

# AUDIT AND ACCOUNTS COMMITTEE



**Date: Tuesday, 07 June 2016**

**Democratic and Members' Services**  
Quentin Baker  
LGSS Director: Law and Governance

**14:00hr**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

**Room 128**  
**Shire Hall, Castle Hill, Cambridge, CB3 0AP**

## AGENDA

**Open to Public and Press**

1. **Appointment of Chairman / woman 2016-17**  
Democratic Services to seek nominations
2. **Appointment of Vice Chairman / woman**
3. **Apologies and Declarations of Interest**  
*Guidance for Councillors on declaring interests is available at*  
<http://tinyurl.com/ccc-dec-of-interests>
4. **Audit and Accounts minutes 15th March 2016** **5 - 22**
5. **Audit and Accounts Committee Action Log from Minutes**  
To follow  
**REPORTS REQUESTED FROM THE MARCH COMMITTEE MEETING**
6. **Policing arrangements on Contractual Compliance on Education** **23 - 26**  
**Transport Services**

7	<b>Systems in Place to ensure that Section 106 Funds do not go unspent</b>	<b>27 - 30</b>
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8	<b>ISA260 update report</b>	<b>31 - 40</b>
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#### **EXTERNAL AUDIT REPORTS**

9	<b>BDO Cambridgeshire County Council Planning Report for the year ended 31st March 2016</b>	<b>41 - 62</b>
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#### **INTERNAL AUDIT REPORTS**

10	<b>Draft Annual Governance Statement 2015-16</b>	<b>63 - 74</b>
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11	<b>Review of LGSS Internal Audit (Cambridgeshire) Compliance with the Public Sector Internal Audit Standards (PSIAS) Self-Assessment 2015 - 16</b>	<b>75 - 100</b>
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12	<b>Internal Audit Annual Report 2015-16</b>	<b>101 - 120</b>
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13	<b>Cambridge Library Enterprise Centre (CLEC) Review - Update on Action Plan Progress To Date</b>	<b>121 - 150</b>
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14	<b>Assurance Framework Six Monthly Update</b>	<b>151 - 164</b>
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#### **RISK MANAGEMENT**

15	<b>Annual Risk Management Report</b>	<b>165 - 192</b>
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#### **16 INTEGRATED RESOURCES AND PERFORMANCE REPORTS**

16a)	<b>General Purposes Committee - Discussion of the Report Integrated Resources and Performance Report for period ending 31st March 2016</b>	
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To follow

16b)	<b>Integrated Resources Performance Report for the period ending 31st March 2016</b>	<b>193 - 214</b>
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**18.      Date of next Meeting 2.00p.m. Tuesday 12th July**

The Audit and Accounts Committee comprises the following members:

Councillor Michael Shellens (Chairman)

Councillor Barry Chapman Councillor Sandra Crawford Councillor Roger Henson Councillor Peter Hudson Councillor Mac McGuire and Councillor Peter Topping

*For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact*

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**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** 15<sup>th</sup> March 2016

**Time:** 2.00 – 5.00 p.m.

**Place:** Room 128, Shire Hall, Cambridge

**Present:** Councillors: S Crawford, R Henson, P Hudson, M McGuire, M Shellens, (Chairman) and J Williams

**Apologies:** Councillor Peter Topping

**Action**

**194. DECLARATIONS OF INTEREST - None**

**195. MINUTES**

The minutes of the meeting held on 26<sup>th</sup> January 2016 were confirmed as a correct record and were signed by the Chairman. It was agreed to review the action log at the end of the meeting.

**196. TOTAL TRANSPORT PILOT**

At the last meeting there was a request for an invitation to be extended to the Chairwoman of the Total Transport Member Steering Group, overseeing the project to provide a brief update on progress.

Further to this, Councillor van de Ven was welcomed to the meeting and provided a short introduction explaining that it was early days for the Project which included undertaking a pilot financed from a £460,000 Government grant. In order to provide the Committee with background information, the agenda included the same report which had been presented that morning to the General Purposes Committee.

Toby Parsons the Transport Policy and Operational Projects Manager presenting the report indicated that the General Purposes Committee had agreed to support the introduction of a Total Transport Service pilot area in the northern part of East Cambridgeshire centred on Ely and including both Soham and Littleport from September 2016 subject to:

- a) The outcome of a public consultation inviting views on the detailed proposals.
- b) A formal procurement exercise to establish the exact cost of delivering the new service (only a best estimate could currently be provided as providers would be asked for different options)

It was explained that the proposal for a new Total Transport Service comprised four elements: fixed bus routes, a flexible minibus service, a social car scheme and a booking and information centre with the detail explained and as set out in the report. The savings target being sought was between 10-15% of current spend, with other aims being to achieve

greater efficiency from the use of existing vehicles and to obtain, where possible, some improvements in existing service provision.

Questions / issues raised included:

- Asking why there was no mention of the experience of South Cambridgeshire's mini bus service which had been operating during the mid-day period and which had resulted in a very poor uptake, with the Member asking what made the officers think they could do better. It was explained that the Council was looking at transport where there was already client demand (for example those with accessibility needs) rather than just targeting those who use a public transport option.
- The same Member highlighting that the County Council was one of the few that did not currently allow the public to buy spare seats on schools buses. In response it was indicated that a recent survey undertaken had found a surprisingly high percentage of people against the idea, with over 90% against use on primary school transport and 75% against on sharing secondary school transport.
- There was a query whether the proposals would result in the need for additional staff where greater use was proposed of existing vehicles during off peak periods and whether there would be also be job losses where routes were to be discontinued. In response it was explained that officers had made clear to bus operators in the pilot area that some contracts would be terminated, which would see a small reduction in vehicles. This however was not expected to affect employment, as many of the operators were already having trouble recruiting staff.
- What the risks were in respect of sharing vehicles on school runs? These had been identified as being at the end of a school run where a pupil might be the only one on the bus. However all named drivers and their relief drivers were DBS checked to reduce such risks and would be followed up as part of random checking exercises to ensure only those cleared by such checks were being used. The risk was small, but obviously could never be 100% guaranteed. As a follow up, a question was raised regarding whether consideration for increasing safeguarding to allay parents fears could be given by including a conductor also being on a bus. In response it was indicated that this had been looked into and had an estimated average cost of about an additional £40 a day which for all routes would equate to an additional third of a million pounds cost and would be a decision for Members to decide if this was value for money.
- In response to questions on the provision of school transport to meet demand from new build schools, it was clarified that the statutory requirement still remained for the Council to provide home to school transport based on nationally-set criteria (of which the distance to school was the starting point).

- On a question regarding post 16 provision (which was no longer to be provided) and possible purchase of seats, it was confirmed that as an example in the pilot area for Ely College, if there were spare seats, then these would be considered for purchase for over 16 pupils. Connections (even with more than one minibus) could be provided from rural areas to Ely Station, for example running before and after school runs as they would be charged for, could be a potential income generator.
- In reply to a question of what would happen if no bids were received, this was seen as being unlikely, as operators had been consulted regarding routes to be the subject of tenders to ensure there was a market.

