

Audit and Accounts Committee Minutes-Action Log

This is the updated action log as at 13th November 2020 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 22nd September 2020

Minute number	Item title	Responsible officer(s)	Action	Comments	Action status
265.	Internal Audit Plan a) Outstanding Audit Recommendations from previous reviews	Neil Hunter	At the meeting it was reported that Internal Audit team had recently restarted monitoring and would revisit outstanding recommendations to confirm they remained relevant and proportionate through discussions with Services and that all relevant recommendations would either be confirmed as having been implemented, or that revised dates for implementation agreed.	The intention would be to provide an update in the Internal Audit report to the November meeting on revisions to the Audit Plan.	Ongoing

265.	Internal Audit Plan				
	a) Update report on Changes to Audit Plan	Neil Hunter	In terms of proposed changes to the Audit Plan, the Chief Internal Auditor indicated that a further report could be ready to come back to the Special Meeting in October to approve a revised version.	This update would now come forward to the November Committee meeting as part of the Internal Audit Progress Report	Ongoing
	b) Supplier relief – Internal Audit further focus on additional spend over £20k	Neil Hunter	The Chairman asked when there might be a report back on this work to ensure there were still good risk management procedures in place	The details would be coming back as part of the next Internal Audit update report which was scheduled for the November meeting.	Ongoing
	c) Briefing on Audit Plan Changes		While the Chairman accepted that Covid-19 impacts had required changes to the agreed Audit Plan, he asked to be briefed as soon as practicable on what had been removed, as it was important for him and the Committee to be aware of what had changed.	<p>The Chief Internal Auditor would arrange a briefing outside of the meeting.</p> <p>There was to be an update report to the November meeting as part of the Internal Audit Progress report. However the Chairman reiterated that he required a briefing sometime prior to the November meeting so that he could be updated on the changes that had been made and the reasons for them.</p>	

Minutes of 30th October 2020

272	Pension Fund Annual Report And Statement Of Accounts				
	a) paragraph 2.6 To	Ben Barlow / Fiona Coates	To provide benchmarking details comparing the Fund to others	An update was included in an email sent to the Committee on 12 th November. See appendix A to this action log.	Completed
	b) Page 35 Performance Indicator table -	Fiona Coates	To provide details of a breakdown of the invoiced and non- invoiced costs around investment Managers expenses	An update was included in an email sent to the Committee on 12 th November. See appendix A to this action log.	Completed
	c) Page 78 Note 14	Fiona Coates	to check on the phrase 'One standard deviation movement'	An update was included in an email sent to the Committee on 12 th November. See appendix A to this action log.	Completed
273.	Whistleblowing Policy Annual Report				
	a) Key officer contact changes	Neil Hunter	As the report did not detail what changes had been made to the key officer contact information, the Chairman requested that this should be provided in an e-mail outside of the meeting.	Oral update on progress to be provided	
	b) Suggestions for future reports	Neil Hunter	Providing more detail in terms of the staff survey sample in terms of the number used what percentage this was of the total County Council workforce.	To be kept on log until the Annual Report was resubmitted in 2021	Action ongoing

	c) To show changes to the Policy		Request that changes should be shown using sidebars so that Members could see the changes made to the previous version.	To be kept on log until the Annual Report was resubmitted in 2021	Action ongoing
274.	Internal Audit Draft Annual Report 2019-20				
	a) interim reviews on Key Financial Systems	Neil Hunter	As Covid had prevented the completion of reviews in 2019-20 and Members were concerned that as there had not been a full audit in those areas for what would be going on to two years it was requested that interim reviews should be undertaken on all key financial systems. The Head of Internal Audit undertook to forward the request to the Chief Internal Auditor.	Oral update on progress to be provided	
	b) paragraph 4.6.5 Table 3 Anti-fraud corruption open cases	Neil Hunter	A query was raised on open cases shown and whether they had now been closed.	An update would be provided in the Quarterly Internal Audit Report to be reported to the November meeting.	

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

	e) Appendix A - Highways Contract Open Book review 2019-20	Richard Lumley / Graham Hughes	The Committee requested that a report should come back to the November Committee and the Service Director invited to attend the 24 th November to explain the reasons for why overpayments had been made leading to a position where the Council was seeking to recover monies already paid out.	This was likely to be an appendix (possibly confidential) to the Internal Audit progress report which would be sent out after the initial agenda despatch as the changes to the Internal Audit Plan included in the report required to be cleared first by Joint Management Team who were not meeting until 19 th November. Any discussion of any confidential business sensitive information will require that the Press and Public be excluded.	
	f) Appendix A Manor Farm	Duncan / Wilkinson/ Fiona McMillan	There was unanimous approval from the Committee that the Council's Chief Internal Auditor and the Monitoring Officer should prepare a report for November. This should explain the reasons for the delay in the report coming forward and include the investigation report itself.	A report from the Chief Internal Auditor is included on the agenda that explains the current position, the process that is currently still being undertaken and the revised timeline, including why it was not possible to provide the final report for the November meeting.	

