and are looking into VAT training and whether funding can be identified for this.</p> <p>The Service has reported that VAT on suspense accounts is regularly reviewed and very rarely is an issue, but monthly VAT adjustment journals will be implemented to clear any such items on a regular basis. They have also confirmed that a new process has been implemented ensuring VAT relating to interim expenditure through OPUS People Solutions is no longer posted to the suspense account – and that this has significantly reduced the value, volume and likelihood of any VAT being posted to suspense accounts.</p> <p>Revised target date: 30 June 2024</p> <p>Revised target dates from previous reporting cycles :</p> <ul style="list-style-type: none"> • January 2024 – 28 February 2024 • December 2023 – TBC
Fostering Payments (In-House)	H	<p>Any outstanding debts from the prior financial year (1 year old or more) should be shared with the Debt Recovery service for formal debt recovery via the corporate debt policy once service recovery has been</p>	01/09/2023	<p>The new Head of Fostering will meet with finance officers to review debts against the service and ensure they are referred to the debt recovery service.</p>

		exhausted, or debts should be formally written off in line with corporate procedure. Every effort should be made to confirm contact details of carers at every point of contact. Case workers should routinely check contact details are up to date to prevent risk that council cannot pursue debts. Monies owed should be calculated at a full cost recovery basis and noted on the tracker to ensure the council is recovering full cost.		<p>Revised target date: 31st March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 – 31 January 2024 • December 2023 - TBC
Fostering Payments (In-House)	H	Reconciliations should be expanded to include a tracker for all CCC Young People with a Peterborough City Council (PCC) carer. CCC should be made aware of the amount of weekly expenditure for these payments and reconcile quarterly as the recharge process commences, and before it is finalised. This would reduce the risk that CCC are paying above the actual agreed weekly expenditure for these placements. There is concern, given that we have little detail on CCC young people in PCC care (including the level of the carers they are with) that CCC could be being overcharged by this authority. To help reduce the budget gap going forward, the service could explore the volume of CCC YP in PCC care and compare this to the number of PCC YP in CCC care to consider whether it may be worthwhile	01/10/2023	<p>Internal Audit has not received an update for this reporting cycle. The update below is from the previous reporting cycle. The new Head of Fostering has advised that a full update will be provided on this in time for Audit and Accounts Committee.</p> <p>“The Head of Commissioning confirmed previously that this will form part of discussions through the newly formed Sufficiency Board, and regular discussion with Commissioning Managers and the Head of Service Childrens Commissioning with Procurement Colleagues about the frequency of the reopening of the Dynamic Purchasing System which was recently extended from April 24 to March 26. These discussions are due to take place from April 2024.”</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - TBC • December 2023 – 31 January 2024
Fostering Payments (External)	H	The service should aim to accelerate timescales for onboarding thus creating a wider scope of providers on the Dynamic Purchasing System to reduce the need for spot placements. Procurement and Commissioning	30/09/2023	<p>The Head of Commissioning confirmed that this will form part of discussions through the newly formed Sufficiency Board, and regular discussion with Commissioning Managers and the Head of Service Childrens</p>

		<p>should review the frequency of the onboarding process and investigate whether the 6-monthly evaluation rounds could be completed on a more frequent basis to increase Dynamic Purchasing System provider base. Periods at which onboarding occurs should be formalised and frequent.</p>		<p>Commissioning with Procurement Colleagues about the frequency of the reopening of the Dynamic Purchasing System, which was recently extended from April 24 to March 26. Quarterly provider forums due are due to take place for all 4 LOTs aligned in the Dynamic Purchasing System from April 24 where we will be encouraging our spot provider market to join the Dynamic Purchasing System and drive / shape market sustainability in Cambridgeshire.</p> <p>The Dynamic Purchasing System is due to reopen in Q1 2024/25 for providers to apply. Sufficiency board ToR's drafted and being reviewed ahead of first meeting taking place. To meet monthly.</p> <p>Revised target date: 30th April 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - 30th April 2024 • December 2023 – 31 January 2024
<p><i>High Recommendations overdue - under 3 months</i></p>				
Case 125 - Guided Busway Procurement	H	<p>The officer charged with progressing the outstanding land matters on the Busway should complete a formal risk assessment to establish the scope and scale of outstanding land acquisitions on the Busway; progress to date; the extent of current risks associated with each transfer; identify actions to manage and mitigate these risks; and outline a timeline for completion of the</p>	31/01/2024	<p>No update has been received for this reporting cycle. This is the first cycle for which this recommendation has been overdue.</p> <p>Revised target date: TBC</p>

		transfers. This risk assessment and timeline should be formally reported to CLT, and if significant risks are identified then reporting to Committee and recording on Directorate and Corporate Risk Registers should also be considered.		
Case 126 Transport Backlog	H	The service should explore with Pathfinder Legal Services whether they are able to tighten the terms of the Dynamic Purchasing System to dispense with the need for agreement of a separate call off contract as far as possible and have everything covered under the Dynamic Purchasing System terms.	22/01/2024	The service has reported that this is in train and ongoing as part of the Transport Transformation Strategy. Revised target date: TBC
<i>Medium Recommendations overdue - over 3 months</i>				
Overall school audits 22-23	M	In conjunction with Recommendation 1, the Director of Education and/or Schools' Finance Team should write to all schools to explain that whilst schools do not use ERP Gold, they should follow the key purchasing controls of having an order form raised, approved by a separate approver, and a goods receipting process should be undertaken and evidenced before payment.	31/07/2023	Draft updated consolidated guidance has shared with Internal Audit and Senior Managers, and Internal Audit colleagues have returned the draft with comments. Subject to final sign-off, new consolidated guidance is expected to be published by end of the financial year. The new consolidated guidance will be used to implement all of these recommendations with new sections of the guidance including these controls. Revised target date: 31 March 2024 Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> • January 2024 - TBC • December 2023 – TBC • September 2023 - 31 October 2023
Overall school audits 22-23	M	In conjunction with Recommendation 1, the Director of Education and/or Schools' Finance Team should write to all schools to clarify that PTA and school bank accounts should be kept entirely separate. In conjunction with Recommendation 4 below, this information should be included in consolidated financial guidance for schools	31/07/2023	
Overall school audits 22-23	M	The School Finance Team should consolidate existing CCC regulations for schools into a single document. This should include key controls for making purchases without the use of ERP Gold, which formerly existed in the Financial Regulations for Schools.	31/07/2023	

