

INTERNAL AUDIT DRAFT ANNUAL REPORT 2019/20

To: Audit & Accounts Committee

Date: 30th October 2020

From: LGSS Chief Internal Auditor

Purpose: The Public Sector Internal Audit Standards require that the Chief Internal Auditor presents an annual report to the Authority's Audit & Accounts Committee. This is reflected in the terms of reference of the Authority's Audit & Accounts Committee.

The purpose is for Audit & Accounts Committee to consider the Annual Internal Audit Report for 2019–20 and the Chief Internal Auditor's opinion regarding the state of the Internal Control Framework within Cambridgeshire County Council.

Key issues: The Annual Internal Audit Report forms part of the evidence that supports the Authority's Annual Governance Statement 2019–20.

Recommendation: Audit & Accounts Committee is requested to approve the Annual Internal Audit Report.

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INTERNAL AUDIT SERVICE

INTERNAL AUDIT ANNUAL REPORT 2019/20

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1. INTRODUCTION

1.1 The Annual Reporting Process

- 1.1.1 The Public Sector Internal Audit Standards (PSIAS) (Performance Standard 2450) state that the Chief Audit Executive (CAE) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement (AGS) that forms part of the Council's official accounts. Cambridgeshire County Council's (CCC) Chief Audit Executive is the LGSS Chief Internal Auditor.
- 1.1.2 The annual report is required to incorporate the opinion; a summary of the work that supports the opinion; and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement plan.

2. CHIEF INTERNAL AUDITOR OPINION 2019/20

2.1 Chief Internal Auditor Opinion

- 2.1.1 The CAE annual opinion must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.
- 2.1.2 My opinion is derived from an assessment of the range of individual opinions arising from assignments contained within the risk-based Internal Audit Plan. This assessment has taken account of the relative materiality of these areas, and management's progress in addressing control weaknesses. It must be recognised that the COVID-19 Pandemic did affect a number of planned audit assignments later in the year however sufficient work had been completed to allow an evidence based opinion to be given.
- 2.1.3 PSIAS also requires the CAE to confirm that the Internal Audit service has operated with an adequate level of resource to deliver an annual audit opinion. Internal Audit operates independent of the organisation, as per the Internal Audit Strategy and Charter, and there have been no compromises of Internal Audit's independence in its operation this year. I confirm that the above was compliant with PSIAS requirements.

On the basis of the audit work undertaken during the 2019/20 financial year, an opinion of satisfactory assurance is awarded. This remains unchanged from 2018/19. This opinion is caveated as the key financial systems audit reviews of Payroll, Treasury Management, General Ledger, Bank Reconciliation and IT System controls were not completed in the financial year 2019/20 due to Covid-19 pressures.

It should be noted that no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

3. REVIEW OF INTERNAL CONTROL

3.1 How Internal Control is Reviewed

- 3.1.1 In order to support the annual Internal Audit opinion on the internal control environment, each year Internal Audit develops a risk-based Audit Plan. This includes a comprehensive range of work to confirm that all assurances provided as part of the system of internal audit can be relied upon by stakeholders.
- 3.1.2 The changing public sector environment and emergence of new risks increasingly necessitates a flexible approach and re-evaluation of the Audit Plan throughout the year. In 2019, revisions to reflect the changing risk profile of the organisation were approved on an ongoing basis throughout the year by JMT and the Audit and Accounts Committee.
- 3.1.3 Each Internal Audit review has three key elements. 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.
- 3.1.4 However, controls are not always complied with, which will in itself 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 enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 3.1.5 Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.
- 3.1.6 Three assurance opinions are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact. To ensure consistency in reporting, the following definitions of audit assurance are used:

Control Environment Assurance	
Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.

Satisfactory	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

- 3.1.7 Organisational impact will be reported as major, moderate or minor (as defined below). All reports with major organisation impacts are reported to JMT, along with the 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.

3.2 *The Basis of Assurance*

- 3.2.1 The findings and assurance levels provided by the reviews undertaken throughout 2019/20 by Internal Audit form the basis of the annual opinion on the adequacy and effectiveness of the control environment.
- 3.2.2 In 2019/20, the Audit Plan has been based on assurance blocks that each give an opinion on the key control environment elements, targeted towards in-year risks, rather than a more traditional cyclical approach that looks at each system

over a number of years. The Audit Plan reflects the environment in which the public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, transformation, contract management, safeguarding and achieving value for money.

