

## **AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** 21<sup>st</sup> March 2017

**Time:** 2.00 – 4.27 p.m.

**Place:** KV Room, Shire Hall, Cambridge

**Present:** Councillors: I Bates (substituting for Councillor McGuire), B Chapman, S Crawford, R Henson, P Hudson, M Shellens, (Chairman) and P Topping

**Apologies:** Councillors: M McGuire

### **Action**

**285. DECLARATIONS OF INTEREST - None**

**286. MINUTES OF THE MEETING HELD ON 24<sup>th</sup> JANUARY 2017**

The minutes of the meeting held on 24<sup>th</sup> January 2017 were confirmed as a correct record and were signed by the Chairman.

Matters arising

Minute 277 Ely Archives Page 6 – 7 of the minutes

- a) The Chairman highlighted the text at the bottom of the page and on the next page reading: "...In discussion there was agreement to the need for officers to highlight to Members that projects required a margin of error to be built in and Members needed to accept this. In terms of constructive officer – member relations this was seen as an important issue to be included as part of the training induction programme for both new members and existing Members post the May elections". **Action: The Chairman wished to ensure this was actioned and an appropriate officer identified.**
- b) Reference to page 15 of original report and action 6 which stated that the actions column had not been completed as the action owner had not at that time been identified, the Chairman asked if this was now resolved. It was confirmed that this information was included within the report later in the agenda.

**M Kelly  
to follow  
up**

Minute 280 Report on the Learning Points from the production of the 2015-16 Statement of Accounts

Page 11 confirmation was received on the heading 'Records requiring Listing' point b) that the final 'record required listing' document had been agreed, and for d) with a heading reading 'Any documents required from schools to be advised by BDO in sufficient time to enable them to be provided prior to the school holidays' had also been actioned.

## 287. AUDIT AND ACCOUNTS MINUTES ACTION LOG

The Audit and Accounts Minutes Action Log update was noted.

Issue arising

- The Chairman commented that he did not consider that the response to Risk 9 regarding a request for a definition of sufficient Funding had been adequate. He had expected a greater level of detail, including what funding was available in terms of a statement of financial requirements, a statement of where the funding would come from, whether there was an identified funding gap, and if so, what the Council was doing regarding identifying / seeking the necessary resources. The Chairman of the Economy and Environment Committee suggested that for a meaningful response to be provided the Chairman needed to define further what he required, as the questions covered such a large remit.
- Minute 261 Cambridgeshire Council Workforce Strategy Update - As an update to the timetable, it was orally reported that the final report was now scheduled to be presented to the Audit and Accounts Committee on 30<sup>th</sup> May and would then go on, with any further suggested changes, to the General Purposes Committee on 6<sup>th</sup> June. Full Council was scheduled to approve a final version on 18<sup>th</sup> July. On this basis, the first quarterly update report would come back to this Committee's September meeting (*Note: This would be subject to the new Committee following the elections on reviewing the work programme still wishing to include update reports as part of the forward agenda programme*).
- Item 9 – Safe Recruitment Update – there was a request to schedule a further update report following the elections to ensure the Committee's continued watching brief.

**RVS to  
update  
Forward  
Plan**

**RVS to  
schedule  
for July**

## 288. EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2017

The Committee received the External Auditor's BDO Audit Plan which identified the audit risks relevant to audit of the financial statements and use of resources of the County Council for the year ending 31<sup>st</sup> March 2017.

The key significant audit risks in respect of Financial Statements were identified under the following headings with the detail as set out on pages 57-58 of the agenda report:

- Management override of controls
- Revenue recognition
- Property, plant and equipment (PPE) valuations

The first two headings above were risks that are assumed to exist by the auditing standards and, as such, are commonly highlighted for all

organisations. The third risk, 'PPE valuations' was as a result of the complex and judgemental nature of forming a valuation estimate as well as the Council changing its valuers. The Audit response to this risk will include checking the reasonableness of the approach to the valuation of land and buildings compared to that adopted in previous years. Ellie Tod Group Accountant, Finance confirmed that checks were being undertaken to ensure there were no material differences compared to the previous year. Any picked up would also be challenged by External Audit. **Action: The Chairman requested a note be provided to give assurance that any material differences in both valuation approach and resulting figures had been identified and could be justified.**

E Tod

The normal audit risks in respect of Financial Statements were listed as being as follows, with the detail included on pages 59-60:

- Changes to the presentation of the financial statements
- Treatment of revenue expenditure funded from capital under statute ((REFCUS)
- Pension liability assumptions.