In noting the report the Member and officer were thanked for the excellent work already undertaken.

## **197. INTERIM REPORT ON WORKFORCE STRATEGY**

Following a request at the previous meeting, Martin Cox LGSS Head of People presented a short update report on progress on the development of a Workforce Strategy. He explained that following approval of the Council's Budget for 2016-17, Strategic Management Team (SMT) in consultation with the General Purposes Committee, were currently reviewing the future direction of the organisation.

Current work aimed to identify the requirements needed to be able to implement the new operating model and transformation agenda to help determine both the workforce skills and knowledge required, and the support to be provided. Once this work had been completed, the Strategy could then be further developed, with the current expectation being that progress could be reported by May.

Paragraph 2.4 of the report listed a number of other key development projects that had been undertaken in recent months to support the workforce.

Questions raised included:

- asking for an estimate of the current workforce, for which the response was five and a half thousand staff.
- The Chairman commented that in the current financial climate and with the ongoing devolution discussions, it was inevitable that the workforce would further reduce, which would need to be sensitively managed, whilst also needing to look to retain the staff with the right skills and knowledge. The latter while a challenge, was already being addressed, partly through the revised appraisal scheme. This had now been in operation for two years and was recognising and rewarding the high achievers.

It was resolved:

to note the update and receive a further progress report at the June meeting.

**M. Cox**

## **CHANGE IN THE ORDER OF THE AGENDA**

As the Interim Head of Internal Audit was required at a meeting of the Audit Committee in Norwich later that afternoon it was agreed that the following report would be taken next in the order of the agenda.

### **198. DRAFT 2016-17 INTERNAL AUDIT PLAN**

An earlier version of the report had been e-mailed to members of the Committee the previous week after the despatch of the original agenda. A revised version, including an appendix which had only been agreed by Strategic Management Team (SMT) the previous day, was made available in member pigeon holes earlier in the day with spare copies made available at the meeting.

it was explained that the new Plan which had been developed in consultation with SMT was based on assurance blocks that each provided 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, the most appropriate level of coverage necessary had been developed to provide an effective annual assurance opinion and added value to the organisation.

The Audit Plan was intended to remain dynamic in nature and to be reviewed and re-aligned on a regular basis to take account of new, emerging and changing risks and priorities with resources then re-prioritised towards the areas of highest risk. The intention would be to report to Audit & Accounts Committee every quarter. **Action: to add to Work Programme**

**RVS /  
NH to  
agree  
dates  
for Plan**

The key audit themes proposed were detailed in paragraph 1.5 of the report with the summary of the Draft Plan for 2016-17 as set out below which outlines the allocation of days across the various assurance blocks:

Assurance Block	2016/17 Plan	
	Days	% of total assurance days
Making Every Penny Count	200	13%
Anti-Fraud and Corruption	175	11%
Key Financial Systems	135	9%
Grants and Other Head of Audit Assurances	55	4%
Procurement	135	9%
Risk Based Audits	200	13%



Policies & Procedures	60	4%
Compliance	160	10%
ICT and Information Governance	40	3%
Schools	125	8%
Strategic Risk Management	75	5%
Governance	25	2%
Advice & Guidance	165	11%
<b>Total Assurance Days</b>	<b>1550</b>	<b>100%</b>

Questions raised included:

- The Chairman highlighted that there had been a decrease in the number of audit days of 15% compared to the previous year and asked at what level of decrease would Internal Audit no longer be able to provide reasonable assurance linked to the cuts still required in future years. The response was that the figure of 1550 days was considered to be the limit to be able to demonstrate value for money and that a third less resources would find the service struggling and would not allow it to have flexibility to take on new risks. This could also lead to an increase in fraud as fewer assurance days would be provided and require a greater reliance on External Audit which could add to cost.
- There was discussion in respect of agency staff and the need to ensure framework contracts were employing the right people at the right price. Chris Malyon indicated that a policy had been agreed to reduce the number agency staff employed by the Council and that the Procurement Team were currently undertaking an exercise to establish whether it would be cost effective for the Council to set up its own agency. **There was a request to find out how many agency staff the Council currently employed and that the final report referred to from the Procurement Team should also be issued to this Committee. Action**
- With reference to Appendix 1, setting out the full Audit Plan proposed breakdown, one Member queried on page 9 in the heading 'Review of Procurement' under the 'Why' column, the reason for "verifying the value of money achieved" being undertaken by "reviewing a sample of invoices", rather than at the earlier tender stage. it was explained that the invoice was the start off point to working backwards to establish how much had been spent on work and then asking questions on how the contract had been designed.
- There was a request to ensure that on fraud, investigations should not be confined to looking at high cost / high value areas but should also investigate some low cost activity to deter people from committing fraud at all levels.

**RVS /  
Janet  
Maulder**

- In respect of the concern expressed by one Member regarding whether the County Council was undervaluing the contributions required at the initial negotiation stage on Section 106 Agreements, assurance was provided that every case involved the Council bringing in experts.
- With reference to the Compliance section entry regarding 'Duplication Payments Follow Up Report' on page 13 there was a request for an update regarding the timetable for a follow up report. In response it was explained that the timing would depend on the agreed action completion dates from the previous review.
- One Member suggested that consideration should be given to increasing the number of days for Schools Purchasing and Payments.

Having commented,

It was resolved to note the draft 2016/17 Audit Plan as set out in Appendix 1 of the report.

## **199. SAFEGUARDING SAFE RECRUITMENT IN SCHOOLS UPDATE**

At the request of the Audit and Accounts Committee, and to support schools with the increased expectations of the Office for Standards in Education, Children's Services and Skills (OFSTED) framework, Education Advisors had been carrying out detailed safeguarding reviews in maintained schools, and academies that had purchased the Local Authorities services. The detail was set out in the report which also included the Annual Child Protection Monitoring Report to Governors 2014– 2015 as Appendix 1.

It was highlighted that virtually all maintained schools were now using the Local Authority model 'Single Central Record' in some form and this had helped clarify expectations for schools with head-teachers being co-operative and welcoming the support to ensure their schools were fully compliant with statutory requirements. In addition, safer recruitment training provided by Governor Services had been heavily subscribed in the current year and had resulted in additional courses being offered.

In his introduction Chris Meddle indicated that the service had now visited approximately 100 of the County's schools and expected to visit all the schools, except those academies which had not bought in to the Service. At the time of the meeting it was orally confirmed that of those schools visited, none were of concern, with all those checked complying with all requirements.

In addition, academy schools who in the past had not been willing to engage, were now expressing gratitude for the guidance provided by the education authority, with more now expected to participate and sign up to the training offered. It was highlighted that the Regional Commissioner had been very complimentary of the safeguarding processes operated by many of the County Schools inspected.