Overall school audits 22-23	M	The School Finance Team should amend existing CCC regulations for schools to clearly specify areas where schools need to ratify their own internal policies in addition to the CCC regulations for schools.	31/07/2023	
Fire Risk Assessments	M	Once a definitive list has been identified of all council properties requiring FRAs, a column should be added to the corporate portfolio spreadsheet to indicate where an FRA needs to be completed for a property, so the Compliance Team can regularly reconcile against their own FRA compliance spreadsheet to ensure they are carrying out required FRAs. An area of good practice would be to add another column for the rationale if a FRA is not required, as this would prevent the need to duplicate work if staff move on. The live corporate portfolio list should then be made available to all Teams to ensure that they are aware of when new properties are added or when properties are deleted.	31/03/2023	<p>The service has confirmed this action has not been implemented. The Service Director, Property, has confirmed that Property are aware of the outstanding action and are prioritising completion of this action by the end of March.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> September 2023 - 31 March 2024
Government Procurement cards (GPC)	M	It is recommended that the CCC FAQ document is used as the primary guidance for acceptable use. As an internal document, it can be tailored to be consistent with the policies of CCC. The RBS User Guidance provides a more general guidance, and details of the responsibilities of Cardholders, Approvers and the GPC team. The User Guide, CCC FAQ Document and Travel and Expenses Policy should be consolidated and updated to ensure that guidance on staff subsistence is clear and consistent to all staff, including those in Client Funds and Social teams where exceptions may be permitted.	01/06/2023	<p>The current process has been reviewed, with the goal to transfer all off-system processes onto ERP, to allow workflow approval, audit trails, improved reporting, and automated ERP alert emails. New guidance will be put in place when the new process is implemented.</p> <p>The technical solution is being worked with our Business Systems colleagues; in the interim, guidance is also being reviewed, and we aim to implement in Q1.</p> <p>Revised target date: 30 June 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - 31 March 2024 December 2023 – 31 December 2023 September 2023 - 30 September 2023

Government Procurement cards (GPC)	M	Conditions and exemptions for spend (usually purchases on behalf of service users) within prohibited categories should be clearly specified in the CCC FAQ document	01/07/2023	<p>This will be completed at the same time that GPC recommendation 2 (above) is complete as they both relate to new GPC guidance.</p> <p>Revised target date: 30 June 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 – TBC • December 2023 - 31 December 2023 • September 2023 - 30 September 2023
Chartwell Assurance	M	<p>To maximise transparency, it is recommended that a checking mechanism is included within Project Management Office (PMO) gating or within project commissioning working procedures, that requires commissioning officers/project managers to consider whether related party and/or conflict of interest declarations apply to their project and, if they do, document a plan for managing this.</p> <p>Declarations and linked management plans can be reported to and governed by the relevant project boards/groups. This may include the Capital Programme Board and Corporate Leadership Team for larger scale projects.</p>	01/06/2023	<p>The service has confirmed that a process for declarations is now in place but that it has been agreed this action will remain open until the formal adoption of the Projects & Programmes Management Framework (PPMF). This document has recently been subject to an Internal Audit, the outcome of which will be reviewed and amendments made to the PPMF as required. Once completed this will be taken to CLT and the Change Board for sign off.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 – 28 February 2024 • December 2023 - 31 January 2024 • September 2023 - 31 October 2023
Income Processing 22/23	M	The Business Systems Team should ensure that the discrepancy in the CCC ZAR10 control account reconciliation is resolved. Once completed the details of the issue and resolution should be reported to the CCC Head of Finance.	31/07/2023	<p>The service has confirmed they need to carry forward last year's balance to resolve the issues with the ZAR10 problem. The Close Down Accountant needs to confirm the necessary actions with the Business Systems team.</p> <p>Revised target dates from previous reporting cycles:</p>

				<ul style="list-style-type: none"> January 2024 – TBC September 2023 - 31 December 2023
FOI and SARS	M	The Information Governance Team should review all policies and procedures on both Camweb and the Council's external website.	31/07/2023	<p>The policies have been reviewed but need to go to the new Information Management Board (IMB) when set up.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in April 2024.</p> <p>Revised target date 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - 31 March 2024 December 2023 - 28 February 2024 September 2023 - 16 January 2024
Fostering Payments (In-House)	M	The service should undertake a review of its success to date in using IFA 'top up' fees to recruit and retain in-house foster carers and consider whether a higher level of payment should be rolled out across the board to attract and retain more in-house carers. If payment of higher fees significantly improves the availability of in-house placements, the additional cost of the 'top up' fees may be offset by the reduction in the need for external placements. This should be fully explored by the service.	01/08/2023	<p>A report in respect of foster carer remuneration will be completed by 31.3.2024 and the wider factors impacting upon Foster Carer retention. Initial Scoping exercises which have sought to understand if remuneration is the most significant factor impacting retention suggest that wider service development is also required in line with an improved financial offer.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> September 2023 - 31 March 2024
Transparency Code	M	A process should be introduced for reporting on compliance with the Transparency Code to the Information Management Board and/or senior	30/06/2023	The policies have been reviewed but need to go to the new Information Management Board (IMB) for final review and approval.