In respect of the 'Use of Resources' audit risk area, the significant risk was highlighted under the heading 'Sustainable finances' as detailed on page 60.

The confirmation assurance of the Auditors' independence was set out on page 61.

It was clarified that with reference to the Engagement Timetable on page 53 the text to the March date entry reading "issue audit plan and agree fees" was standard wording to cover cases where a variation / addition to the fees might be required as a result of additional work beyond that included in the standard fees agreed by the Public Sector Audits Appointments Limited (PSSA). It was clarified that there was currently no proposal to include a variation to the already confirmed scale fees shown on page 62.

Attention was drawn to the proposed materiality level of £16.3m and the clearly trivial threshold of £326,000 which was consistent with levels prior to the current audit.

Having considered the contents,

It was resolved:

To note the report.

## **289. LGSS STATEMENT OF ACCOUNTS 2015-16**

This report presented the final LGSS Statement of Accounts for 2015-16 which had been formally agreed at the LGSS Committee in January.

The draft report had been presented to this Committee in July 2016 and had subsequently been the subject of external audit.

The report set out details of the changes between the draft and the final accounts and also the details of the formal objection to the 2014-15 Accounts lodged by a member of the public and the formal process that was then required to be followed. The objection had resulted in the delay to the sign off of both the accounts for 2014/15 and 2015-16 whilst necessary investigative work was undertaken by the external auditors. It was highlighted that, following the subsequent investigation, no changes to the 2015-16 Accounts had been required from the draft version received by this Committee in July 2016.

There was a request from the Vice Chairman to revisit an issue raised at earlier meetings on the LGSS accounts regarding providing details of the breakdown of the apportionment of any final surplus, as in an earlier year there had been concerns regarding how much of a previous surplus was retained by LGSS. **Action**

**I  
Jenkins**

It was resolved:

To note the 2015-16 Annual Report and Statement of Accounts.

## **290. CLOSEDOWN PROGRESS REPORT**

This report provided the Committee with an update on the production of the 2016-17 Statement of Accounts, the interim audit, and an update on the process for the appointment of the next external auditor. Details of the changes required by the 2016-17 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice were also provided.

Section 6 of the report set out the implications of the changes to the statutory deadlines for the production of the accounts taking effect from the 2017-18 accounts onwards, with details provided under the headings:

- Revised closedown timetable,
- scheduling of Committee meetings,
- reliance on information / reports from external bodies,
- use of estimates,
- raising awareness of the new deadlines.

It was highlighted that the External Auditor BDO had carried out their initial audit of the first three quarters of the year and that Council officers were comfortable with how the Audit was progressing.

The most significant change as a result of the 2016-17 Code of Practice was the presentation of the Comprehensive Income and Expenditure Statement (CIES). Page 135 of the report provide examples of how the changes to the Accounts presentation would look. The use of Directorate headings would result in the presentation of the CIES being much closer to the current monthly Integrated Resources and Performance report.

An update on the appointment of the next external auditor confirmed that full Council in February had formally opted in to the PSAA-led process.

The Chairman confirmed he had attended a number of the liaison meetings between officers and BDO stating that the progress already made was encouraging, and he hoped that if the timetable was adhered to, there would be no repeat of the late sign off of the Accounts as had occurred for the last two years.

It was resolved;

To note the report.

## **291. RISK MANAGEMENT REPORT**

The Committee received the latest version of the Corporate Risk Register providing the details of the Corporate risks faced by the Council, the significant changes made to the Register since the last report.

Following the comments made at the January Committee questioning:

- the number of risks in the Corporate Risk Register,
- concerns on the presentation of information of the Register (including the risk map),
- and a request for further consideration of the comparison with other authorities' risk registers,

the current report provided an update on the actions being taken. In line with the need to develop processes making use of the new IT system, Strategic Management Team (SMT) had recommended to General Purposes Committee (GPC) that a review of the risk register was undertaken in April and May with the approach to be adopted set out section 3.3 of the report.