Members questions / issues raised included:

- In respect of paragraph 2.3 making reference to the OFSTED inspections and whether there had been any negatives, the response explained that this had not been the case since the first inspection this year with recruitment safeguarding, but there had sometimes been issues in respect of safeguarding such as first aid provision.
- The Chairman indicated that he did not believe the very bold statement claiming that a survey had shown that 100% of pupils felt safe in their school. It was explained that this was an official statistic using the various measures as detailed in the report.
- Clarification was sought regarding 'Chelsea's Choice'. It was explained that this was a theatre production that been produced that could be purchased by schools and was aimed at 14 year olds to warn of the dangers of child sexual exploitation.
- In response to a question of how many people were sifted out as being unsuitable during schools recruitment processes, it was explained that this would not be a figure that was recorded and therefore could not be collated. The processes involved to identify unsuitable candidates included looking for unexplained gaps in employment records, with the DBS check being part of the main criteria that panels were required to ensure had been carried out, before confirming an offer of employment.
- An explanation was requested regarding the phrase "disqualification by association". It was explained that this was in relation to barring primary and certain secondary school posts from candidates who shared a house with a person who had been disqualified from working with children.
- In reply to a question it was confirmed that the schools already checked had been assessed as 100 % compliant both in terms of their safe recruitment policies and practices and in their systematic updating of information on their single central record. The one school referred to in the report as not having anyone trained in safe recruitment practices had carried out the necessary training that week. In addition, maintained schools were still using the Council's Whistleblowing Policy.

The Committee congratulated the officers involved on what had clearly been a significant improvement in respect of the compliance with safeguarding and safe recruitment in schools.

Having commented it was resolved:

To note the report.

## 200. CAMBRIDGE LIBRARY ENTERPRISE CENTRE REVIEW – UPDATE ON ACTION PLAN PROGRESS TO DATE

This report provided an update on the progress implementing the recommendations set out in the Cambridge Library Enterprise Centre Review Action Plan. It was highlighted that several of the actions were dependent on the agreement on the project management methodology / guidance and officers had gone back to the service to receive further updates and these would be updated in the report to the next meeting in June.

Going through the appendix update document attention was drawn to the following:

- Commercial proposal document – as an update it was indicated that this report was withdrawn at the March General Purposes Committee as the Committee felt more work was required with a small group of members to be involved in helping draft a revised version and would be rescheduled to a later meeting, probably the May General Purposes Committee.
- Confidentiality Agreement – as at the time of the meeting no update had been provided by the Director of Law. **Action: The Chairman undertook to telephone him to request an update on the action.**
- Gateway Review Process – This was awaiting the completion of the Corporate Capacity Review and the expectation of being able to provide an update to the June Committee but with the expectation that the Review would not be fully completed until at least October.
- Additional Guidance on what constitutes Key Decision - the advice from Democratic Services was that it was difficult to define a key decision further to try to cover every eventuality and that where an officer was unsure whether a decision should be classed as a key decision, they were recommended to seek the advice of the Monitoring Officer and that this additional guidance should be added to the Forward Plan. Sue Grace was asked her opinion on any further guidance and put forward suggestions such as impact on customers / members of the public and geographical reach. The Committee agreed that the action could now be treated as completed.
- **5.7 - Spokes meeting guidance – The action for the Chairman to write to all spokes was still outstanding. The Chairman undertook to action this.**
- 5.9 Challenge, Call in / placing items on agendas etc – this was essentially now completed having been approved by Constitution and Ethics Committee with guidance having been placed in each Group Room and included in the Constitution. CMIS was now expected to go live within the next four weeks.

**Council-  
lor  
Shellens**

**Action  
Cllr  
Shellens**

- 6. Public Consultation – A report was going forward to General Purposes Committee and an update would be provided at the June meeting.

It was resolved:

to note the progress being made against the Cambridge Library Enterprise Centre Review Action Plan and to receive a further report at the June Meeting

**M Kelly**

## **201. RISK MANAGEMENT REPORT**

This report provided:

- details of the Key Corporate Risks faced by the Council,
- details of the significant changes to the Corporate Risk Register since the last Report in January 2016
- the profile of risks faced by corporate and executive directorates.
- The review of the Risk Register undertaken to cover the point raised at the Audit and Accounts Committee in January.

The table in paragraph 3.1 provided an analysis of Directorate Residual Risks as at March 2016 illustrating that there were 71 risks recorded in service risk registers. Actions were planned against the previously reported red risks for ETE and CFA. Appendix 1 illustrated the profile of Corporate Risk against the Council's risk scoring matrix which included the following three red residual risks:

- Risk 1a) Failure to deliver a robust and secure Business Plan over the next 5 years
- Risk 1b) Failure to produce a robust and secure Business Plan
- Risk 9 'Failure to Secure Funding for Infrastructure'

It was reported that the Corporate Risk Register (CRR) had been reviewed by SMT the previous day who confirmed that the CRR was a comprehensive expression of the main risks faced by the Council and that mitigation was either in place, or in the process of being developed, to ensure that each risk was appropriately managed.

As the report had been written before the SMT meeting, an oral update was provided against each of the Risks reviewed as set out below.

**Risk 15: Failure of the Council's arrangements for safeguarding vulnerable children and adults** - A timetable had been produced by CFA in respect of refreshing their entire Risk Register including completely revising Risk 15, as already set out in an e-mail sent out to the Committee and included in the Minute Action Log. The intention would be to report back to the Audit and Accounts Committee in September.

**Risk 28: Lack of capacity to respond to rising demand for service provision** - CFA Management Team agreed to remove this risk

following the review of the register as it was too wide and has been replaced with the two urgent demand issues 'Looked After Children' and 'Insufficient Availability of Care Services at affordable rates'.

**New risk 31: Insufficient availability of affordable Looked After Children (LAC) placements** - This new risk has been agreed by the CFA Management Team as an urgent demand issue and was currently included in the CFA Risk Register. CFA Management Team agreed that this risk should be included on the Corporate Risk Register. This had been confirmed by SMT.

**New risk 32: Insufficient availability of care services at affordable rates** This new risk has been agreed by the CFA Management Team as another urgent demand issue and was currently included in the CFA Risk Register. CFA Management Team agreed that this risk should be included on the Corporate Risk Register. SMT confirmed its inclusion.

**Risk 29: Failure to address inequalities in the county** - This new risk was agreed at A&AC, GPC and Group Leaders. Following a comprehensive review of the Corporate Risk Register at the recent CRG, officers raised the concern that this risk was more of an outcome than an actual risk and the group felt that this might not be a risk for the Corporate Risk Register. SMT had been informed that at a Chairman's briefing the Chairman of Audit and Accounts Committee had suggested a change of wording. SMT had agreed the risk should be included with the revision to include at the end, the additional word "continue"

Details in respect of Risks 15, 28, 29, 31 and 32 were included in Appendix 2 which had also been provided separately in Colour on A3 for Committee members.

Following the review of the CRR by Group Leaders on 7th January the following changes had been proposed.