4. INTERNAL AUDIT IN 2019/20

4.1 Overview and Key Findings

4.1.1 This section provides information on the audit reviews carried out in 2019-20.

4.1.2 For the reviews undertaken during 2019/20, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. This is an important indicator from the internal audit work and underpins the overall satisfactory assurance on the control environment.

4.1.3 In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis. An overview of the implementation of actions in 2019-20 is summarised in Table 1, overleaf¹:

¹ Please note that the total reflects the number of recommendations required to be implemented within 2019-20, and therefore includes recommendations made in 2018-19.

Table 1: Implementation of Audit Recommendations 2019-20

	Category 'Red' recommendations	Category 'Amber' recommendations	Total
Agreed and implemented.	1	64	65
Agreed and due within the last 3 months, but not yet implemented.	0	7	7
Agreed and due over 3 months ago, but not yet implemented.	0	12	12
TOTAL	1	83	84

4.1.4 2019/20 has seen an increase in recommendations, totalling 84 actions falling due for follow-up during the course of the year. This is an increase of 67% from the number of actions that became due for follow up in 2018/19, actions totalling 56.

4.1.5 Details of outstanding recommendations, with explanations and updates, are regularly reported to the Audit & Accounts Committee as part of the internal audit progress updates.

4.2 *Financial and Other Key Systems*

4.2.1 This is the 2019/20 suite of annual core systems reviews, undertaken to provide assurance to management and External Audit that expected controls are in place for key financial systems; that these controls are adequately designed and are routinely complied with in practice. The work is focused on the systems that have the highest financial risk; these are agreed in advance with External Audit and assist in providing assurance to External Audit that systems recording transactions within the 2019/20 financial year are free from material misstatement. These reviews also give an opinion as to the effectiveness of financial management procedures and the arrangements to ensure the integrity of accounts.

4.2.2 During 2019/20 the audits were again undertaken as joint reviews of Cambridgeshire County Council, Milton Keynes and Northamptonshire County Council LGSS systems. With the agreement of the Chief Finance Officer, the following audits scheduled to be completed by colleagues based at Milton Keynes and Northamptonshire were not completed but have been scheduled for completion in the 2020/21 financial year;

- Payroll
- Bank Reconciliation

- Treasury Management
- General Ledger
- IT General Controls

4.2.3 Planned reviews of the remaining key financial systems has provided sufficient evidence to conclude that their control systems are satisfactory and that these controls are increasingly working well in practice. However, there are some key areas where improvements have been recommended.

4.2.4 Table 2 below details the assurance levels of all key systems audits undertaken in 2019/20, compared to the assurance levels in 2018/19.

Table 2 – Key Financial Systems Audits 2019/20

Key Financial Systems:	Audit Opinion 2019-2020		Audit Opinion 2018-19	
	Environment	Compliance	Environment	Compliance
Treasury Management	Not Completed		Satisfactory	Good
Bank Reconciliation	Not Completed		Substantial	Substantial
Purchase to Pay	Good	Satisfactory	Satisfactory	Satisfactory
Accounts Receivable	Good	Good	Satisfactory	Satisfactory
Debt Recovery	Satisfactory	Limited	Limited	Limited
Payroll	Not Completed		Satisfactory	Satisfactory
Pensions	Substantial	Good	Substantial	Substantial
General Ledger	Not Completed		Satisfactory	Satisfactory
IT General Controls	Not Completed		Satisfactory	Satisfactory

4.3 Compliance

4.3.1 Compliance work is fundamental, as it provides assurance across all Directorates and therefore has a significant influence on the Head of Internal Audit opinion on the control environment. The audit coverage for compliance is underpinned by an assessment of the Council's framework of controls (often directed by policies and procedures) and includes a focus on those core areas where a high level of compliance is necessary for the organisation to carry out its functions properly. The work involves compliance checks across the organisation to provide assurance on whether key policies and procedures are being complied with in practice. As a part of this work, the existing controls are challenged to ensure that they are modern, effective and proportionate.