It was highlighted that the recent benchmarking exercise had shown that the County Council CCC with 18 Corporate risks had slightly more than the median number, which was 14. Paragraph 3.6 listed the top ten common key risk themes. Appendix 1 of the report provided details of what the results would look like if applied to the Council's Risk Register, and in addition, as a follow up to the Committee comments that the risk map was not clear, provided a simplified, diagrammatic approach. As a response to the comments made at the last meeting that the Risk Register template was unwieldy and difficult to read on a computer screen, a potential new template was also included for comments at Appendix 3.

In discussion the new format was widely supported with the Vice Chairman, who had been one of the main critics of the previous risk representation appendices, praising the new formats included as clear improvements which were easier to read and understand.

In respect of the Current Corporate Risk Register set out at appendix 2 the following comments were made / issues raised:

- **Risk 1a) and 1b)** - A general comment was made that these and others had not reduced since the last report and asked what could be done to reduce them further. In response, it was explained that risks were recalculated each time the Register was updated but as observed, there had been no change to the scoring and therefore the risks stayed the same. In respect of 1a) and 1 b) the Chairman was surprised by the lack of actions included.

**Action: The Officers were asked to take back to SMT the Committee's concerns regarding the lack of planned actions and the request that they should be populated in future versions of the Register, as well as the observation that that as reported, they tended to be backward looking and the Committee's concern was that not enough attention was being given to looking ahead on these risks and on others. This included the Chairman's concerns on labour supply in the care industry, post Brexit. There was also no reference to risks around devolution and the Combined Authority.**

**T  
Barden**

In discussion as a response it had been explained that more detail was provided in the individual **Service Committee Integrated Resources and Performance Reports. Action: the Chairman suggested that reference should be made to them in the current risk register.** e.g. "detail included in the E and E Committee IR&P Report etc....

**T  
Barden  
(TB)**

In discussion it was agreed that **there was the need to highlight the role of the Transformation Project in future versions.**

**TB**

Cllr Chapman asked when 1a) and 1b) had first been recognised and included as Corporate Risks, querying whether it was since the change from a Cabinet to a Committee system. **Action The officer agreed to investigate further.**

**TB / S  
Norman**

- **Risk 3 - It was suggested that reference should be made to the cost of housing being a contributory factor to failure to retain or recruit staff.**
- Councillor Henson made reference to the continued delays in the construction of the Yaxley and Farcet foot and cycleway which he suggested should be included as a Corporate Risk following the deaths of two people along the main road. The Chairman explained that he would not expect to see it included in what was a Corporate Risk Register as this was within the specific remit of the Economy and Environment Committee.
- **Risk 21 – business disruption –on the revised target dates Action: clarification was requested regarding whether the changed target dates referred to the original target date or**

**TB**

**TB**

were subsidiary milestones.

- **Action: Request to Sue Grace to be asked for her assessment of the likelihood of a complete business collapse scenario.**

**TB / Sue Grace**

The Chairman again flagged up his concerns that he believed we should have contingency plans in place against the possibility that the whole residential care sector could collapse post Brexit as European Union (EU) employees were lost and the wages offered would not attract sufficient local and other non EU nationals as replacement staff. He reiterated that he still believed that there were insufficient actions being taken by the Council to address this and wished to see contingency plans. He made reference to an observer article on the NHS which stated that there had been a 92% drop in applications from EU registered nurses since BREXIT and that currently half the nurses employed came from the EU. In discussion, some other Members of the Committee made clear that they did not hold the same pessimistic views, with one Member making reference to an initiative by Anglia Ruskin University for a four year programme to dramatically increase the number of social care training places.

- **Risk 15 - Failure of the Council's Arrangements for Safeguarding Vulnerable Children and Adults** - with reference to trigger one – reading “Children’s social care case-loads reach unsustainable levels as indicated by the unit case load tool” there was a request that the lead officers responsible should be asked to provide quarterly updates to Committee on children’s social care case-loads to enable the Committee to monitor the potential risk involved.
- **Risk 26 – Increasing Manifestation of Busway Defects - required dates to be inserted.**
- **Risks 29 – ‘Failure to address inequalities in the county continues’ and Risk 30 – ‘Failure to deliver Waste savings / opportunities and achieve a balanced budget’ (and any others with March target dates) Action: request for e-mail confirmation that they had been met or an update target provided if they had slipped / been revised.**
- **Looked after Children** – with reference to the reply provided from Wendy Ogle-Welbourn regarding the Chairman’s continued concern at the overoptimistic budget forecasts in the current and previous years, he indicated that he was not satisfied with the response provided. He requested details of the original budget forecasts and final budget position for the last five years and more detail on the information taken into account when building the budget for the current year, to provide the necessary assurance that this was a more realistic figure.