		management to include any issues with production of or access to data.		<p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in April 2024.</p> <p>Revised target date 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - 31 March 2024 • December 2023 - 28 February 2024 • September 2023 - 16 January 2024
Transparency Code	M	<p>The process that the Information Governance Team undertakes for correcting published data which is subsequently identified as inaccurate is not documented.</p> <p>The process that the Information Governance Team undertakes for correcting wrongly published data should be documented so it is consistent.</p>	30/06/2023	<p>The policies have been reviewed but need to go to the new Information Management Board for final review and approval.</p> <p>In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. The first meeting of the new IMB will likely be in April 2024.</p> <p>Revised target date 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - 31 March 2024 • December 2023 - 28 February 2024 • September 2023 - 16 January 2024
Accounts Payable 22-23	M	The current process for manual spreadsheet uploads should be reviewed to ensure that only budget holders can approve manual uploads, that they can only approve upload payments against their own budget, and that they cannot approve individual payments in excess of their agreed limit in line with each Council's scheme of financial management.	30/09/2023	Following detailed technical discussions with Business Systems Colleagues it is not currently possible for spreadsheets to be approved by the system where there are multiple cost centres and budget holders. Discussions are required with Audit and 151 Officers as to the use of spreadsheets in the future and a suitable approval process.

		If the process is to remain it should be agreed with S151 Officers at each Council.		Revised target date: TBC Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> December 2023 - 31 December 2023.
Accounts Payable 22-23	M	<p>The Head of Financial Operations should consider whether verification checks should be introduced in relation to bank account changes where the supplier on ERP Gold is an individual rather than an organisation. Internal Audit recommend the following controls are considered for implementation:</p> <ul style="list-style-type: none"> When an ERP supplier amend form is submitted by an officer (e.g. a social Worker) they should certify that they have confirmed the change as legitimate with the supplier (i.e. the customer/foster carer). A copy of the suppliers identification must be provided with the ERP supplier amend form. <p>If it is considered by the Head of Finance Operations that any such controls are disproportionate or may have an adverse impact on the efficiency of operations, the current arrangements for bank detail changes in relation to non-commercial suppliers who are individuals should be endorsed by the S151 Officer at each client council to ensure they are prepared to accept the increased risk of bank mandate fraud/financial abuse.</p>	30/09/2023	<p>A demonstration was held in February of an alternative solution that verifies bank details and is deemed fit for purpose. This is a wider project and is being managed by West Northamptonshire Council, who are currently producing a business case and cost analysis. There will be costs associated with the solution but it does allow for bank verification for individuals and commercial suppliers</p> <p>Revised target date: 30 April 2024</p> <p>Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> December 2023 - 31 March 2024 </p>
Direct Payments Consolidated Report	M	The Internal Audit team will conduct a full audit review of Direct Payments to identify any control weaknesses not picked up in this consolidated report.	30/09/2023	This remains in the Audit Plan and is currently scheduled to take place in Q2 2024/25. The timing of this audit has been delayed by the need to reprioritise the Audit Plan to the areas of highest risk following significant resource pressures within the team.

				Revised target date: Audit to commence July 2024.
Direct Payments Consolidated Report	M	Internal Audit will conduct a review of the Council's arrangements with its current and former Direct Payments Support Services (DPSS) to understand the level of contractual responsibility placed on these organisations to identify and flag any excessive or unusual expenditure, arrangements for service users when the contracted DPSS changes, and to consider whether the current contractual terms are sufficient to enable the Council to place reliance on DPSS to report overspending and/or misuse of Direct Payments or whether these should be strengthened.	30/09/2023	This will be covered as part of the Direct Payments Audit scheduled for Q2 2024/25. Revised target date: Audit to commence July 2024.
Direct Payments Consolidated Report	M	The Council's Direct Payment Agreement should be amended to require Council approval for all arrangements where close family are paid as Personal Assistants via a Direct Payment, regardless of whether they live in the same household, and to specify that the Council may ask for the return of any money paid to family members without prior approval. Payments to family members should only be made where this has been written into the service user's Care & Support Plan and signed off accordingly.	30/09/2023	The action owner provided a revised target date but no update or further detail on progress. Revised target date: 31 March 2024 Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> December 2023 - 1 February 2024
Direct Payments Consolidated Report	M	Social care procedures should be updated to specify that when individuals with a Direct Payment are reassessed and a new Care & Support Plan drawn up, they should also be issued with the current version of the Direct Payment Agreement/Authorised Person Agreement alongside the Care & Support Plan and requested to return a signed copy.	30/09/2023	The action owner provided a revised target date but no update or further detail on progress. Revised target date: 31 March 2024 Revised target dates from previous reporting cycles <ul style="list-style-type: none"> December 2023 - 1 February 2024