4.3.2 As well as a range of contract reviews, discussed below at 4.5, the Plan for 2019/20 included coverage of compliance in the following areas:

- Compliance with Procurement;
- Compliance with Procurement Waivers for Procurement outside Contract Procedure Rules;
- Compliance with Consultancy Policy;
- Compliance with Fire Safety Checks;
- Compliance with the implementation of the General Data Protection Regulations;
- Compliance with Rental Income;
- Compliance with Direct Payments processes;
- Compliance with Home and Community Support Service Framework;
- Compliance with Safeguarding;
- Compliance with the Coroners Financial Management.

4.3.3 Where weaknesses have been identified, recommendations have been made to improve compliance and/or procedures and controls; all recommendations which are considered to be of medium or high impact on the control environment are followed up by Internal Audit to ensure they have been implemented.

4.4 Risk-Based Reviews

4.4.1 Risk-based reviews have been a key element of the assurance on the entire control environment of the authority in 2019/20. This assurance block includes reviews which have been targeted towards key areas of high risk, as identified through consultation with senior management, review of risk registers, and the Internal Audit risk assessment of the organisation. This block also incorporates on-going work on initiatives to promote value for money. Each audit we undertake includes consideration of value for money at its core.

4.4.2 Risk-based reviews have been successful in identifying value-for money recommendations and savings.

4.4.3 The outcomes of all risk-based reviews issued in 2019/20 can be seen at Appendix 1.

4.5 Contracts Reviews

4.5.1 In 2019/20, Internal Audit has provided reviews of a number of major contracts, including a review of the Contract Management Policy and Guidance, and the Highways Service Contract open book review, with the first stage of this work resulting in a significant repayment to the Council for the over recovery of costs.

4.6 Anti-Fraud and Corruption

4.6.1 The Counter Fraud Service is part of Internal Audit and is responsible for dealing with referrals received both from the general public and Council

officers, including those raised under the Whistleblowing Policy. This service operates within set standards and procedures to ensure confidentiality and enable all evidence and actions to be recorded to the levels accepted for criminal procedures.

4.6.2 Due to the volume of referrals and the wide range of issues raised, risk assessments are conducted in order to prioritise resource or transfer these to other appropriate bodies such as the Department for Work and Pensions (DWP). Some referrals are rejected if there is insufficient basis or evidence held to enable further action but are recorded on the case management system. As such, should further information subsequently be received from another source, for example, this intelligence will be available. When a referral is received and assessed as requiring investigation, actions will be undertaken to establish any error or fraud including establish the facts and evidence available and seeking a suitable resolution.

4.6.3 Between April and March 2020, 24 referrals have been received and processed by the Internal Audit Counter Fraud Service for CCC.

4.6.4 The list of the types of referrals received include:

- Staff corporate issues, including allegations of misconduct;
- Blue badges and parking matters; and
- Issues relating to personal budgets.

4.6.5 A summary of the cases

Table 2: CCC closed investigations between April 2019 and March 2020.

Case type	Total number of cases closed	Outcomes	Savings / recovery
Allegations against staff	9		£12,744.86 recoverable overpayment (actual)
Blue Badges	11	<p>This is work that is directly commissioned by the Blue Badge team.</p> <p>As a result of this pilot, one misuse warning letter was issued, three formal cautions were issued and two matters were successfully prosecuted. In the remaining cases there was inadequate evidence for</p>	<p>Conviction one; 20/02/20 under Fraud Act 2006. 12 months community order 120 hours unpaid work £375 costs victim surcharge £85.</p> <p>Conviction two; 04/03/20 under s115(1)(b)Road</p>

Case type	Total number of cases closed	Outcomes	Savings / recovery
		formal action and advice was given.	Traffic Regulations Act 1984. £500 fine and order to pay £300 costs and victim surcharge £50.
Personal Budget	2	Both matters were investigated and advice was given to those involved, with no evidence of fraud identified.	Not applicable
Parking / travel	2	Both matters were investigated, one pass was withdrawn due to misuse and advice was given to those involved in the remaining case.	A concessionary bus pass has a Cabinet Office estimated saving of £24.

Table 3: Open cases (as at 05 May 2020 there are 8 open enquiries)

Case type	Total number of open investigations / detail
Blue Badge	Two cases with LGSS Law for ongoing criminal action which has been delayed due to c19 issues.
Allegations against staff	<i>Note – not active investigations by Counter Fraud</i> Six enquiries which are logged with Counter Fraud & Internal Audit and advice has been given, but the investigation is being led by the relevant service area (e.g. HR for allegations of bullying).