**TB  
contact  
Service  
Director  
Children  
Social  
Care**

**TB**

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speak to  
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It was resolved;

- a) To agree to note the report.
- b) To request three monthly update on children's social care workloads.

## 291. DRAFT INTERNAL AUDIT REPORT

This report outlined the proposed 2017-18 Internal Audit Plan which was attached as Appendix 1 to the report for Member comment. The intention would be during the year to provide quarterly update reports to the Committee. Appendix 2 of the same report provided a draft revised Internal Audit Strategy and Charter for comments. This would come back to the May meeting for final approval.

The Plan was based on the following key assurance blocks: Key Financial Systems; Policies and Procedures; Compliance; Making Every Penny Count; Commissioning and Contracts; Anti-Fraud and Corruption; ICT and Information Governance and Contingency. These would each provide an opinion over key elements of the control environment, targeted towards in-year risks, rather than a more traditional cyclical approach examining each system over a number of years. For each assurance block and after consultation with other Directorates, Internal Audit believed they had allocated the appropriate level of coverage necessary to provide an effective annual assurance opinion. The audit plan would be reviewed and re-aligned on a regular basis to take account of new, emerging and changing risks and priorities and resources re-prioritised towards the areas of highest risk. The Audit Plan had been agreed as 1550 days for 2016-17. The detail of the approximate split showing both the breakdown of total days by Assurance Block and by Audit theme was set out in the diagrams in the report.

Questions / issues raised included:

- In response to a query regarding any Committee responsibility for the City Deal it was explained it was not a Committee responsibility but was overseen by the three partner organisations.
- On Appendix 1 regarding the entry for an audit on Section 106 there was a query regarding why there was no similar audit for the CIL (Community Infrastructure Levy). It was explained that the audit would look at both. **Action: There was a request to amend the title to make this clear.**

**M Kelly**



- There was discussion regarding Delayed Discharges which one Member highlighted were not getting better. Internal Audit indicated that they did not include within the Plan an audit of delayed transfers of care, but did undertake assurance work on property portfolio development and care homes projects. One Member suggested that there should be an internal audit crosscutting overview / review on all aspects of the Care Home sector, to include other partner activities to cover prevention, Public Health and housing, as opposed to auditing what was only part of the picture. Audit could speak to partners in Housing / Social Services / Public Health seeking their views to establish a best approach to reviewing DTOC taking account of DEVO 2 and to consider whether the Health Committee should be asked to receive a report.

It was proposed and resolved unanimously:

To ask the Internal Audit Team to investigate possibilities for an Internal Audit review across all organisations on delayed discharges to improve our performance. **Action**

**M Kelly**

- One Member queried why 10% of the Audit Plan work was for one directorate (Children Families and Adults). It was explained that this reflected the size of the Directorate's budget which was by far the largest in the Council. The Plan which was put together in consultation with Directorate Senior Management Teams and were, in Internal Audit's independent professional opinion, the areas that represented the best use of resources. In terms of CFE, those included were the areas the Executive Director considered to be the largest risk areas.
- In response to a question regarding whether on page 169 Safe Recruitment – the reference to DBS checks included safe recruitment in schools it was explained that this looked at volunteers and staffing roles where checks were expected and was therefore a separate audit.

It was resolved;

To note the report.

## **292. ANTI FRAUD AND ANTI MONEY LAUNDERING POLICY REPORT**

This report provided the Committee with drafts of the above two policies for feedback and comments.

In accordance with best practice, the Council had drafted updated Anti-Money Laundering (Appendix 1 to the report) and Anti-Fraud and Corruption (Appendix 2 to the report) policies to address the issues arising from the Bribery Act, using a standard approach that was applied across other authorities.

Following any feedback and comments received, the policies would be

presented to Senior Management Team (SMT) on 11<sup>th</sup> May 2017, the Audit and Accounts Committee on the 30<sup>th</sup> May 2017 and the General Purposes Committee on 6<sup>th</sup> June 2017 for final approval. **Action to add to further Report to the Work Programme**

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cratic  
Services**

Issues raised included:

- Para 7.3 Draft Anti Money Laundering Policy - **with reference to the Money Laundering Reporting Officer (MLRO) it was suggested that reference should be made to the post in this paragraph.**
- With reference to text in Para 8.2 **checking the legal requirement regarding the Proceeds of Crime Act on whether monies are in pounds or euros** as the reference was in Euros with the pound equivalent being included in brackets) **and providing the clarification in an e-mail outside of the meeting.**

**M Kelly**

**M Kelly**

Having commented on the report:

It was resolved:

To note the report.