Email sent to the Committee dated 12th November – Additional Information requested from 30th October Audit and Accounts Committee when considering the Pension Accounts

Dear Audit and Accounts Committee

Please see below the response provided from Fiona Coates as set out below.

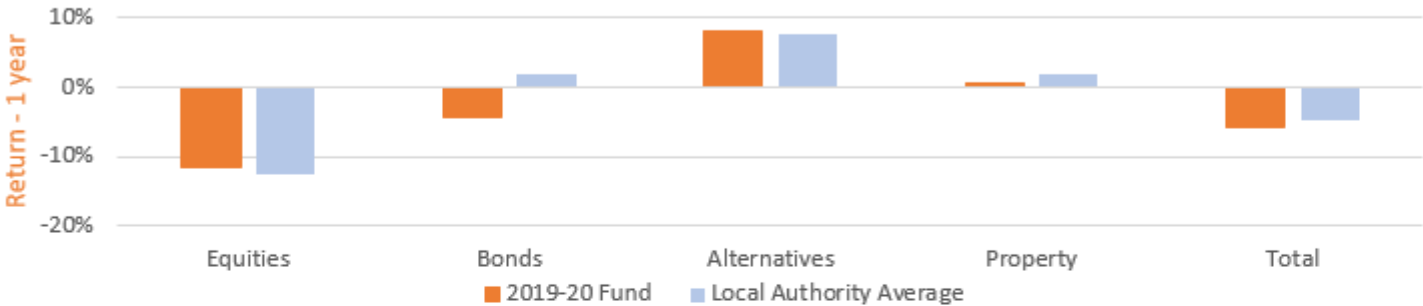
Bench marking

In response to the original question on how the Fund has compared to other funds during the year. The Pension Fund is part of the Local Authority Universe which is a national scheme consisting of 63 pension funds collated by PIRC Ltd that provides benchmarking of local authority pension funds investment performance. For further information on how we have compared to the LA Universe can be found on pages 36 and 37 of the annual report which was included on the agenda. I have added the graphs further below.

In relation to the latest benchmarking report, I have spoken to the investment governance team and they believe the report Cllr Rogers referenced is a presentation from our Investment Consultants Mercer and this report includes information on both Cambridgeshire Pension Fund and Northamptonshire Pension Fund (NPF) . They have advised that as it also includes confidential information on NPF it is inappropriate to send it to the Cambridgeshire Audit and Accounts Committee. However, this is a topic on the future agenda plan for Investment Sub Committee and Mercer will likely produce a report specific to Cambridgeshire which the officers will be happy to share once available.

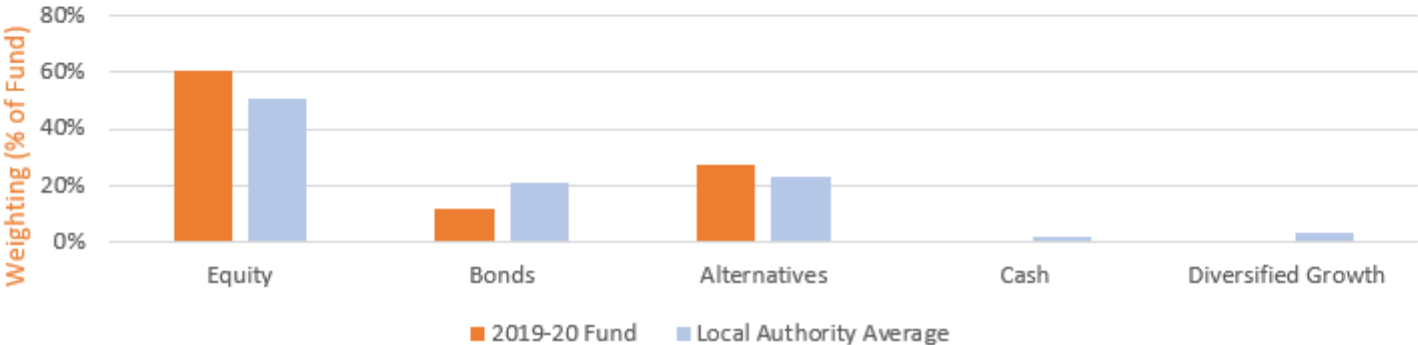
In 2019-20 the Fund's performance of -5.7% over the financial year was ranked 67th percentile out of the 63 Funds participating in the Universe. The investment return achieved was influenced by the Fund's holding of a higher proportion of Equities, when compared to the Local Authority Universe.