Direct Payments Consolidated Report	M	Direct Payments Monitoring Officers procedures should be updated to include a check of whether there is a signed and up to date (within the last 3 years) Direct Payment Agreement (DPA)/Authorised Person Agreement on file when conducting their annual account	30/09/2023	<p>The action owner provided a revised target date but no update or further detail on progress.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> December 2023 - 1 February 2024
Debt Recovery 22/23	M	The Head of Finance Operations should decide if procedures should be amended to reflect the current practice and detail the approval time-out procedure, or whether to amend the system workflow in ERP for write-offs to ensure that budget holder approval must be given before write-offs are progressed. In conjunction with Recommendation 5, the procedure could vary for different values of write-offs.	30/09/2023	<p>The Inbuilt system process is functioning as intended with write-offs being sent to approved budget holders using the ERP workflow process, before approval is obtained from S151 or delegated officer.</p> <p>It is recognised however that although the process is operating as designed that in some areas there may be a need for greater compliance with budget holders to approve their write-offs within the system workflow.</p> <p>The new process has been agreed and the change request in respect of the ERP write-off process has been submitted and is with Business Systems to implement in Q1. Process Improvements will enhance the information provided Budget holders and the final approver in line with councils scheme of delegation.</p> <p>Revised target date: 30 June 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - 30 June 2024 December 2023 - TBC

Fostering Payments (In-House)	M	To avoid the need for complicated payment suspensions and delays in record updating, fostering finance management should be given access to edit payments within ContrOCC on notification of an error or change. There appears no need for this to be completed by IT, especially as they do not request any evidence of the change to verify any change request. Likewise, for SOC 408 changes, provided the change has been approved and this is verified by the finance team on receipt of the 408 notification the responsibility to update payment records could be shared by the finance, ART and Duty teams.	01/09/2023	<p>The previous Head of Fostering indicated that this recommendation may be ready for closure. Information provided to date has not confirmed this, so Internal Audit will meet with the new Head of Fostering to ascertain progress when the current Ofsted inspection has concluded.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - 31 March 2024 • December 2023 - TBC
Fostering Payments (In-House)	M	The service should expand internal and external guidance for the outstanding elements that have not been addressed by the external Foster Handbook and Independent Fostering Agency (IFA) transfer guidance. These outstanding elements include allowances for children entering higher education and confirming allowances for pocket money/savings and respite placements, as these currently are quoted within the Handbook guidance as 'under review'.	01/09/2023	<p>No further update has been provided for this cycle.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • December 2023 - 31 March 2024
ICT Change Management	M	ITDS staff should investigate how the Hornbill system can be configured such that extracted lists of changes (e.g. in the Request List screen) include columns to specify the change type and whether changes have been approved, rejected, or neither. These functionalities should then be introduced.	30/09/2023	<p>The service confirmed that this has been requested but is yet to be actioned as it requires Hornbill themselves to implement. No change since last update but new revised target date provided.</p> <p>Revised target date: 30 April 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • December 2023 - 28 February 2024

IT Security 23-24	M	<p>We recommend that, where it doesn't exist already, the Council establishes formalised policy detailing the approach to the security of the network. This should include requirements for network monitoring and use of information outputs from such activities. It is then essential that the Council works to ensure that system configurations are aligned with requirements outlined in policy.</p> <p>The Council should continue to work towards the implementation of a SIEM solution which will help them detect, assess and respond to security threats. Once procured, the Council should work with the third party provider to outline their security requirements and ensure these are built into the configuration of the SIEM solution.</p>	30/09/2023	<p>The service has reported that the Council now has Security Incident and Event Management (SIEM) software in place to detect, assess and respond to security threats. Software is also in place to undertake network capacity management monitoring. The security operations manager has confirmed that a documented policy is in place and will provide this to Internal Audit for review.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - TBC • December 2023 - TBC
IT Security 23-24	M	<p>We recommend that the Council defines its requirements with regard to privileged accounts. This should include:</p> <ul style="list-style-type: none"> • Processes and procedures for request and approval. • A role-based matrix highlighting the users/roles for which privileged access would be appropriate. • Review of privileged accounts in line with a least privilege model to evaluate and reduce the volume of privileged accounts. • Requirements for a minimum number of shared service accounts and increased password changes. • Formalised approval pathways which ensure an appropriate level of approval is sought from an individual other than the requester. • Regular review of privileged access accounts, with disablement of unused/inactive accounts. • Requirements for review and management of tools such as KeePass and LAPS to ensure secure configuration and usage. 	30/09/2023	<p>The security operations manager has confirmed that a documented policy is in place and will provide this to Internal Audit for review.</p> <p>The service has confirmed that password management software is in place that generates one time passwords for access to specific machines (servers) so that access by individual officers is logged. this negates the need for master passwords that allow access across machines/systems .</p> <p>A privileged accounts review was undertaken as part of the public sector network certification process. a new process will be implemented on a more frequent basis but this is still to be determined and implemented.</p> <p>Revised target date: TBC</p>

		In conjunction with these requirements, the Council should conduct a review of active privileged accounts. Enterprise and Domain Admin accounts should be reviewed for appropriateness and reduced to a lower number of individuals, applying the principle of least privilege. Consideration should also be given to those accounts which are inactive. IT management, in conjunction with the Information Security Manager should take action to disable or delete these, as appropriate.		Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> • January 2024 - TBC • December 2023 - TBC
VAT	M	Internal Audit suggest the VAT team considering implementing spot checks on ERP Gold transactions to identify cases where VAT has not been recorded in ERP Gold. Such spot-checks may be best focussed on the highest value transactions each month.	30/09/2023	The service has confirmed that these checks are expected to be implemented in the new financial year month. Internal Audit will follow up in early 2024/25 to ensure the process is implemented. Revised target date: 30 April 2024 Revised target dates from previous reporting cycles: <ul style="list-style-type: none"> • January 2024 - 28 February 2024 • December 2023 - 31 January 2024
Fostering Payments (In-House)	M	ART should endeavour to ensure that a 408 form is signed for every young person placed. The Fostering service should endeavour to obtain a signed copy of the placement plan (72 hrs) prior to the start of any placement. In cases of emergency, where this is unfeasible, they should endeavour to collect this at the earliest opportunity. The Fostering service should undertake a review of all current in-house foster carers to confirm that a signed, up-to-date foster care agreement is on file for them. In cases of existing placements which do not have a signed fostering agreement, corporate parenting should liaise with the foster parents to obtain these. All signed	01/10/2023	The update below is from a previous reporting cycle. No further update has been provided for this cycle. “The service has advised that this recommendation has been implemented. Internal Audit has contacted the service to obtain evidence of the recommendation being implemented, to facilitate closure.” Revised target date: 31 March 2024 Revised target dates from previous reporting cycles

