

AUDIT AND ACCOUNTS COMMITTEE ACTION LOG

<u>NO.</u>	<u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u>	<u>LEAD</u>	<u>PROGRESS</u>
ACTION ARISING FROM THE MINUTES OF THE 26TH NOVEMBER 2013 MEETING			
1.	MINUTE 27 - ANNUAL AUDIT LETTER 2012/13 FROM PWC – THE COUNTY COUNCIL’S EXTERNAL AUDITOR		
	In relation to the use of resources, the Chairman wishes to see evidence that SMART objectives are provided in all cases of material investment, with selective follow-up as part of a programme of post-project appraisal. Chairman and Head of Internal Audit to meet to extend the work begun with the ‘Approach to Value for Money’ report presented to the meeting on 15 th July 2014. This was still ongoing at the September meeting.	Cllr Shellens/ Jonathan Idle	There is an update report on the current agenda. Action completed.
2.	MINUTE 30 - INTERNAL AUDIT PROGRESS REPORT TO 12th SEPTEMBER 2013		
	Safe Recruitment in Schools Committee agreed on 15th July to ask Director of Learning to attend meeting on 25th November 2014 to explain actions being taken to address concerns. The Chairwoman of the Children and Young People Committee also to be invited to attend.	Jonathan Idle/ Democratic Services/ Keith Grimwade	Invites have been sent by Democratic Services and both the above have confirmed that they can attend the 25 th November Committee meeting. A report update is included as part of the current Internal Audit Report on the current agenda.

ACTION ARISING FROM THE MINUTES OF THE 15TH JULY 2014 MEETING AND 23RD SEPTEMBER MEETING			
3.	MINUTE 69 - DRAFT STATEMENT OF ACCOUNTS 2013/14		
	<p>Page 54, Assets Under Construction.(AUC)</p> <p>There was a request that the Committee to be e-mailed list of projects covered by this heading.</p> <p>An e-mail to members of the Committee on 2nd September indicated that the Assets Under Construction balance in the draft accounts needed restating. It was indicated that a couple of larger projects had completed in 2013-14 but had not been moved out of AUC. It was indicated that work was ongoing to ensure the AUC balance was accurate and the Accounts on the current agenda would provide a restated balance and a list of projects included within this balance. As the list was not included in the Accounts, there was a further request made at the 23rd September meeting.</p>	Chris Yates	<p>An e-mail was sent to the Committee on 10th October by Democratic Services which included two attachments.</p> <p>The first attachment provided a list of some of the schemes included within AUC. These were mainly school projects, as a lot of the schemes within ETE were held within the Infrastructure balance. The second attachment provided analysis of the assets/projects that had been restated, and the reasons why.</p> <p>Members were asked to contact Eleanor Todd directly. Telephone 01223 699139 with any further queries please</p> <p>Action completed.</p>
4.	MINUTE 70 - LGSS DRAFT STATEMENT OF ACCOUNTS 2013/14		
	<p>Page 70 and 71 Trading Operations Children and Young People Committee</p> <p>The Committee had expressed concerns on the above when reviewing the Draft Accounts and had asked CYP Committee to review the deficits. The latter Committee had received a progress</p>		<p>An update has been provided from Sarah Heywood as follows:</p> <p>In September, C&YP Committee were presented with a review of the trading position of some of the trading Units within CFA, as part of the Finance &</p>