Investment Return compared to Local Authority Universe



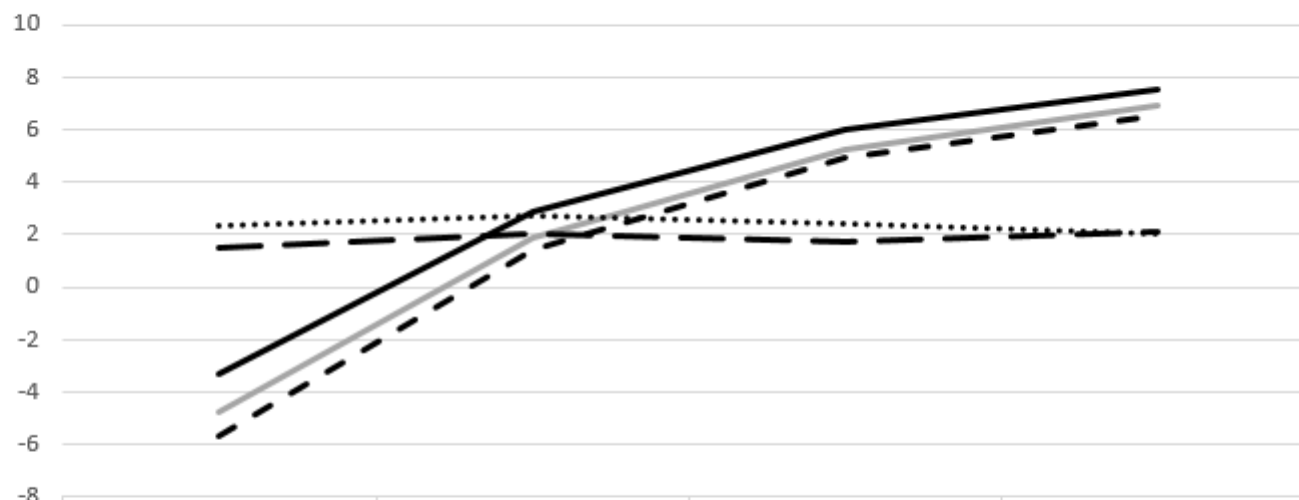
The Fund's current strategy has a higher allocation to Equities and Alternatives and a lower allocation to Bonds when compared to the Local Authority Universe.

Investment Allocation compared to Local Authority Universe



The table below demonstrates the Fund's performance compared to benchmark returns and the average investment return achieved by the Local Authority Universe over a one, three, five and ten year period.

% Returns p.a



	1 year 67th Percentile*	3 years 65th Percentile	5 years 47th Percentile	10 years 64th Percentile
— The Benchmark	-3.3	2.9	6.0	7.5
- - The Fund	-5.7	1.4	4.9	6.5
— Local Authority Average	-4.8	1.9	5.2	6.9
..... UK Average Weekly Earnings Index	2.3	2.7	2.4	2.0
- . Consumer Price Index	1.5	2.0	1.7	2.1

*Ranking in LA Universe

- Page 35 Sequential agenda page 15 of the Pension Accounts document the Chairman queried the reasons why the Management Expenses entries for both the actual Administrative costs and Investment Management expenses for 2019-20 had increased so significantly compared with the Forecast. Officers indicated it was mainly a timing issue and would provide further details. These are included below.

See below comparison of investment expenses (invoiced and non-invoiced). We actually came under budget on invoiced expenses due to assets which we originally receive invoices for, moving into the access pool where the management costs are now deducted from the NAV.

Rounded (£000)	Budget	Outturn	Difference
Administration	2,930	3,415	485
Governance	550	916	366
Investment (invoiced)	6,560	3,555	-3,005
Investment (deducted from NAV)	-	11,118	11,118
Total	10,040	19,004	8,964

- Page 90 Under the heading 'Other Price risk-sensitivity analysis' the Chairman queried the use of the phrase in the second paragraph reading "one-standard deviation movement" – the officers would check but believed it was CIPFA wording. I have double checked the CIPFA wording and the document from Hymans who send us the figures for other price risk – sensitivity analysis and one standard deviation movement is not mentioned in either document so I have removed that sentence.

Fiona Coates

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[Cambridgeshire Pension Fund](#)
[Northamptonshire Pension Fund](#)