		<p>agreements should be documented in a shared folder to ensure any problems can be quickly settled with foster carers.</p> <p>The Fostering service should endeavour to complete 408 notifications to include all information (including weekly placement fees), to confirm changes to placements have been authorised and to increase the likelihood of accurate commitment records and trackers.</p> <p>Ongoing assurances for the above should be provided via regular spot-checking on a sample of files on an intermittent basis as part of a wider quality assurance process. Outcomes of which could be reported within ART dashboard to maintain oversight of compliance performance.</p>		<ul style="list-style-type: none"> January 2024 – 31 March 2024
IT Security 23-24	M	<p>The Council should ensure that they prioritise, monitor, track and follow up on actions resulting from password reviews in order that significant issues are remediated in a timely and effective manner. The Council should consider forced password changes where account passwords are found to not comply with policy and guidance.</p> <p>We recommend that the Council defines policy and processes around the provision and use of exceptional accounts, such as those for third party use or generic accounts. For the latter, the Council should implement working practices to restrict access to only those who require it and track who has been provided with such access.</p>	31/10/2023	<p>The security operations manager has confirmed that a documented policy is in place and will provide this to Internal Audit for review.</p> <p>The service has confirmed that password management software is in place that generates one time passwords for access to specific machines (servers) so that access by individual officers is logged. this negates the need for master passwords that allow access across machines/systems .</p> <p>A privileged accounts review was undertaken as part of the public sector network certification process. a new process will be implemented on a more frequent basis but this is still to be determined and implemented.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p>

				<ul style="list-style-type: none"> • January 2024 - TBC • December 2023 - TBC
VAT	M	<p>The HR Service (as the policy owners) should liaise with the Corporate Comms Team to ensure officers and managers are reminded of the requirement that mileage and expense claims must be supported by VAT receipts.</p> <p>The HR Service should consider undertaking spot checks of mileage and expense claims. It is recognised there may be limited resources to check significant numbers so such checks should focus on the highest value claims.</p>	31/10/2023	<p>The HR Service has confirmed A reminder was issued in November (on the HR home page and the Camweb home page) –Business Mileage, VAT Receipts and deadline for claims (sharepoint.com). It will also be included in the February edition of the HR newsletter Our Employment Matters. The travel and expenses policy was updated to make the information on VAT claims clearer.</p> <p>VAT Receipts</p> <p>In order to meet HMRC audit requirements, employees claiming business mileage (all categories except cyclists and those claiming in relation to electric vehicles) must obtain a VAT receipt. It is important that a VAT receipt is requested - a card payment slip is not a valid VAT receipt and cannot be used to cover the VAT reclaim. VAT receipts need to be uploaded to ERP Gold and matched to the relevant claim. A receipt is required for every claim involving VAT. Further guidance is given in the Adding a Receipt for Mileage and Expenses Quick Card. For paper claims – you must attach, at least one VAT receipt for fuel purchased, to each monthly travel claim, where the first VAT receipt should pre date the first day that mileage is claimed on the claim form, additional receipts should pre-date the last date that mileage is claimed on the claim form.</p> <p>VAT cannot be reclaimed for electric cars, so a VAT receipt is not required for those claiming for business miles undertaken in an electric vehicle.</p> <p>A request has been made of the LGSS Lead Authority Payroll Team for spot check reports for us to see whether mileage claims had VAT receipts uploaded – this will now trigger a business system request.</p>

				<p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - TBC • December 2023 - TBC
Fostering Payments (External)	M	<p>Prior to commencement of a fostering placement, the ART team should endeavour to obtain the individual placement contract (signed by both relevant council officers and care providers). This agreement should be stored in a centralised repository such as Liquid Logic, where information for each individual YP is held, to be available to access across all different involved teams (including ART, Duty and Finance). Access rights to the chosen central repository should be reviewed to ensure it is accessible to all relevant teams and officers.</p> <p>In the case of emergency, where care must be provided but an agreement has not been signed by the provider, must be agreed and signed off by the relevant manager (depending on cost of placement).</p> <p>Any outstanding contracts, for which the council has not obtained a signed copy of the contract by the provider, should be chased as a matter of urgency, to reduce the risk that services provided are not obligating. Regular spot checks of placement case files may assist in flagging instances where contracts have not been completed and signed. The service should consider recording unsigned contracts in a separate filing area/folder (prior to being uploaded to the centralised repository when signed) and implementing regular monitoring of this area with a target set for this to be as empty as possible. Furthermore, regular</p>	31/12/2023	<p>The ART Team are in the process of creating outstanding Individual Placement Agreements (IPA)s and getting these signed off for providers. This action started in November when a new Business Support Officer was appointed to the team, with most outstanding IPAs now in place.</p> <p>Going forward IPAs will be produced and signed for the start of the placements, and in emergency cases the correct manager sign offs will be in place and saved in the CYP file.</p> <p>E-sig platform is being reviewed to generate electronic signature for commercial contracts to speed up process and move away from hard copy contracts.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - TBC