	<p>update indicating that the Trading units were on target to break even in 2014/15.</p> <p>The Audit and Accounts Committee asked that they receive a further progress update in November to check if the trading units were still on target after six months operations in the current financial year.</p>	<p>S Heywood</p>	<p>Performance Report. At that time Grafham Water, Cambridgeshire Music and CCS were all forecasting a balanced financial position for 2014/15. Audit and Accounts Committee have asked for an update of the mid-year financial position of the three Traded Units.</p> <p>Grafham Water is still forecasting a balanced financial position.</p> <p>Cambridgeshire Music is currently forecasting an overspend of £80K in 14/15 because anticipated growth has yet to materialise. However, recent new enquiries from schools for individual and group tuition could significantly reduce this figure. Also, the service is investing in a new booking/payment system to attract new customers and reduce the administration of invoicing, and the one-off costs of this are impacting on the service this financial year.</p> <p>The CCS financial position has changed, mainly due to pension and salary costs being higher than anticipated, creating a forecast overspend of £166K. LGPS contributions are charged at 20% of salaries in 14/15 but the budget assumed a 19% contribution, which results in an anticipated overspend of £55k. Also, the budget set anticipated a 1% pay award, but given 50% of CCS staff costs relate to the bottom 3 salary scale points and will be subject to greater than 1% increases (up to 4.66%), this results in staff costs being £105k greater than budget. There are still some uncertainties over the actual uptake of Universal Free School Meals</p>
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			going forward, and this could further impact on the year-end financial position.
	Item 11. LGSS Draft Statement of Accounts		
	There had been a balance sheet query regarding whether LGSS not owning capital assets was effectively a hidden subsidy. A response was provided in an e-mail sent to Members from the lead officer, Jon Lee. The Vice Chairman indicated that he had not been satisfied with the response and called for a further report on the issue. <i>Post Meeting Note: This will require clarification from the Member regarding what detail he was looking for.</i>	Jon Lee LGSS to liaise with Cllr Topping	Jon Lee wrote to Councillor Topping on 10 th November requesting clarification.
	<u>MINUTE 81 23RD SEPTEMBER MEETING - Action Log from Minutes</u> Page 11 Reduced volume of acute beds attributable to adult social care – The Committee had requested details of the specific targets for reductions. In a response the Committee had been informed that there was an expectation that the Council would cease monitoring this measure and replace it with a new national measure, that would provide a clearer whole system view of the impact of improvement work around Delayed Transfers of Care, and not just adult social care. Action: An email update was requested to be provided on the details of this new measure and when it would come into effect.	Phil Emmett / Richard O'Driscoll	Response As detailed in an email to the Committee 17 th October 2014 the new measure was in fact already in the July Resources and Performance Report included on the Audit and Accounts Committee agenda at the same meeting as item 11. (page 9 of that report provided details with the measure now reading: Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+): April - December 2014 Action Completed.
5.	MINUTE 82. MONITORING OF CONTRACTS WITHIN CARE HOMES		
	Further to a request at the July Audit and Accounts Committee a report provided from the Acting Head of Internal Audit on the		A reference was prepared by Democratic Services and was submitted to the Adults Committee on 4 th

	<p>process by which Care Home contracts were monitored and the level of assurance available to their financial management.</p> <p>Concerns were expressed by the Committee that while the report set out the process to be undertaken from the identification of a concern, there were areas not addressed in the report which were more appropriate for the Adults Committee to consider, including:</p> <ul style="list-style-type: none"> • How whistle blowers could make concerns known regarding potential abuse. • What measures were taken within the contract to monitor staffing levels / quality of staff in relation to them having relevant qualifications. • What safeguarding checks were undertaken in relation to the employment of staff. • What contract monitoring measures are being taken by the Council that are considered different from other local authority controlled care homes who had seriously failed their clients and been the subject of national media coverage. <p>It was resolved:</p> <p>To note the report and refer it on to the Service Committee with the comments of this Committee.</p>		<p>November presented by the Chairman of this Committee and was well received.</p> <p>As a result Adults Committee resolved unanimously to</p> <ul style="list-style-type: none"> • agree the dashboard be brought to the next CYP Spokes meeting as part of the monitoring of Care Homes. • That a report should be present to a future CYP Committee meeting detailing the Contract Monitoring process, which would address relevant issues raised by Audit and Accounts Committee. • requested the subject be presented at a future Members' Seminar covering the following topics: <ul style="list-style-type: none"> - case work studies on care homes with safeguarding concerns - more information regarding the Council's responsibilities - who to contact and how concerns were addressed once concerns had been raised <p>Action completed</p>
6.	MINUTE 83 RISK MANAGEMENT REPORT		
	<p>a) There was one red residual risk - Risk 9 'Failure to Secure Funding for Infrastructure' In relation to this risk the Vice Chairman requested a more detailed report to the November meeting in relation to the key controls to help</p>	<p>Jon Idle</p>	<p>This report update is better considered as part of the Risk Management Update Report which will be included as part of the next update report coming forward to the January Committee meeting.</p>