## **293. ELY ARCHIVES – UPDATE ON ACTION PLAN PROGRESS**

As requested at the last meeting and taking account of the fact that most of the actions were not due to be completed before the end of April, the Committee received a report on progress to date with implementing the recommendations set out in the Ely Archives Review Action Plan included as appendix 1 to the report.

The report highlighted that:

- Procurement Best Practice Guidance had been updated to specifically state that prospective contractors should not be involved in writing applications for exemptions from Contract Procedure Rules, and that, as part of the process, where competition existed, price comparison exercises should be undertaken against prices from suppliers other than the supplier who proposed the price under review.
- Procurement of a new Project Management Office (PMO) system had been completed with the detail as set out in section 3 of the report.
- Governance approaches across the organisation were being aligned with the new system to ensure clear ownership, decision making and accountability.

It was explained that additional proposed actions included:

- A workshop with the Corporate Leadership Team was planned for April, to clearly map the responsibilities for ensuring compliance with policies and procedures for projects across the organisation.
- Following the Committee's request to provide some assurance over project management of capital projects, it was confirmed that a review of selected projects from the Council's Capital Programme was underway with the intention of reporting to the May Committee. This might result in the identification of further actions to strengthen the Council's control environment.

In discussion, issues raised included:

- A request for an explanation of the abbreviation CLT (Corporate Leadership Team).
- One Member highlighted that at the last meeting one of the main issues was the lack of a single project manager for some capital projects. In answer to the question on whether this had yet been addressed and being informed that the central project management function was now to be provided by the Transformation Team, **there was a request to provide details who the identified Ely Archives Transformation Project Manager was.**

**M Kelly**

**It was resolved;**

To note the progress made against the Ely Archives Review Action Plan.

## **294. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD TO 31<sup>ST</sup> DECEMBER 2016**

This report provided an update on the main areas of audit coverage and the key control issues arising for the period 31<sup>st</sup> December 2016 to 28<sup>th</sup> February 2017.

Paragraph 1.1 listed the audit assignments which had reached completion since the previous Committee report. (set out as Appendix 1 to these Minutes) Section 4 set out more detail on the summaries of completed audits with moderate or less assurance, with an oral explanation provided of the key recommendations and the action now being taken. Table 2 set out the audit assignments which had reached draft / interim report stage. Further information on work planned and in progress was set out in the Audit Plan attached as Appendix A.

Section 2 updated details of:

- the investigative caseload of the Internal Audit team provided in Table 3.
- Investigations into allegations of fraudulent use of concessionary bus passes.

- A summary of the caseload currently being progressed by HR which primarily related to disciplinary matters, was set out in table 4.

Outstanding management actions at the end of February were summarised in Table 3, which included a comparison with the percentage implementation reported at the previous Committee. A summary of the outstanding recommendations, and the progress with implementing them was provided in Appendix B of the report.

Section 5 'Other Audit Activity' provided an update on:

- The ongoing work in respect of programme testing a range of projects from within the Council's Capital Programme stemming from the recommendations of the Ely Archives Project to provide assurance over project management arrangements in place.
- The results of the External Review of Cambridgeshire Office of LGSS Internal Audit carried out in December 2016 which had identified no areas of non-compliance that would affect the overall scope or operation of Internal Audit Activity and made some recommendations for improvement with a draft action plan having been drawn up to address for implementation before the follow up assessment.
- Progress on the Troubled Families Grant certification of claims Review which was projecting that between 400 and 450 claims would be completed by the 24<sup>th</sup> March deadline.
- Changes made to the Internal Audit Plan (paragraph 5.4) to ensure resources were prioritised to the areas of highest risk.