- 4.6.6 Internal Audit's Counter Fraud Service record investigation outcomes and, where possible, record monetary values identified through fraud or error by way of recoverable overpayments or savings. Sometimes this is an actual recoverable overpayment, for instance where a member of staff has been overpaid salary and the overpayment has been calculated (referred to in table 1). Sometimes an estimated saving can be used to take into account a financial loss that has been prevented such as the Concessionary Travel Bus passes which are withdrawn due to misuse a representative figure of £24.00 is referred to by the Cabinet Office.
- 4.6.7 Cambridgeshire County Council takes part in the annual National Fraud Awareness campaign which highlights risk areas and types of fraud as well as how to report matters and policy guidance. The Counter Fraud team worked with the Communications Team in order to promote awareness across all LGSS clients during this national event.
- 4.6.8 The Whistleblowing Policy and Managers Guidance was revised and updated in January 2019. Updates included revision of some of the wording of the policy

and improvement to the policy and guidance itself. The annual staff survey was rolled out in December 2019. The results of this survey were positive with 95% staff indicating that they were aware of the policy and 98% confirmed they would feel confident in raising a serious concern (based on 42 responses). The response rate of officers responding to the survey was the same as the previous survey in 2018/19, which is also a positive sign that staff are seeking to engage with the policy.

- 4.6.9 CCC Progress Report National Fraud Initiative (NFI) 2018/19: The NFI compares different data sets provided nationally by local authorities and partner organisations. CCC social care data, for example, is compared with data from other local authorities to identify cases such as any individuals who are deceased or receiving services from more than one authority. This enables some errors to be highlighted, as well as potentially fraudulent transactions. Where a match is found it may mean that further investigation is required to establish any error or fraud and actions required.
- 4.6.10 The current exercise commenced in late 2018 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output has been released during 2019. Further pilot matches with Her Majesty's Revenue and Customs (HMRC) were released in August 2019 - these matches included the first analysis of HMRC home ownership data matched with residential care home payments.

The list of data sets provided by this authority for matching purposes included:

- LGPS (Local Government Pension Scheme);
- Payroll;
- Residential care homes;
- Creditors;
- Blue badges; and
- Personal budgets.

The Internal Audit's Counter Fraud team investigate a number of the matches and also oversee and co-ordinate the exercise. The matched data is contained within a secure website portal and access is granted to selected officers from each relevant service so that they can examine their own particular output and evaluate each match for the likelihood of fraud or error.

- 4.6.11 The NFI has its own inbuilt risk assessment system used as a guideline to prioritise those matches which need attention. Together with match type explanations, these help officers determine the order for investigation when coupled together with the local knowledge of the Council's data systems and services. Each match type is subjected to a preliminary assessment by the Counter Fraud Team and the high rated risk matches are reviewed first. There are extremely large volumes of matches received and consequently the risk rating allocated by the NFI is essential in helping to prioritise the workload. It must also be noted these are data set matches and not fraud referrals and

therefore outcomes are likely to include errors and overpayments as well as mismatches. Errors may include overpayments and whilst these give rise to potential for recovery of monies, they are not evidence of fraud. A fraud is defined as a matter subject to criminal proceedings or disciplinary hearings.

- 4.6.12 An overview of the matches generated from the 2018 exercise is provided in Table 4.

Table 4: CCC matches

Match type	Total number of matches	High risk matches	Medium risk matches
Blue Badge Parking Permit	754	480	268
Concessionary Travel	2	2	-
Creditors	1826	1674	-
Deferred Pensions	68	-	68
HMRC	33	33	-
Payroll	163	42	33
Pensions	410	214	44
Personal Budget	50	12	3
Private Residential Care Homes	100	35	65
Procurement	29	-	-
Residential Parking Permit	6	6	-
Value Added Tax (VAT)	6	-	6
Totals	3447	2498	487

- 4.6.13 Details of the number of matches processed to date by Counter Fraud and supported by service area contacts across the Council are provided in Table 5. Progress is dependent on priority needs and resource availability in the individual service areas but is subject to ongoing monitoring and review by the Counter Fraud team. Information from customers for example Pensions is requested from next of kin of the individuals concerned which understandably takes time to write out and respond to.