	mitigate this red risk, as the descriptions were not specific enough. In addition, he highlighted that the summary for action items 9 and 10 were blank and it was therefore not clear if the actions were ongoing, or had been completed.		Action ongoing.
	b) The Chairman requested that he should also receive the quarterly report submitted to the General Purposes Committee which set out significant changes to the Corporate Risk Register.	Sue Grace / Jon Idle to arrange	Response from Internal Audit: It has been confirmed that copies of the Corporate Risk Register reports to GPC will be forwarded to the Chairman.
	<p>c) The Vice Chairman noted that the Risk Manager had recently taken early retirement and that the Acting Head of Internal Audit was also now undertaking the role of Risk Manager and questioned whether there was a conflict of interest and whether risk should be separated from his role. The point was made that technically the report was in name of the Director Customer Services and Transformation, Sue Grace. The Vice Chairman suggested that further consideration should be given to this issue.</p> <p>d) Surprise was expressed that the City Deal, valued at around £500 million was not included in the Risk Register.</p>	<p>Jon Idle (JI) to discuss with Sue Grace (SG)</p> <p>JI to discuss with SG</p>	<p>Response from Internal Audit: It is emphasised that Internal Audit undertake a co-ordinating role in the risk management process with overall ownership being with the Director of Customer Services and Transformation. This issue was discussed and it was agreed that the Director of Customer Services and Transformation would lead in respect of the Corporate Risk Register at the General Purposes Committee (as currently occurs) and at the Audit and Accounts Committee. (Note: Democratic Service to invite Sue Grace to relevant meetings)</p> <p>Response from Internal Audit: All issues raised at the September Audit and Accounts Committee in respect of the Corporate Risk Register Update were discussed initially at the Corporate Risk Group and then with the Senior Management Team. Risks relating to the City Deal are being managed via the ETE Directorate Risk Register. Additionally, Internal Audit is reviewing risks relating to the City Deal using the embedded assurance approach and will report back to</p>

			the Audit and Accounts Committee as appropriate.
	<p>e) In relation to risk number 16 'Lack of capacity to resource future demand for services in respect of adults and children' – there was a query of whether a trigger should also be included in relation to further budget cuts resulting in staff reductions / redundancies. The Head of Internal Audit to look into this further.</p> <p>f) One Member raised a concern in relation to value for money considerations where contracts were awarded to outside providers on a low price basis having unintended, additional cost implications where the new provider subsequently raised prices in future years. The Acting Head of Internal Audit would need to liaise with the Member who had raised the issue outside of the meeting to establish her specific concerns to investigate this further.</p>	<p>JI</p> <p>JI to liaise with Cllr Crawford</p>	<p>Response from Internal Audit: This was discussed at both the Corporate Risk Group and the Senior Management Team and it was considered that the potential trigger of further budget cuts is effectively covered in the trigger "Resourcing pressures within the Council" for Risk 16. Therefore, no amendment to the Corporate Risk Register was made.</p> <p>Response from Internal Audit: A response was received from Cllr Crawford and will be analysed as part of the considerations for future audit coverage.</p>
7.	MINUTE 84. INTERNAL AUDIT PROGRESS REPORT		
	<p>a) 'Fraud and Corruption (amend to counter fraud)' it was explained that Internal Audit was seeking to be more pro-active in preventing fraud. To facilitate this objective, a bid for 18 months Counter Fraud funding had been submitted to the Department for Communities and Local Government. It was noted that progress would be reported in the next update report as well as the proposed approach, if the funding was not secured.</p> <p>b) There was a request to ensure that where fraud investigations were successfully concluded, widespread</p>	<p>JI</p> <p>JI</p>	<p>Response from Internal Audit: The outcome of the bid for the DCLG Counter Fraud Fund will now be announced in November 2014 and a verbal update will be provided to the Committee as appropriate</p> <p>Response from Internal Audit: This will occur as appropriate.</p>