Issues raised included:

- |                                                                                                                                                                                                                                                                                                                     |                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| • <b>Page 250 – whistleblowing – Action: to feedback to the Chairman without revealing the person's identity if there was found to be any substance to the one instance recorded.</b>                                                                                                                               | <b>M Kelly</b>                |
| • <b>B1 Travel and subsistence compliance</b>                                                                                                                                                                                                                                                                       |                               |
| a) <b>Request for same review to be undertaken for County Council elected Members and that this should be added to the Audit Plan programme.</b>                                                                                                                                                                    | <b>D Wilkin-son / M Kelly</b> |
| b) <b>On the data migration from Oracle to the new Agresso system there was a request from the Vice Chairman for assurance to be provided that there would not be issues regarding data capture / corruption of data. Internal Audit undertook to provide an update in the next Internal Audit Progress Report.</b> | <b>M Kelly</b>                |

Regarding the summaries of Completed Audits with Moderate or less assurance there was discussion regarding:

- A1 Community Based Appointeeships - the issues on non-compliance with the control environment namely the Council's Community Based Appointeeships Policy which had led to the Internal Audit Review. Their investigation had revealed that staff did not comply with the Policy as it provided inadequate guidance on the oversight of the activities of staff acting as appointees and that the staff were instead making good decisions for the benefit of clients, with the detail as set out in the report.
- B2 Use of Government Purchase Cards (GPC) Compliance – There was a request for more explanation of the total value of the transactions in relation to the setting of a transaction review floor of £25 which, while reducing the number transactions requiring review by half, would still capture over 90% of the value of all GPC transactions. The reply was the total value of transactions was £1m and therefore the risk was on £100k.
- **Appendix B Page 267 Domiciliary Care - Centralised system for Monitoring Missed Calls –** As the information was not provided in the update, **there was a request for details of missed calls. It was agreed that a response would be provided in an e-mail outside of the meeting.**

M Kelly

It was resolved:

To note the report.

## 295. **INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF JANUARY 2017**

This report which had been agreed by General Purposes (GPC) Committee that morning and was presented so the Committee could assess progress in delivering the Council's Business Plan. Attention was drawn to the forecast year-end of overspend of £1.7m, reflecting the demand on Children, Families and Adults (CFA) who were reporting an increase in the net overspend, with the detail provided in paragraph 3.2.2. of the report. The projected overspend had partially been netted out by increasing underspends in other areas.

In discussion the comments / issues raised by Members included:

- The Chairman, with reference to Older People pressures and the text reading "the Fenland Locality movement of +227k due to rising numbers of higher cost placements", reiterated his concerns regarding how realistic the budget had been and whether it had taken into account rising inflation. In response it was explained that budget building took into account expected inflation but that in this area of service delivery Fenland inflation was increasing at a much higher rate than had been predicted when the budget had been set.

- With reference to the performance targets / indicators on page 275, the Chairman queried whether some of the measures for developing the economy such as ‘the percentage of Cambridgeshire residents aged 16-64 in employment 12-month rolling average’ should continue to be monitored, as the County Council were not able to directly influence them. He suggested that General Purposes Committee should be asked the question and if the answer was yes to continued monitoring, reasons provided. In subsequent debate the Chairman of Economy and Environment Committee suggested that the Executive Director Economy, Transport and Environment could be asked to review those ETE service areas highlighted on page 275. The Committee Chairman suggested that if retained, those that were beyond the complete control of the County Council should be grouped separately.

#### It was resolved

**That in respect of performance targets where the Council had little control, Finance officers be asked to raise with senior officers the value of continuing to report them and if it was still considered worthwhile, to look to separate them out.**

**T Kelly  
to liaise  
with  
relevant  
officers**

- 6.1 - Capital Programme – in discussion on Capital Slippage and requesting the view of External Audit, Lisa Clampin explained that it was not unusual to have slippage as some of this was outside of the control of the Council. From an External Audit point of view their focus would be on the effective the use of resources and the financial management arrangements. **The Chairman requested that he be provided outside of the meeting the percentage slippage on the capital programme in each of the last five years.**
- Page 283 - Additional / Reduction in Funding (Prudential Borrowing) – regarding the four schemes listed requiring budget allocation in the current financial year, the Chairman queried the next line showing management costs as they were almost equal to the costs shown for the schemes. In response it was explained that the management costs were in relation to all spend brought forward and not just the four listed schemes, with officers acknowledging that the presentation could have been better.
- Making reference to education grant received by the Council, Councillor Chapman was sceptical on whether the Council was receiving the correct amount, claiming that 14,000 houses in St Neots had not been taken into account when considering future local road capacity and education places requirements. As a response regarding his query of the education grant received, it was explained that all schools undertook an annual census of their existing pupils on roll which was fed back to the Department for Education and that as long as they were on roll, they would be counted and the grant entitlement was then calculated on this

**Ellie Tod**

census data. It was confirmed that Highways would be using the same housing data as Education. Councillor Chapman responded that his issue was in relation to the accuracy of future forecasting and suggested that ETE had accepted that his additional housing figures were correct.