**Risk 9: Failure to secure funding for infrastructure** - The concerns raised by the Leader of the Council and the response from CFA in consultation with Economy Transport and Environment (ETE) was as set out in the report due to the cross referencing undertaken. It was highlighted that CFA would be placing the Supporting New Communities Strategy on the public website on the existing planning pages so that all strategies regarding growth were available in one place.

**Risk 21: Business Disruption.** - Group Leaders had expressed concern over trigger 6 'Flu pandemic' as they were concerned with any local epidemic and suggested pandemic was not the right terminology as this was not just restricted to flu but any epidemic. The response from Public Health as to why it was pandemic was as detailed in the report.

Going through the Risk Register the following issues were raised:

- On 1b 'Failure to deliver the current 5 Year Business Plan 2016-2021' the Chairman highlighted that there were no actions shown.

In response it was explained that they had since been added from 3 and 4 on 1a) 'failure to produce a robust and secure Business Plan over the next five years'

- On 4 'The Council does not achieve best value from its procurement and contracts' as the target dates were both March 2016 an update would be provided in the next report.
- 20 'Non Compliance with legislative and regulatory requirements' – with respect to staff training /awareness, the Chairman expressed concern regarding staff turnover and the use of agency staff, especially if they were working in technical areas. He also raised the issue of whether they were aware of Council policies such as Whistle Blowing / Fraud policies and suggested the current key controls did not address this. **Action: The Officers to look at this further.** S  
Norman
- Risk 9 'Failure to secure Funding for infrastructure' – querying the vagueness of the target date only showing '2016' for description 1 and also the description against 7. **In response, it was indicated that both would be reviewed. Description 1 was to be changed to being a key control, rather than an action.** S  
Norman
- Risk 21 Business Disruption – **there was a request for stepping stones. Action** S  
Norman
- Risk 23 Major Fraud or Corruption – **As these were showing dates of March 2016, there was a request for updates at the next meeting.** S  
Norman
- Risk 24 titled 'Implementation of CFA Social Care Business Systems on new rationalised platform - **As the target date was March 2018, there was a request for stepping stone dates to be provided.** S  
Norman
- Risk 27 - 'The pension fund has the potential to become materially underfunded' The Chairman highlighted that there was currently a lack of actions and in discussion **it was agreed that actions would need to be populated following the tri-annual review.** S  
Norman
- Risk 29 - Failure to address inequalities in the County - In response to a query **it was confirmed that target dates would be added for the next update report** S  
Norman
- Risk 30 - 'Waste savings / opportunities and achieve a balanced budget' There was a query regarding the target date on 4 which was still showing as January 2016. In response it was confirmed that this action had been completed and had been closed. S  
Norman
- **Risk 30** Insufficient availability of care services at affordable rates – The Chairman highlighted a **typo under the results column on the word 'delayed discharges'**. He also expressed surprise S  
Norman  
/ S

that the impact was three following the press coverage on homes closures and was concerned of the impact of another 'Southern Cross' commenting that two providers had been lost in the last 18 months. In response it was indicated that other providers in the market were usually able to cover the gap. Another Member suggested that the national living wage should be considered as a new trigger, especially in respect of third party providers.

**The report was noted.**

## **202. INTERNAL AUDIT PROGRESS REPORT TO 28<sup>TH</sup> FEBRUARY 2016**

This report provided details of the main areas of audit coverage for the period 1st January to 28th February and the key issues arising.

Since the previous Progress Report to the Audit and Accounts Committee in November 2015, the following audit assignments had reached completion:

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance
1.	Council-wide (Cross-Cutting)	Budgetary Control	Good	Substantial  Organisational Impact: Minor
2.	Customer Service & Transformation	Payment Methods	Limited	Limited  Organisational Impact: Moderate
3.	Economy, Transport & Environment / Children, Families & Adults	Home to School Transport	Good	Limited  Organisational Impact: Major
4.	Council-wide (Cross-Cutting)	Key Systems Access	Investigation into an issue identified by audit; report issued and actions agreed.	
5.	Council-wide (Cross-Cutting)	Fees and Charges	Report issued with draft recommended Fees & Charges Policy and supporting documentation (set out in Section 5).	
6.	Children, Families & Adults	Pupil Premium Schools Consolidated Report	Consolidated schools report.	
7.	Children, Families & Adults	Cherry Hinton School - Individual Schools	Moderate assurance on financial management/financial governance.	



		Financial Value Standard (SFVS)	
8.	Children, Families & Adults	Farcet School – Individual Schools Financial Value Standard (SFVS)	Moderate assurance on financial management/financial governance.  Limited assurance on counter fraud.
9.	Children, Families & Adults	Harbour School – Individual Schools Financial Value Standard (SFVS)	Limited assurance on financial management/financial governance.  Limited assurance on counter fraud.
10.	Children, Families & Adults	Orchards School – Individual Schools Financial Value Standard (SFVS)	Moderate assurance on financial management/financial governance.  Limited assurance on counter fraud.
11.	Children, Families & Adults	Yaxley Infants – Individual Schools Financial Value Standard (SFVS)	Moderate assurance on financial management/financial governance.  Limited assurance on counter fraud.
12.	Children, Families & Adults	Troubled Families Grant	Grant signed off.
13.	Children, Families & Adults	Draft Looked After Children Strategy	Internal Audit provided a report responding to consultation on the draft LAC Strategy.
14.	Economy, Transport & Environment	Usage of s106 Monies	Report on the usage of Section 106 funding for Audit & Accounts Committee (see section 7 of this report).

Summaries of the finalised reports with moderate or less assurance were provided in Section 5 of the report. Table 2 of the report as set out the audit assignments have reached draft report stage.

Further information on work planned and in progress was detailed in the Audit Plan, attached as Appendix A.

Section 3 of the report provided a Fraud and Corruption update including

the latest update on the recent Criminal prosecution regarding the 'Proceeds of Crime hearing.

Section 4 set out the details of outstanding management actions at February 2016 which indicated that currently there were no outstanding fundamental actions. Of the 6 outstanding significant recommendations, 5 related to the Central Library Enterprise Centre (CLEC) review, the subject of an earlier report. The last outstanding recommendation related to a review of the Council's Fairer Contributions Policy. No update has yet been received from the service regarding the implementation of this action. Internal Audit indicated that they would report back to the next meeting of Audit & Accounts Committee with further detail regarding whether or not the action had been completed commenting that they were fairly sure that it would be completed.

**Action: The Chairman requested that the responsible officer should be asked to attend if that proved not to be the case.**

N  
Hunter /  
M Kelly

In respect of the summaries of completed audits with moderate or less assurance in discussion the following issues / actions were raised.