		'completeness' reviews on a set number of random case files could provide assurances against this risk on an ongoing basis.		
Fostering Payments (External)	M	<p>Quoted costs and potential applicable discounts should be noted against response checklists and considered when evaluating responses by IFAs to ensure that if multiple appropriate placements are available, the Council is selecting the lowest cost option, as per existing policy guidance.</p> <p>Internal Audit recommend implementing quality assurance monitoring processes to ensure compliance with the above. This could include regular spot checks on a sample of placements to ensure that lowest cost options are being selected as standard, with any instances of non-compliance reported and escalated to senior management to investigate. Outcomes of quality assurance checks could be reported as part of the ART dashboard.</p>	31/12/2023	<p>The Access to Resources Team (ART) team choose the lowest cost fostering placement when appropriate e.g. where both/all meet the child's needs. From February 2024 the Children in Care Commissioning Manager will spot check fostering placements on a monthly to ensure compliance, with results included in the ART Dashboard. This will provide evidence of implementation.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 - TBC
Fostering Payments (External)	M	<p>"Proof of exhaustion of in-house options before a decision is made to search IFA should be documented in all cases and recorded on the CYP Chronology notes as per current process guidance. If this cannot be evidenced, no IFA search should be agreed (unless in emergency or exceptional circumstances). Decisions should be formally signed off and recorded on the CYP Chronology notes.</p> <p>Internal Audit recommend implementing quality assurance monitoring processes to ensure compliance with the above. This could include regular spot checks that IFAs are not progressed without appropriate evidence in place, with any instances of non-compliance reported and escalated to senior management to investigate. Outcomes of quality</p>	31/12/2023	<p>The In-House Fostering team do the initial searches and then send Access to Resources Team (ART) an email to confirm that they have no placements available prior to an ART search. Where time is short these searches are conducted in parallel, with in-house confirmation always coming before the acceptance of an external IFA offer. This evidence is then saved in the appropriate CYP file. From February 2024 the Children in Care Commissioning Manager will spot check fostering placements on a monthly to ensure compliance, with results included in the ART Dashboard.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 - TBC

		assurance checks could be reported as part of the ART dashboard."		
Direct Payments Consolidated Report	M	<p>The Council should consider introducing a cross-cutting corporate challenge process to review and challenge high value DP allocations; for example, a Direct Payments Review Board:</p> <ul style="list-style-type: none"> •Approval could be required from the Board for all new DPs over a certain value; •The Board could aim to review and challenge a certain number of cases annually focusing on accounts with high levels of clawback; •Staff could refer cases to the Board for a decision on next steps where there are concerns about fraud or misuse of payments; •The Board could maintain oversight of cases of misuse or fraud to ensure these are progressed in a timely way and in line with the new policy; •The Board could consider the 'big picture' of families as a whole, as families where multiple individuals receive separate Direct Payments from different teams within the Council may lack this centralised oversight and challenge. 	30/06/2023	<p>The action owner provided a revised target date but no update or further detail on progress.</p> <p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • December 2023 - 1 February 2024
<i>Medium Recommendations overdue - under 3 months</i>				
Accounts Payable 22-23	M	The Business Systems Team should undertake an investigation, supported as required by AP, to establish why historic open AP transactions from prior periods and years remain open and determine whether these transactions can be cleared.	31/12/2023	<p>The data for zero balance suppliers has been successfully cleared. However, there is still a need for the Accounts Payable (AP) team to clear old data as transactions accumulate over time.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - TBC

Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the same supplier is set up multiple times. Each case should be reviewed to establish if the existence of multiple supplier records in ERP Gold is appropriate and if not, it should be determined which supplier records should be deleted.	31/12/2023	<p>The data has been reviewed and an assessment needs to be performed to ensure there are no open orders on the account. Alongside this piece of work, a new process has been implemented where an automated report is sent to requisitions to review and close open orders. To mitigate any duplicate payments, duplicate payment software is utilised.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 – 31 March 2024
Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the supplier record on ERP Gold is set up for both commercial and non-commercial payments. Each case should be reviewed to establish if the existence as both payment types is appropriate and if not, it should be determined which payment type should be disabled.	31/12/2023	<p>An initial review has been performed for CCC data, and the suppliers have been identified that are set up as both commercial and non-commercial. Further analysis is required to investigate any that are valid in each category.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 – 31 March 2024
Client Funds	M	The service should carry out a full cost analysis of the client funds service. This should include a comprehensive calculation of the direct and indirect costs of the service; the level at which charges would have to be set to cover costs; the level of subsidy the Council is providing per client; a comparison to the costs of private providers of the service; and a clear business case and recommendation on whether the Council should continue to provide this service	31/12/2023	<p>A draft paper is currently being reviewed following feedback from the Director of Finance and Resources, to include the level of revenue collected by the Client Funds team.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 – 28 February 2024