- **The Chairman suggested as a way forward that the Committee should receive a report to the July meeting (after consulting with Democratic Services regarding the large number of reports already scheduled to go to the May meeting) on the detail around population forecasting for future education rolls and transport infrastructure requirements.**

**Tom  
Kelly /  
Tom  
Barden  
to co-  
ordinate  
response**

- Page 292 Reserves and Provisions – The Chairman queried the decrease in the County Fund figure from £18,921k at the start of the year to £16,413,000 by the end of January 2017, followed by an expected increase to £17,883k by the end of the year. The explanation was that the County Fund was normally held at 3% of gross budget excluding schools, equating to around £16m. The balance at the start of the year was higher than £16m at £18,921k, due to the impact of the 2015-16 outturn position which was underspent by around £2m and therefore increased the County Fund balance over the 3% level. As part of the 2016-17 Business Planning process, the County Fund was therefore reduced back down to the 3% level of £16,413k (the balance as at 31st January 17).

However, the County Fund was now forecasted to increase to £17,883k by the end of the year due to the decision made as part of the 2017-18 Business Planning process to merge the County Fund reserve and the Service reserves to create one overall balance for the General Fund. Moving forward, the total for the General Fund would now also be held at 3% (rather than only the County Fund element being held at 3%); for 2017-18 this equates to £16,153k. However, the outturn position for the services (particularly Children, Families and Adults which has a negative year-end reserve position forecast) was such, that in order for the total General Fund to balance, the County Fund element would have to be increased to £17,883k.

It was resolved:

To note the report and the recommendation agreed at the General Purposes Committee on 21<sup>st</sup> March.

## **296. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN**

Noted with the following additions agreed at the meeting:

- Safe Recruitment Update –further update report to be scheduled for the July meeting.

- Cambridgeshire Council Workforce Strategy Update - final report to be presented to the Audit and Accounts Committee on 30<sup>th</sup> May. On this basis, the first quarterly update report would come back to this Committee's September meeting.
- Final Anti-Money Laundering and Anti-Fraud and Corruption policies to be added to the 30<sup>th</sup> May 2017 Committee.

**297. DATE OF NEXT MEETING – 2.00 P.M. 30<sup>th</sup> MAY 2017**

Chairman  
30<sup>th</sup> May 2017



## ***FINALISED ASSIGNMENTS***

Since the previous Progress Report to Audit & Accounts Committee in January 2017, the following audit assignments had reached completion as set out below:

**Table 1: Finalised Assignments**

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Cross-Cutting (CCC-wide)	Travel and Subsistence Compliance	Good	Moderate	Minor
2.	Customer Service & Transformation	Business Continuity Policy	N/A	Good	Minor
3.	Children, Families & Adults	Community-Based Appointeeships	Moderate	Limited	Moderate
4.	Cross-Cutting (CCC-wide)	Procurement Compliance	Good	N/A	Minor
5.	Cross-Cutting (CCC-wide)	Debt Recovery	Moderate	Moderate	Moderate
6.	Children, Families & Adults	Client Contributions	Moderate	Moderate	Minor
7.	Economy, Transport & Environment	Total Transport Pilot	Good	Good	Minor
8.	Cross-Cutting (CCC-wide)	Use of Government Purchase Cards compliance	Limited	N/A	Minor
9.	Cross-Cutting (CCC-wide)	VAT compliance	Substantial	N/A	Minor
10.	Cross-Cutting (CCC-wide)	Grants to Voluntary Organisations compliance	Substantial	N/A	Minor
11.	Cross-Cutting (CCC-wide)	Duplicate Payments	Good	Good	Minor
12.	Customer Service & Transformation	Information Commissioners Office (ICO) Audit Action Plan	Moderate	Moderate	Minor
13.	Economy, Transport & Environment	Concessionary Bus Passes	LGSS Counter Fraud Team report into work investigating allegations of fraudulent use of bus passes.		