**a) Payments Methods report – Action - as there was no follow up report currently in the Audit Plan, a one year review should be added and that the recently completed full report should be made available to the Committee outside of the meeting.**

N  
Hunter /  
M Kelly

#### **b) Home to School Transport**

This audit had focussed on safeguarding, with as referred to in any earlier report a key potential risk was seen as being the service provided by Education Transport. The review identified weaknesses in the control environment within Education Transport which has resulted in a limited assurance opinion, and given the nature of pupil safeguarding, a 'major' designation of organisational impact was also given. A clear reference to the mitigation of the Home to School Transport safeguarding risks had not been found on any of the Council's high-level risk registers. Management actions had been undertaken to address this.

It had also been identified that nineteen Home to School Transport operator employees (representing 2%) were reported as not having been cleared to drive in the 2014-15 academic year. It was explained that operators were contractually obliged to ensure their employees displayed an ID Badge after a successful Council safeguarding check on the individual. However, at present, if an employee was found to be in violation of this safeguarding control, their operator was subject to a penalty, which was currently less than an identified instance of excessive late running. It was considered that, given the potential safeguarding risk, it was appropriate to take a more robust stance toward any such operator breach identified and particularly any repeat infringements and for the fine level to be increased. In addition the condition of contract requiring regular and relief operator employees to be made known to the Council in advance of contract commencement, had never been enforced. Management actions had therefore been agreed to address both of the above.

**There was a request that the full report should be circulated to the Committee outside of the meeting.**

**M Kelly**

Questions raised related to how random checks were carried out to ensure compliance. In response it was indicated that this was undertaken by the Contract Monitoring Team. (CMT). **As there was concern that the CMT only had two officers, there was a request for a report on policing arrangements on contractual compliance in the above area to be presented to the June meeting.**

**M Kelly  
to  
contact  
CMT**

Section 106 – Agreed Actions from the Internal Audit Section 106 Report – The review had identified four instances where part, or all of Section 106 contributions received had not been spent within the agreed time period. It was clarified that in one case the money was able to be re-allocated against a different scheme meeting the terms of the Section 106 Agreement. In addition, the County Council was only obliged to return unspent funds to a developer on request. This had not happened in any of these cases, with one of the cases only involving a negligible sum (£350 being quoted)

It was noted that in future the intention was for Section 106 monitoring system (APAS) to be upgraded to include a reporting function to automatically identify and issue alerts for unspent funds.

**The Chairman indicated he would wish the relevant representative from the service co-ordinating Section 106 Funding (transport infrastructure, Policy and Funding) to be invited to attend the next Committee meeting to explain the systems in place to ensure that funds did not go unspent. Action**

**M Kelly  
to  
contact  
relevant  
officer**

On Appendix A showing the current 2015/16 CCC Internal Audit Plan explanation was requested on the difference between the progress column when marked up as 'in progress' compared to 'ongoing'. In response it was explained that 'in progress' meant that there would be a definite end date while 'ongoing' would carry on until it was deemed that it could be ended and had no advance end date.

Having commented on the in-year Audit Plan it was resolved:

- a) to note on the progress being made against the approved Internal Audit Plan.
- b) to note the material findings and themes identified by Internal Audit reviews completed in the period.

## **203. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31<sup>st</sup> JANUARY 2016**

The Committee received the above report which had been considered by General Purposes Committee earlier the same day presenting the financial and performance information to be able to assess the progress in delivering the Council's Business Plan.

Key points identified were that:

- The overall revenue budget position was showing a forecast year end underspend of £4.9m (-1.4%), which was an increase of £1.0m from the previous month for the reasons set out in the report.
- Key Performance Indicators; the corporate performance indicator set had been refreshed for 2015/16. Some of the measures within this new set were still being developed and should be available in the coming months. There were 20 indicators in the Council's new basket, with data currently being available for 18 of these. Of these 18 indicators, 8 were on target (previously 7).
- The Capital Programme was showing a forecast year end underspend of £53.6m (-26.1%), which was an increase of £6.1m since the previous month. The majority of the increase was due to further slippage within ETE's, CFA's and LGSS managed capital programmes. In subsequent discussion it was explained that a Capital Programme Board was currently reviewing the operation of the Capital Programme. This was looking at different options with the aim of reducing the amount of slippage in future years and included the option of a smaller Capital Programme and putting some schemes in later years.
- Balance Sheet Health; The original forecast net borrowing position for 31<sup>st</sup> March 2016, as set out in the Treasury Management Strategy Statement (TMSS) was £453m. This projection had now fallen to £410m, down by £2m from the previous month.
- In response to a question, details were provided in respect of the additional provision of £1.15m Municipal Mutual Assurance Scheme of Arrangement levy.

Issues raised by Members included:

- a) Asking what borrowing costs were incurred when Capital projects slipped? In response it was clarified that zero costs were incurred where no spend had been undertaken and no money borrowed against a specific scheme.
- b) With reference to a discussion on the collapse of Municipal Mutual Insurance which had taken place in 1992, a question was raised regarding whether Peterborough City Council, which became a Unitary Authority in 1997 was responsible for its share of the Scheme of Arrangements Levy before this date. **Action: The Chief Finance Officer undertook to investigate this.**

**C  
Malyon /  
S Hey-  
wood**

It was resolved:

To note the report.

## 204. **AUDIT AND ACCOUNTS COMMITTEE ACTION LOG FROM MINUTES**

The Committee noted the completed actions /updates provided in relation to the minutes from the last meeting and earlier outstanding actions as set out in the report. In respect of nearly all actions referred to against the previous Risk Management and CLEC reports from the January Committee meeting, these had been included in their respective update reports considered earlier in the meeting.

The following issues were raised / comments made:

### **Issues raised from the January and February Action Logs**

**Item 4 and Item 8f) Assurance Framework Update – b) clarification of whether there was a general risk and assurances around not complying with statutory responsibilities / duties placed on the Council** - action Councillor Crawford was requested to pursue her concerns regarding new adults legislation and any risk of the Council not meeting its statutory responsibilities due to continued service cuts. It was orally confirmed that she had raised the issue at the most recent Adults Committee on 1<sup>st</sup> March and received the response that a revised Children's Families and Adults Risk Register would be presented to the Adults Committee for review at its July meeting. Her action was therefore completed.

### **Item 8 a) Proportion of Pupils attending Cambridgeshire schools judged good or outstanding by Ofsted**

Following the request by the Chairman for him to receive quarterly updates regarding the relative performance on the above in relation to both maintained and academy schools at primary and secondary level, he had received the first update in February provided the following information:

Proportion of pupils attending good or outstanding primary schools:

Maintained: 79.2%

Academies: 67%

Proportion of good and outstanding primary schools:

Maintained: 78.8%

Academies 74.2%

### **Item 9 - Minute 184. Risk Management Report**

Regarding the request from the Vice Chairman for officers investigate alternatives to the current presentation of appendix 1 (the Residual Risk Map) different options had been circulated by e-mail (hard copy for Councillor Henson) the previous week **with the request for Members to feedback any preferences to Sue Norman in Internal Audit.**  
**Action**

**All on  
Commi-  
tee**

**Item 14 – ISA 260 Report for the year ended 31<sup>st</sup> March 2015**

Following the meeting in January the Chairman had requested a short progress update against the recommended actions from PwC from the above report which had been provided in an e-mail by the Chief Finance Officer. **It was agreed that an update report based on the above should come forward to the June Committee meeting. Action**

**C  
Malyon /  
S Hey-  
wood**

**205. DRAFT AGENDA PLAN**

**Noted with the further updates agreed at the meeting.**

**206. DATE OF NEXT MEETING 2.00 p.m. TUESDAY 7<sup>th</sup> JUNE 2016**

This would be preceded by a training session on the Accounts commencing at mid-day.