ERP Gold IT User Access Controls 2022/23	M	That a more robust system for recording and retaining evidence of review and approval for superuser access is put in place.	31/12/2023	<p>The service has reported that a new process has been put in place and that draft procedures are in development.</p> <p>Internal audit has requested evidence once procedures are completed.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - TBC
Incident & Problem Management 22-23	M	<p>The ICT Service should implement the problem management process in line with the documented procedures. Specifically this should include:</p> <ul style="list-style-type: none"> • Identification and recording of problems • Analysis incidents to identify problems or match incidents to known problems • Implementation of a problem log to include relevant information for each problem including : <ul style="list-style-type: none"> o categorisation, prioritisation, and urgency rating o Investigation and diagnosis o Workarounds and known error records o Resolution and closure 	31/12/2023	<p>The service has reported that they are currently implementing the Problem board in Hornbill. This will outline the following:</p> <ul style="list-style-type: none"> • Problems with no resolution • Problems with a workaround • Problems with a perm Fix • Problems archived - Permanent fix has been in place for 30 days with no repeat issues and is referenceable. <p>Procedures and direction of use to follow the board's completion.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> • January 2024 - TBC
Incident & Problem Management 22-23	M	<p>Problem management procedures should be amended to incorporate the following:</p> <p>a) The ICT Service should consider how Hornbill can be utilised in the problem management process. Once established the documented procedures should be amended to give clarity and guidance on the use of</p>	31/12/2023	<p>The service has reported that they are currently implementing the Problem board in Hornbill. This will outline the following:</p> <ul style="list-style-type: none"> • Problems with no resolution • Problems with a workaround • Problems with a perm Fix

		<p>Hornbill for problem management. If it is decided Hornbill will not be utilised a rationale should be recorded as a note in the procedures.</p> <p>b) The service should add tables to the guidance listing the priority systems and sites for problem management and resolution. This would bring the guidance in to line with incident management and provide consistency in information for officers.</p> <p>c) Procedures should be amended to provide clear criteria for identifying when a problem should be recognised and classified as a major problem. This should be considered in conjunction with recommendation 3 in this report to ensure priority systems and sites are factored into the criteria for major problems.</p> <p>d) Procedures should be amended to confirm the complete process required to be undertaken in relation to major problems.</p> <p>e) Procedures should be amended to include a problem communication / notification process. Notifications to end users should include a description on how resolution should impact service users, steps being taken to resolve the problem and the estimated time required to resolve.</p>		<ul style="list-style-type: none"> Problems archived - Permanent fix has been in place for 30 days with no repeat issues and is referenceable. <p>Procedures and direction of use to follow the board's completion.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles:</p> <ul style="list-style-type: none"> January 2024 - TBC
Incident & Problem Management 22-23	M	<p>A more detailed major incident response plan should be developed and incorporated into procedures. This should include a more detailed system and site prioritisation matrix that should either:</p> <ul style="list-style-type: none"> Rank systems and sites in priority order Have a clear process for determining and agreeing the key priority should more than on critical system or site be impacted at the same time 	31/12/2023	<p>The service has reported that collection of data has begun regarding sites, number of users per sites, the systems used on each site, the systems hosted in each site etc and a matrix drawn up from this.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 - TBC

Incident & Problem management 22-23	M	<p>The service should review the major incident log, determine whether any current information requirements should be amended, and ensure all details and information required is recorded in the log for each major incident. Key information that should be included are:</p> <ul style="list-style-type: none"> • root cause • resolution • future actions needed; and • whether those actions have been implemented. <p>Management should consider undertaking regular reviews to confirm required information is recorded in the log.</p>	31/12/2023	<p>The service has reported that quarterly reviews of all MIR's have been scheduled to ensure that all MIR's have all the relevant information in them.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - TBC
Incident & Problem management 22-23	M	<p>The service should review the major incident (Hornbill reference IN00080965) and associated major incident review and ensure it is completed. In particular the service should establish the root cause of the incident, confirm a fix was implemented, and identify any future actions to help prevent re-occurrences or to inform future resolutions to other issues.</p>	31/12/2023	<p>No update has yet been received for this recommendation.</p> <p>Revised target date: TBC</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - TBC
Key Policies and Procedures	M	<p>The policies that are not on the policy library need to be added.</p> <p>The policies on the policy library where information is not complete needs to be reviewed and updated.</p>	31/12/2023	<p>This action has moved from the Policy Team to Learning and Development and Communications under the leadership of the Executive Director. This is so the key policies can be aligned to the training modules for these policy areas on the Our Development e-learning site. These key policies, and the related training, will then be profiled on the areas on Camweb dedicated to providing key information for all staff and the Camweb area dedicated to key information for all managers. Having considered how colleagues search for and access information on Camweb we believe this will be a more accessible way to find the information, and access the</p>

				<p>training, than through the previous approach of having a policy library. Work on this revised approach is now underway.</p> <p>Revised target date: 30 June 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - TBC
Key Policies and Procedures	M	A regular formal communication plan based around the policy framework should be produced to ensure that all 'key' policies are communicated to staff at least once annually via the normal internal comms channels.	31/12/2023	<p>This action has moved from the Policy Team to Learning and Development and Communications under the leadership of the Executive Director. This is so the key policies can be aligned to the training modules for these policy areas on the Our Development e-learning site. These key policies, and the related training will then be profiled on the areas on Camweb dedicated to providing key information for all staff and the Camweb area dedicated to key information for all managers. Having considered how colleagues search for and access information on Camweb we believe this will be a more accessible way to find the information, and access the training, than through the previous approach of having a policy library. Work on this revised approach is now underway.</p> <p>Revised target date: 30 June 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> • January 2024 - TBC
Key Policies and Procedures	M	A corporate review of the policies that are included in the induction module on the LMS system should be undertaken to make sure the key policies are included.	31/12/2023	<p>The service has reported that they have delayed the launch to include the new CCC Values which are due to be launched at the end of February 2024. This is to ensure that there is not two updates in close succession and the aim is to launch during March 2024.</p>