Table 5: Progress to date (1st May 2020)

Match type	Number of high and medium risk matches	Progress to date on all matches (where checks have been completed and closed)	Outcomes to date

Blue Badge Parking Permit	748	748 closed <i>100% of high/medium matches</i>	257 badges have been cancelled giving a Cabinet Office estimated saving of £147,775.
Concessionary Travel	2	2 closed <i>100% of high/medium matches and</i>	No errors or issues identified. All matches checked, including low risks, for data quality.
Creditors	1674	1674 closed <i>100% of high/medium matches</i>	Samples were tested by the service area. A new internal system introduced in October 2018 had already successfully identified these errors so the matches were already being addressed.
Deferred Pensions	68	68 closed <i>100% of high/medium matches</i>	51 errors found where death was not known prior to NFI match being checked. These errors do give rise to any overpayment or financial loss.
HMRC	33	33 closed <i>100% of high/medium matches</i>	No errors or overpayments identified.
Payroll	75	22 closed <i>29% of high/medium matches</i>	22 high risk matches have been closed, one case identified with £12,744.86 recoverable overpayment of salary paid for a period after the individual had left the organisation. Further investigation work is ongoing in this area to confirm remaining lower quality matches.
Pensions	258	216 closed <i>84% of high/medium matches</i>	Awaiting updates from service area on 42 cases. Five errors have been processed and overpayments totalling £1,821.63 identified and being recovered to date. These errors are un-notified date of death and are ongoing due to the process taken by the service to contact next of kin and verification.
Personal Budget	15	15 closed <i>100% of high/medium matches</i>	5 errors identified which together amount to £6,346.67 recoverable overpayment.
Private Residential Care Homes	100	100 closed <i>100% of high/medium matches</i>	No errors or overpayments identified.

Residential Parking Permits	6	6 closed <i>100% of high/medium matches</i>	No errors identified
VAT	6	6 closed <i>100% of high/medium matches</i>	No errors or overpayments identified.
Total	2985	2890 of the high/medium matches closed <i>97% of high/medium matches</i>	£20,913.16 overpayments identified and being recovered £147,775 in notional savings.

4.6.14 The NFI protocol requires Councils to record outcomes from the matches and place a monetary value where possible to reflect any overpayment or savings arising from the correction of the records. Sometimes this is an actual monetary saving, for instance where a personal budget overpayment is calculated, and sometimes this can be an estimated saving for instance where a blue badge is cancelled the NFI apply a notional saving figure of £575 per badge.

4.7 *Information and Communications Technology (ICT) and Information Governance*

4.7.1 Two ICT audit reviews were undertaken in 19/20.

4.7.2 Cybersecurity and Public Sector Compliance (PSN) compliance (final report issued). The adequacy of system and compliance opinion for this audit were both *Satisfactory*.

- The objective of the audit was to give assurance on the Council's Cybersecurity arrangements. The benchmark used for the audit is the National Cyber Security Centres (NCSC) "*10 steps to Cyber Security*."
- Positive assurance was taken from the Council having a Public Sector Network (PSN) certificate in place. PSN is the means by which a local authority demonstrates to central government that its security arrangements, policies and controls are sufficiently rigorous for the local authority to interact with the PSN and those connected to it.
- Assurance was also provided by the personal data risk on the Corporate Risk Register. This includes mitigating controls relevant to Cyber security such as mandatory security training for all staff.
- The control weaknesses identified during the audit are being addressed through agreed actions.

4.7.3 IT Service Desk Review (Draft report issued). At draft report stage the adequacy of system and compliance opinion for this audit were both *Limited*. This was due to Service Desk performance not meeting Key Performance Indicators (KPI) targets at the time of audit. From our discussions with the new LGSS Head of IT in January 2020, we were informed of good progress

made after the reduced performance levels identified during the period assessed during this review.

4.8 Grants and Other Head of Audit Assurances

- 4.8.1 Internal Audit testing again confirmed that grants received by Cambridgeshire County Council requiring review and certification by Internal Audit have been spent in accordance with grant conditions, including the troubled families grant process.

4.9 Policies and Procedures

- 4.9.1 In 2019/20, Internal Audit has maintained a focus on review of key policies and procedures, to ensure that these are: up to date; fit for purpose; effectively communicated; routinely complied with across the organisation; monitored and routinely improved. This has included a revision of the Council's Whistleblowing Policy.