Chairman  
7<sup>th</sup> June 2016

**POLICING ARRANGEMENTS ON CONTRACTUAL COMPLIANCE ON  
EDUCATION TRANSPORT SERVICES**

*To:* **Audit & Accounts Committee**

*Date:* **Tuesday 7<sup>th</sup> June 2016**

*From:* **Paul Nelson, Interim Head of Passenger  
Transport Services**

*Electoral Division(s):* **All**

*Purpose:* **Report on policing arrangements on  
contractual compliance in Education Transport  
Services.**

*Recommendation:* **The Committee is asked to note and comment on  
the arrangements in place.**

<b><i>Officer contact:</i></b>	
Name:	Paul Nelson
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Email:	<a href="mailto:paul.nelson@cambridgeshire.gov.uk">paul.nelson@cambridgeshire.gov.uk</a>
Tel:	01223 715608

## **1. Background**

- 1.1 At the previous Committee Meeting Members considered an audit report on safeguarding on home to school transport contracts and requested a report on policing arrangements on contractual compliance in this area to be presented to the June meeting.

## **2. Policing arrangements on contractual compliance**

- 2.1 The monitoring team consists of three officers to cover all contracts in Cambridgeshire, and was introduced in September 2009 following an internal audit and Member approval. In addition to the regular team, there are also two members of staff who are primarily involved in driver and escort training, but who also help out for additional checks if required.
- 2.2 Compliance checks are carried out on a routine programmed basis throughout the year, with the aim of checking every home to school contract at least once a year. There are currently around 870 contracts operating each day and in practice this programme is achieved by carrying out checks at every school that has transport provided, which in 2014/15 was 221. A check was carried out at all schools in 2014/15, which is the last full year of information as our records are by academic year.
- 2.3 In addition to the routine checking programme, there are spot checks carried out in conjunction with officers from the Driver and Vehicle Standards Agency (DVSA). These checks are led by the DVSA but with support from our own monitoring team.
- 2.4 Finally, checks are also carried out if specific complaints are received or issues raised, and these will normally take priority over the routine checking programme. These issues are primarily raised by schools, parents, other operators or members of the public. In 2014/15 there were 122 such complaints including timekeeping, bus stop locations, overloading of vehicles, student behaviour, driver behaviour and overgrown trees.
- 2.5 The aim of the compliance checks include timekeeping, vehicle size, licence checks, wheelchairs and restraints being appropriately used and whether drivers and passenger assistants (PAs) have been cleared through the DBS (Disclosure & Barring Service) process. The checks do not include mechanical checks as this is a function carried out by the DVSA staff during joint operations.
- 2.6 In 2014/15 checks were carried out on 927 drivers and PAs, with 19 (2%) not having a completed DBS check through the County Council. A number of these will be taxi drivers who will have a check through the



appropriate District Council, but who are still required to be approved by the County Council. As a comparison the figure of unchecked drivers in 2010/11 was 7%.

- 2.7 Work is progressing on the implementation of the recommendations in the audit report. Three recommendations have been completed on time or early, and these involve making operators aware of the checking process, the requirement for rechecks every three years and the implications for them if their drivers are not compliant.
- 2.8 The other recommendations are programmed for September and are on target. The aim of the changes are to strengthen the penalty points issued through the contract so that there is a real deterrent to operators trying to provide drivers that do not have DBS clearance.
- 2.9 In addition, a protocol will be developed that can be distributed to operators, so that they are aware of their responsibilities, and to schools and parents so that they know who to report any concerns to that can then be followed up. The intention behind these changes is to further reduce the current 2% failure rate.

Background Documents: Internal Audit Report, Home to School Transport – Education Transport, March 2016.



**SYSTEMS IN PLACE TO ENSURE THAT SECTION (S) 106 FUNDS DO NOT GO UNSPENT**

**To:** Audit and Accounts Committee

**Date:** 07 June 2016

**From:** Paul van de Bulk, Capital and Funding Manager (TIPF)

**Telephone:** 01223 715608

**1. Purpose**

- 1.1 To describe the systems in place and the work that is underway to ensure that S106 funds are spent within their specified timeframes.

**2 Recommendation**

- 2.1 To note and comment on the systems in place to ensure that S106 funds are spent within their specified timeframes.

**3. Background**

- 3.1 Section 106 agreements usually contain clauses that stipulate that if the money paid by the developer to the Council is not spent within a specified time frame, then at the developer request, the Council must pay back the money along with any interest accrued.
- 3.2 There are several scenarios that can occur whereby the County Council does not spend S106 money on time:
- The Infrastructure that was originally specified in the S106 is eventually not required, or did not cost as much as initially estimated;
  - The Council is unable to begin implementing the required project/s for given reasons within the specified time frame;
  - Lack of awareness of the spend deadline.

**4. Current System in Place to Monitor S106 Agreements**

- 4.1 All S106 agreements where the County Council is party to the agreement are currently logged in a Master Spreadsheet.
- 4.2 The Master Spreadsheet contains information that is used to cross check against the County Council's financial systems in order to monitor Monies received and spent against each S106 agreement. This information is kept up to date through a monthly (and year end) reconciliation exercise.
- 4.3 The Master Spreadsheet also contains information relating to the spend deadline for each agreement. Over the years, and particularly for some older agreements, this particular data field has not been filled in consistently which has led to gaps in the information.

- 4.4 The Master Spreadsheet splits each S106 into its broad objective but does not contain detailed information relating to the exact wording of the S106 agreement that specifies how the money may be used.

## **5. Next Steps**

- 5.1 S106 agreements with imminent spend deadlines in the 2015/16 financial year were identified in January/February 2016 and steps were taken to ensure that any funds were allocated to appropriate projects before the funding deadlines. Of previous concern, the remaining St Neots Market Town Transport Strategy S106 funds have been allocated to projects, subject to approval at E&E Committee on 09 June 2016.
- 5.2 All of the gaps in the spend deadline data on the Master Spreadsheet are currently being investigated and updated. This is being treated as a priority with older agreements being visited first. Given the number of agreements to analyse it is anticipated that this work will be completed by the end of June 2016.
- 5.3 In future, it is anticipated that relevant delivery managers will be given a two year advance early warning for all S106 agreements that are reaching their spend deadline.
- 5.4 Over time it is anticipated that the detailed information on what the S106 should be used for will also be added to the Master Spreadsheet. This will help to streamline the whole process of allocating projects and communicating with relevant delivery managers.
- 5.5 The County Council is still waiting for a major update to the S106 monitoring database (APAS). The updated version is imminent and should deliver significant advantages to the current spreadsheet methodology described above.