				<p>Revised target date: 31 March 2024</p> <p>Revised target dates from previous reporting cycles</p> <ul style="list-style-type: none"> January 2024 - TBC
Key Policies and Procedures	M	The Project Management Framework to be published on Camweb once revised.	31/01/2024	<p>The service has reported they are awaiting outcome of an audit of the framework - any required changes will be made and following this, it will be published on CamWeb.</p> <p>Revised target date: TBC</p>
Overall schools report 23/24	M	the Director of Education and/or Schools' Finance Team should write to all schools to explain that whilst schools do not use ERP Gold, they should follow the key purchasing controls of having an order form raised, approved by a separate approver, and a goods receipting process should be undertaken and evidenced before payment.	16/02/2024	<p>The service has informed Internal Audit that purchasing control requirements will be communicated to schools through the new consolidated guidance to schools which is currently in its draft stage. This is expected to be in place by the end of the financial year.</p> <p>Revised target date: 30/04/2024</p>
Case 125 - Guided Busway Procurement	M	Assistant Director Transport Strategy & Network Management to liaise with the Head of Insurance to identify the costs that have been incorrectly charged to the Guided Busway – Litigation budget and arrange for these to be journalled to the Insurance Fund.	01/02/2024	<p>No update has yet been received for this recommendation. This is the first cycle for which this recommendation has been overdue.</p> <p>Revised target date: TBC</p>
Case 127 - Supported Living		Overarching, detailed, updated guidance on petty cash, service user cash and imprest bank accounts should be implemented and made available on CAMWEB. This should cover: a) controls around authorisation/separation of duties regarding petty cash and service user cash expenditure; b) records;	28/02/2024	<p>No update has yet been received for this recommendation. This is the first cycle for which this recommendation has been overdue.</p> <p>Revised target date: TBC</p>

	<p>c) retention of receipts; d) storage of cash; e) reconciliations of petty cash, service user cash, and imprest bank account reconciliations; f) the imprest bank account claim process; g) returns/information to be provided to Finance and/or Accounts Payable.</p> <p>2b (Advisory) Consideration should be given to require</p> <ul style="list-style-type: none"> • cash taken; • expenditure; • cash returned; and • the rolling cash balance <p>to be recorded in the petty cash book and service user cash records as part of updated procedures .</p> <p>Corporate procedures as recommended through this report should give clear detail on what journals, if any, should be undertaken in relation to service user loans.</p> <p>Once corporate procedures have been developed and implemented, the Operational Lead Officer should ensure that a finance officer reviews the journals noted above to determine if any corrective action is required.</p> <p>Corporate procedures as recommended through this report should give clear detail on exactly how imprest claims to top up the imprest bank account should be undertaken. This should include the account codes to be used in the process.</p> <p>Once corporate procedures have been developed and implemented, the Operational Lead Officer should ensure that a finance officer reviews the imprest</p>		
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		claims to determine what corrective action is required and ensure it is undertaken.		
Case 127 - Supported Living		In conjunction with recommendation 3, The Operations Lead Officer and the Client Funds Team should liaise with the Head of Finance to discuss moving customers to pre-payment cards.	31/01/2024	The service has reported that all SU either have now moved or are in the process of being moved to pre-payment cards. Revised target date: TBC

Audit and Accounts Committee Forward Agenda Plan

Updated 20th March 2024

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, covering Integrated Finance Monitoring Report. Lead officers: Tom Kelly/Stephen Howarth/Michelle Parker/Eleanor Tod.
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update, Update on the value of the National Fraud Initiative and Risk Register. 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. Lead Officer: Mairead Claydon
- Agenda Plan/Training

Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
28/03/24 (20/03/24)	Draft Internal Audit Plan 2024/25		Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Whistleblowing Report 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Corporate Risk Register		Head of Internal Audit & Risk Management	Mairead Claydon
	Committee review of effectiveness update		Head of Internal Audit & Risk Management	Mairead Claydon
30/05/24 (21/05/24)	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
	Draft Annual Governance Statement 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Internal Audit Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Procurement and Commercial Report	Annual	Head of Procurement and Commercial	Clare Ellis

	Notification of appointment of Committee Chair and Vice Chair	Annual	Democratic Services Officer	Dawn Cave
	External Audit Plan for Cambridgeshire Pension Fund 2022-23	Annual	External Auditor/ Investments and Fund Accounting Manager - Pensions	Sarah Brown/ Ben Barlow
30/07/24	Draft Cambridgeshire County Council Statement of Accounts 2023-24	Annual	Service Director: Finance & Procurement	Tom Kelly
	Review of the Committee Terms of Reference		Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Risk Management Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
31/10/24	Audit & Accounts Committee Annual Report 2023-24	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	External Audit Plan for Cambridgeshire County Council 2022-23	Annual	External Auditor/ Head of Finance	Sarah Brown/ Stephen Howarth
	Pension Fund Annual Report and Statement of Accounts 2023-24	Annual	Investments and Fund Accounting Manager - Pensions	Ben Barlow/ Fiona Coates
	Corporate Risk Register	Six monthly	Head of Internal Audit & Risk Management	Mairead Claydon
	Debt Management Update		Head of Revenue & Benefits	Alison Balcombe
	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
30/01/25	Cambridgeshire County Council Statement of Accounts 2023-24 and Audit Results Report	Annual	External Auditor/ Head of Finance	Sarah Brown/ Stephen Howarth
27/03/25	Draft Internal Audit Plan 2025/26	Annual	Head of Internal Audit & Risk Management	Mairead Claydon

+ = indicates Exempt report

FACT/HACT – Future meeting