- 4.9.2 In addition to work which focuses specifically on individual Council policies and procedures, every risk-based audit review undertaken considers the current policies and procedures in the service area under review, and audit recommendations include suggested revisions or updates to policies as appropriate.

4.10 Other Work

- 4.10.1 Internal Audit continues to provide advice and guidance to officers on a wide range of issues, including the interpretation of Council policies and procedures, risks and controls within systems or processes, and ad-hoc guidance on queries relating to projects or transformation. Internal Audit aims to provide clear advice and risk-based recommendations with a view to reducing bureaucracy whilst maintaining a robust control environment. Where appropriate, we also refer queries or concerns on to specialist services such as Information Governance or IT Security.

- 4.10.2 Internal Audit also leads on co-ordinating risk management work across the organisation. In 2019/20 the team worked with the Risk Champions to complete the actions from the external risk management health check review by the Council's insurers, Zurich. The team has also delivered risk workshops for Place and Economy to produce a new Directorate Risk Register. Internal Audit undertook a review of Risk Management during 2019/20 and gave good assurance on the adequacy of the risk management system, as the Council has clear risk management policies and procedures and risk is managed appropriately across the majority of the Council. The audit also gave good assurance on compliance with those policies and procedures, particularly at a corporate risk level.

4.11 Summary of Completed Reviews

- 4.11.1 A summary of all audit reports issued in 2019/20 is attached at Appendix A.

5. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE

5.1 *Delivery of the 2019/20 Internal Audit Plan*

5.1.1 The Cambridgeshire County Council Internal Audit Plan was agreed in March 2019, with the required resources approved at 1550 days based on each audit identified. This was later uplifted to 1750 days to recognise the work required of the team in contract audit.

5.1.2 In accordance with best practice, the Internal Audit Plan was re-assessed and updated in line with changing risks throughout the year. Changes to the Plan were approved by Joint Management Team (JMT) and the Audit and Accounts Committee (AAC) through regular progress reporting. The key performance measure for Internal Audit was approved as completion of the Audit Plan, which is reported to JMT and Audit Committee at least quarterly.

5.2 *Service Development*

5.2.1 Continuing Professional Development has been a major focus of the quality assurance programme in 2019/20, to ensure that staff have the skills to carry out their responsibilities with proficiency and deliver work of the required quality. Team meetings are used to deliver training and workshops to staff, and a system of post-audit assessments against the Chartered Institute of Public Finance and Accountancy (CIPFA) Excellent Internal Auditor standard is used to identify areas for development on an ongoing basis, in tandem with regular supervision of all staff.

5.3 *Compliance with Public Sector Internal Audit Standards*

5.3.1 The Internal Audit service has operated in compliance with Public Sector Internal Audit Standards throughout the year.

5.3.2 As required every 5 years an external assessment of Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS) was completed in 2016/17 with a follow up visit undertaken in May 2017, which confirmed service's compliance with the latest set of standards issued in April 2017. The service confirms it continues to adhere to these guidelines by reviewing annually. An external review will be completed in 2020/21 in accordance with PSIAS requirements.

APPENDIX A

CCC INTERNAL AUDIT

Summary of Completed Reviews 2019/20:

The table below summarises the Internal Audit reviews that were completed during the 2019/20 financial year, excluding counter fraud investigations which are itemised separately in section 4.6.