## **6. Financial Scenarios**

### ***Schemes that are no longer required.***

- 6.1 If a scheme is no longer required and we have sought and received S106 for it the County Council will continue to hold this money in an interest bearing account until such time that the developer makes a request for the money to be returned, unless the S106 specifically requires the Council to repay the money without such request. This money is an asset to the County Council as it helps maintain a healthy cash flow.

### ***Schemes that are delayed***

- 6.2 In the event that an applicable scheme has been identified but the scheme is delayed beyond the spend deadline of the S106 agreement, the County Council will continue to allocate the S106 funds to that project. There is a small risk that if eventually a developer requests this funding back under the strict terms of the S106 agreement, then there will be a requirement to switch funding source and substitute the S106 with Prudential Borrowing or capital grant. In the rare occurrences when schemes have been delivered beyond the spend deadline, officers are not aware that a developer has ever requested S106 to be returned.

- 6.3 The Chief Financial Officer has indicated that he should be informed when it is planned to spend S106 beyond the spend deadline in order to either approve, or seek further Member sign off.
- 6.4 The Monitoring and Finance teams have agreed a method to highlight all future S106 funds that are dealt with in this way on the Master Spreadsheet.

**Background Papers : None**



**ISA260 UPDATE REPORT**

*To:* **Audit and Accounts Committee**

*Date:* **7<sup>th</sup> June 2016**

*From:* **Section 151 Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **N/a** *Key decision:* **No**

*Purpose:* **This report is to update the Committee on progress made in respect of the recommendations made by PwC in the ISA260 Report 2014-15.**

*Recommendation:* **The Audit and Accounts Committee are asked to note the position on the actions in respect of the recommendations in the ISA260 Report 2014-15.**

<b><i>Officer contact:</i></b>
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Tel: 01223 699796

## **1. BACKGROUND**

- 1.1 As part of the Auditor's role in issuing an opinion on the 2014-15 Statement of Accounts they produced a report "to those charged with governance" on the Statement of Accounts. This report is referred to as the ISA260 report. This report was issued to the Accounts and Audit Committee by PriceWaterhouseCoopers (PwC) on 11<sup>th</sup> December 2015, upon completion of their audit of the 2014-15 Accounts.

## **2. ISA260 REPORT 2014-15**

- 2.1 The ISA260 Report contained a number of audit recommendations which were made by PwC.
- 2.2 The audit recommendations from the ISA260 report are listed in Appendix A. The final column outlines the current position and lists the progress to date in implementing the recommendations.
- 2.3 2014-15 was the final year of the audit contract with PwC. The external audit function is now undertaken by BDO, and as part of their audit of the 2015-16 financial statements they will assess whether the recommendations made by PwC have been fully implemented. BDO will issue their ISA260 Report upon conclusion of the audit of the 2015-16 Statement of Accounts.

## **3. LIST OF APPENDICES**

APPENDIX A – ISA260 LOG 2014-15

## **4. ALIGNMENT WITH CORPORATE PRIORITIES**

### **4.1 Developing the local economy for the benefit of all**

There are no significant implications for this priority.

### **4.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

### **4.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## **5. SIGNIFICANT IMPLICATIONS**

### **5.1 Resource Implications**

There are no significant implications within this category.



## **5.2 Statutory, Risk and Legal Implications**

There are no significant implications within this category.

## **5.3 Equality and Diversity Implications**

There are no significant implications within this category.

## **5.4 Engagement and Consultation Implications**

There are no significant implications within this category.

## **5.5 Localism and Local Member Involvement**

There are no significant implications within this category.

## **5.6 Public Health Implications**

There are no significant implications within this category.

<b>Source Documents</b>	<b>Location</b>
ISA260 Report 2014-15 Code of Practice 2015-16 (based on IFRS)	Room 301 Shire Hall, Cambridge

## ISA260 Log 2014-15

County / Pension Fund	Issue	PwC Recommendation	Latest Position May 2016
County	Assets under construction projects are not being transferred out of AUC on completion, or written off on a timely basis	We would recommend that management perform a regular review of the newly created AUC asset register to ensure that any projects which need to be written off or transferred on completion have been posted on a timely basis.	The authority now has an asset register for AUC so is able to ensure as part of this process that all balances contained within AUC relate to an ongoing project. As capital expenditure for 2015-16 has now been finalised, the asset register is in the process of being updated as part of the preparation for the 2015-16 accounts.
County	The year end review process to remove all non-capitalisable spend from AUC is not functioning effectively.	This control acts as a back-stop to the above control point, but we would recommend that management ensure that a thorough review is undertaken of the entire AUC listing to ensure that no non-capitalisable spend is held within AUC at year end.	The year-end review process was updated for the 2014-15 accounts and is continuing to be used going forward. In addition it has been further developed to take into account the creation of a new fixed asset register for AUC (see above) so that the whole AUC balance is reviewed as part of the year-end process.
County and Pension Fund	The Oracle accounting system does not prevent staff from posting and authorising their own journals	The Council should look to implement an independent review process for any journals posted over a certain value.	Authorisation of journals indirectly happens through monthly budgetary control procedures and balance sheet reconciliation. Any anomalies are identified through this process and acted upon. This process will be considered further as part of the implementation the new ERP system.
County	General Ledger to Payroll Reconciliation is not performed at year end	The Council should ensure that its general ledger and payroll systems are reconciled on at least a monthly basis – this reconciliation should include all payroll general ledger codes, not just those relating to Gross pay and national insurance.	The Council maintains a log of each payroll transfer, which it reconciles to the General Ledger. The Council does not perform a whole-year reconciliation of Payroll to GL. No further action being taken.