	<p>publicity was undertaken internally within the Council, to deter others.</p> <p>c) In discussion on two cases, there appeared to have been undue delay in the police deciding whether they would prosecute. The Acting Head of Internal Audit was meeting with the Chief Executive the next day to check what mechanisms could be initiated to speed the process up. There was a request for the Head of Internal Audit to provide an update at the next meeting.</p>	JI	Response from Internal Audit This issue is referred to in the Internal Audit Progress Report
	<p>d) Appendix 3 Completed audits. In relation to 'Street Lighting - Energy Management' for which only limited assurance had been provided, it was agreed that Tom Blackburne-Maze be requested to attend the next meeting to answer questions in relation to the contract with Balfour Beatty and perceived deficiencies in the service provided.</p>	Democratic services	Tom Blackburne-Maze will be attending. Members of the Committee have been sent in advance the full report and a full response document are both included on the current agenda.
8.	MINUTE 87. MAIN ACCOUNTS REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260 UK&I)		
	a) It was agreed that there should be an update report to the March Meeting on Leases and the PPE process	C Malyon / C Yates	Democratic Services to add to work programme
	<p>b) Page 22 - There was discussion in relation to the references of late payments to the Pension Fund (£13m in April) and ensuring that all transactions to the Pension Fund were processed through its own bank account in line with Regulations. Attention was drawn to the measures being taken to resolve the issues as set out on this page of the report. It was orally confirmed that payments were now received on time each month and were being reconciled. The</p>		

	<p>officer present from the Pensions Service considered that the matter had now been resolved. As an additional check, it was indicated External Audit would be reviewing the arrangements as part of their 2014/15 Audit work. There was a request for an update report to the January Committee meeting on both issues.</p>	P Tysoe Pensions	Democratic Services to add to work programme
	<p>c) Internal Controls Section</p> <p>The Chairman expressed his concern at the continuing late production of the accounts which had not given him or the Committee sufficient time to read them in advance of the meeting. Officers agreed that some aspects of the outstanding issues highlighted in the report and the late production of the Accounts did require improvement. In relation to any early work on an improvement plan, External Audit also offered their assistance. There was a request that the details of the Improvement Plan should be received at the January meeting, to include steps to ensure information was produced in a more timely manner to enable the Committee to carry out its duties effectively.</p>	C Malyon/ C Yates	Democratic Services to add to work programme
9.	MINUTE 88. STATEMENT OF ACCOUNTS 2013/14		
	<p>a) Page 162 Review of Effectiveness – Second paragraph – In relation to the statement that the Governance Framework was reviewed bi-annually by the Audit and Accounts Committee, the Chairman sought clarity outside of the meeting on whether this meant twice a year, or once every two years.</p>	J Idle	Response From Internal Audit - This relates to the Assurance Framework being reviewed twice per year by the Audit and Accounts Committee.

	b) Annual Governance Statement - Page 164 Internal Audit – at the bottom of the page the text referred that the adequacy of the Council’s overall internal control environment during the Financial Year 2013/14 “is between moderate and substantial”. The Vice-Chairman suggested that the judgement should be one or other of the categories and asked for an update explanation from the officer.	JI	Response From Internal Audit - The Head of Internal Audit Opinion, as set out in the Annual Internal Audit Report presented at the July Audit and Accounts Committee, set out the background and context for the judgement. The Head of Internal Audit acknowledges the view raised about one categorisation and it is not anticipated that this will occur in subsequent years.
10.	MINUTE 89. LGSS ACCOUNTS		
	There was a request that the Committee should be provided with a link to the final published version.	Jonathan Lee	This was provided in an e-mail dated 17 th October 2014. The link to the final version to LGSS Accounts is. also set out below: http://www.lgss.co.uk/News/Pages/Final-Audited-LGSS-Annual-Report-Statement-of-Accountsand-Annual-Governance-Statement-2013-14.aspx