Audit Title	Directorate	Compliance assurance	Systems assurance	Organisational impact
CROSS-CUTTING AND COUNCIL WIDE AUDIT				
Business Continuity	Cross-Cutting	N/A	Satisfactory	Minor
Complaints Process	Cross-Cutting	N/A	Satisfactory	Minor
Procurement Compliance	Cross-Cutting	Satisfactory	N/A	Minor
Procurement Governance	Cross-Cutting	N/A	Good	Minor
Procurement Waivers for Procurement Outside Contract Procedure Rules	Cross-Cutting	Good	N/A	Minor
Income Management for Registration Offices	Cross-Cutting	N/A	Satisfactory	Minor
Manor Farm Tenancy Review	Cross-Cutting	In Progress		
Consultancy Policy Compliance	Cross-Cutting	Good	N/A	Minor
Corporate Key Performance Indicators Framework	Cross-Cutting	N/A	Good	Minor
CHAPS Payments Review	Cross-Cutting	N/A	Good	Minor
Fire Safety Checks	Cross-Cutting	Limited	Limited	Minor
Ely Bypass Review	Cross-Cutting	Satisfactory	Limited	Minor
General Data Protection Regulations Implementation	Cross-Cutting	Good	Good	Moderate
Contract Management Policy and Guidance	Cross-Cutting	N/A	Limited	Minor
Annual Key Policies and Procedures Review	Cross-Cutting	N/A	Good	Minor
Regulation of Investigatory Powers Act Policy Compliance	Cross-Cutting	N/A	Good	Minor
County Farms Process & Practice	Cross-Cutting	In Progress		
Rental Income	Cross-Cutting	Limited	Limited	Minor
Transformation Fund Benefits Realisation	Cross-Cutting	N/A	Satisfactory	Moderate

Development of Project Assurance Framework	Cross-Cutting	Briefing note		
Project Assurance of High Risk Projects	Cross-Cutting	Briefing note		
Annual Whistleblowing Policy Report and Awareness	Cross-Cutting	Annual Report to Audit & Accounts Committee in June 2020.		

PEOPLE & COMMUNITIES DIRECTORATE

Contract Management - Cambridgeshire Lifestyle Services	P&C	N/A	Satisfactory	Minor
Direct Payments Compliance	P&C	Good	Good	Minor
Contract Management - Home and Community Support Service Framework	P&C	Good	Good	Minor
Troubled Families Grant 19-20	P&C	Grant certifications provided in-year.		
Contract Management – Supported Living Services for Adults with a Learning Disability	P&C	N/A	Satisfactory	Moderate
Provision of Section 17 Financial Assistance	P&C	Limited	Satisfactory	Minor
Annual Safeguarding Assurance	P&C	Good	Good	Minor

ECONOMY, TRANSPORT & ENVIRONMENT DIRECTORATE

Coroners Financial Management	P&E	Good	Good	Minor
This Land Limited	P&E	N/A	Satisfactory	Moderate
Contract Management - Eastern Highways Alliance	P&E	N/A	Satisfactory	Minor
Highways Contract Open Book Review 19-2020	P&E	In Progress		
Highways - Commercial Group	P&E	Commercial Group attendance to provide ongoing advice and support.		
Waste PFI	Cross-Cutting	Ongoing advice and support to Waste PFI management processes		
Local Transport Capital Block Funding	Cross-Cutting	Grant certification provided		
Additional Highways Maintenance Grant	Cross-Cutting	Grant certification provided		
Bus Services Operators Grant	Cross-Cutting	Grant certification provided		
Pothole Action Fund	Cross-Cutting	Grant certification provided		
Cycle City Phase II Grant	Cross-Cutting	Grant certification provided		
Disabled Facilities Grant	Cross-Cutting	Grant certification provided		
Safer Roads Funding	Cross-Cutting	Grant certification provided		
Contract Management – Everyone Health	Cross-Cutting	Good	Good	Minor

KEY FINANCIAL SYSTEMS

Accounts Receivable	Cross-Cutting	Good	Good	Minor
Purchase to Pay	Cross-Cutting	Satisfactory	Good	Minor

Payroll	Cross-Cutting	Not Completed		
General Ledger	Cross-Cutting	Not Completed		
Bank Reconciliation	Cross-Cutting	Not Completed		
Treasury Management	Cross-Cutting	Not Completed		
Debt Recovery	Cross-Cutting	Limited	Satisfactory	Moderate
Administration of Cambridgeshire Pension Fund	Cross-Cutting	Good	Substantial	Minor
Financial Systems IT General Controls	Cross-Cutting	Not Completed		
GOVERNANCE & RISK MANAGEMENT				
Risk Management & Risk Management	Cross-Cutting	Ongoing Risk Management Support		
Annual Governance Statement-Code of Corporate Governance	Cross-Cutting	Annual Governance Statement/Code of Corporate Governance.		
INFORMATION GOVERNANCE & IT AUDIT				
Cyber Security and PSN Compliance	Cross-Cutting	Satisfactory	Satisfactory	Minor
IT Service Desk Review	Cross-Cutting	Limited	Limited	Minor