County / Pension Fund	Issue	PwC Recommendation	Latest Position May 2016
County	<p>There is no fixed asset register detailing individual fixed assets held for Infrastructure assets, which ties to the accounts. These categories represented a net book value totalling £687m in the Councils account for 2014/15.</p>	<p>The Council should collate and maintain a listing of all assets to record all asset movements from this point forward. We also recommend that an exercise is undertaken to trace back all older assets which are currently included within the historic PPE balance to ensure that they are correctly categorised, and recognised at the appropriate value, and that they still exist.</p> <p>Relating to infrastructure, the Council are already planning to undertake an exercise such as this due to the CIPFA Code of Practice changes taking effect from 2016-17.</p>	<p>This is on track to be fully implemented for the 2016-17 accounts. The Asset Planning team are in the process of locating the last few footways that are unrecorded, gathering the final attributes for structures and determining the land ownership for the network.</p> <p>Highways Asset Information have scanned and digitised 6,000 parcels of land purchased for highways schemes on MapInfo, and the team have just commenced an 18-month project to register all 6,000 parcels of land with the Land Registry, as historic titles to land have not always been registered.</p>
County and Pension Fund	<p>A list of related parties is not held and maintained by the Council.</p> <p>Returns from members and councillors are not filled out with a sufficient level of detail and omit information about interests held.</p>	<p>The Council and the Pension Fund should maintain a related parties listing at all times so that the risk of engaging with a related party is mitigated.</p>	<p>The Council has reviewed the Related Party guidance that is issued to members and senior officers. This guidance has been rewritten to make it clearer what information is required to be disclosed. The template that is issued to members and senior officers has been rewritten and examples have been included to assist officers and members when making their declarations. The revised template and guidance was issued to members and senior officers in February, with assistance from Democratic Services, along with clear instructions that returns were expected from all.</p> <p>To date, returns have been received from all members and the majority of senior officers. The final returns are being chased up and a full set of responses is anticipated.</p>

County / Pension Fund	Issue	PwC Recommendation	Latest Position May 2016
County	Lack of segregation of duties within the accounts payable module in Oracle	The Council should seek to minimise the number of people who have conflicting responsibilities within its accounts payable or should implement detective controls to identify promptly any conflicting actions undertaken during the year. Examples of such conflicting responsibilities include the creation of new suppliers and processing of payments to suppliers.	A quarterly review has been completed to confirm that each user's responsibilities are appropriate to their role(s). No further action being taken.
County	Bad debt provision is not compliant with the Code	The Council should not make general provisions, but rather specific provisions against specific debts when determining their year end bad debt provision.	<p>The Council adjusts the carrying value of the debtors held on its balance sheet, making allowance for doubtful debts.</p> <p>At each Balance Sheet date the Council makes a two-stage assessment as to whether impairment losses need to be recognised:</p> <ul style="list-style-type: none"> <li>• Firstly, whether there is evidence of impairment for individual debtors that are significant, and</li> <li>• Secondly, whether there is evidence of impairment for groups of similar debtors.</li> </ul> <p>The assessment is made based on the risk of debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated where possible based on historical loss experience and other impacting factors.</p> <p>Allowances for doubtful debts are offset against the debtor amount shown as an asset, with the movement in the provision charged against the relevant service line in the Comprehensive Income and Expenditure Statement.</p>

County / Pension Fund	Issue	PwC Recommendation	Latest Position May 2016
County	Backing documents are not always retained for an appropriate length of time. We noted this during our testing over assets under construction where the Council was not able to provide us with some documents which were dated within the year being audited.	We would recommend that the Council review their document retention process to ensure that documentation is available to support all balances relevant to the financial year being audited.	The Scheme of Financial Management has been updated to include/clarify this information and was approved by GPC on 15 <sup>th</sup> March. Budget Holders will shortly be sent the revised Budget Holder Information Pack and will be asked to complete the annual return that declares their review and adherence to it. Any revisions to the Pack, including this one, will be highlighted to them. The review of the Capital Guidance Notes has not yet been completed due to the introduction of the Capital Programme Board and the need to reflect the tighter governance arrangements that this is putting in place. Once this review has concluded, the guidance will be reissued to officers.
County	Bank accounts are held in the Council's name which they are not aware of. Bank accounts are not held - according to the bank - where the Council believes that they exist. Bank reconciliations are not performed for all bank accounts held by the Council.	The Council's finance team should take responsibility for the controls surrounding cash and cash management. This will ensure that a comprehensive and up to date listing of accounts held can be maintained, and reconciliations can be performed for all accounts on a monthly basis.	An updated list of bank accounts has been produced. Work is currently underway to map this list of bank accounts to GL account codes.  This mapping has been completed for the Council's main bank accounts, treasury/investment accounts, schools bank accounts, and the majority of imprest accounts.  Ten imprest (petty cash) accounts remain to be mapped to the GL and these are being investigated. The balance on these remaining accounts is not material.

County / Pension Fund	Issue	PwC Recommendation	Latest Position May 2016
Pension Fund	Valuation of the Cambridge and Counties bank was not commissioned to the required standard	We would recommend that the Fund ensure that the valuation which is commissioned for the next financial year includes details from our findings this year to ensure that the work undertaken considers all of the relevant assumptions and includes the correct details regarding the Fund's ownership. We also recommend that sensitivities are performed on assumptions used.	<p>The Pension Fund has engaged an independent professional firm to value the Fund's investment in the Bank.</p> <p>The scope has been confirmed with the valuer and the draft valuation report will be shared with the auditors before it is finalised.</p>
Pension Fund	Late contributions are not monitored and therefore not received on a timely basis	We would recommend that the Fund begin monitoring the timing of contributions to ensure that they can manage their cash position more effectively	The late contributions process has been fully implemented. Late payments reports are run on a monthly basis. Late payers are reported and chased twice before being escalated, firstly to the Employers team, then to the Governance team.
Pension Fund	A detailed reconciliation by segregated investments is not performed by the Pension Fund	We recommend that the Fund regularly reconcile custodian and fund manager returns to ensure any discrepancies are cleared up in advance of year end.	The Fund performs quarterly reconciliations of custodian and fund manager statements and challenges the relevant parties to explain variances in excess of agreed tolerances.
Pension Fund	Supporting evidence for manual journals is not maintained as such that is readily available.	We recommend that the Fund implements and documents a clear process for posting manual journals.	Officers will review adherence to existing protocols to ensure full compliance of working papers.

County / Pension Fund	Issue	PwC Recommendation	Latest Position May 2016
Pension Fund	Pension data per ALTAIR is not reconciled to the payroll system.	We recommend that the Fund perform a reconciliation between the datasets on a monthly basis.	<p>Pensions Services are undertaking a comprehensive reconciliation of all member pension information. This will:-</p> <ul style="list-style-type: none"> <li>• Accommodate the audit recommendation for a comprehensive payroll reconciliation,</li> <li>• Support an ongoing project to transition the pensioners payroll to the existing administration system,</li> <li>• Deliver the HMRC requirements, in respect of the ending of contracted out.</li> </ul> <p>The move to a new payroll system in the Autumn of 2016, linked to the existing administration system, will remove the need for reconciliations of pensioner payroll between two interfaces.</p>
Pension Fund	The performance fee is not accrued for as at 31 March 2015.	We recommend that the fund recognises the performance fee on an accruals basis.	All Fund Manager agreements have been reviewed to identify where a performance fee arrangement exists. It has been confirmed that no performance fees are payable at 31 March 2016.
Pension Fund	General Ledger Codes are not always mapped to the correct Financial Statement line item.	We recommend that management perform a review of all general ledger codes at year end to ensure that the accounts correctly reflect the position on the general ledger.	General ledger code mapping is being reviewed as part of the closedown process.





# CAMBRIDGESHIRE COUNTY COUNCIL

PLANNING REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE

Audit for the year ended 31 March 2016

Date of issue: 6 May 2016

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# INTRODUCTION

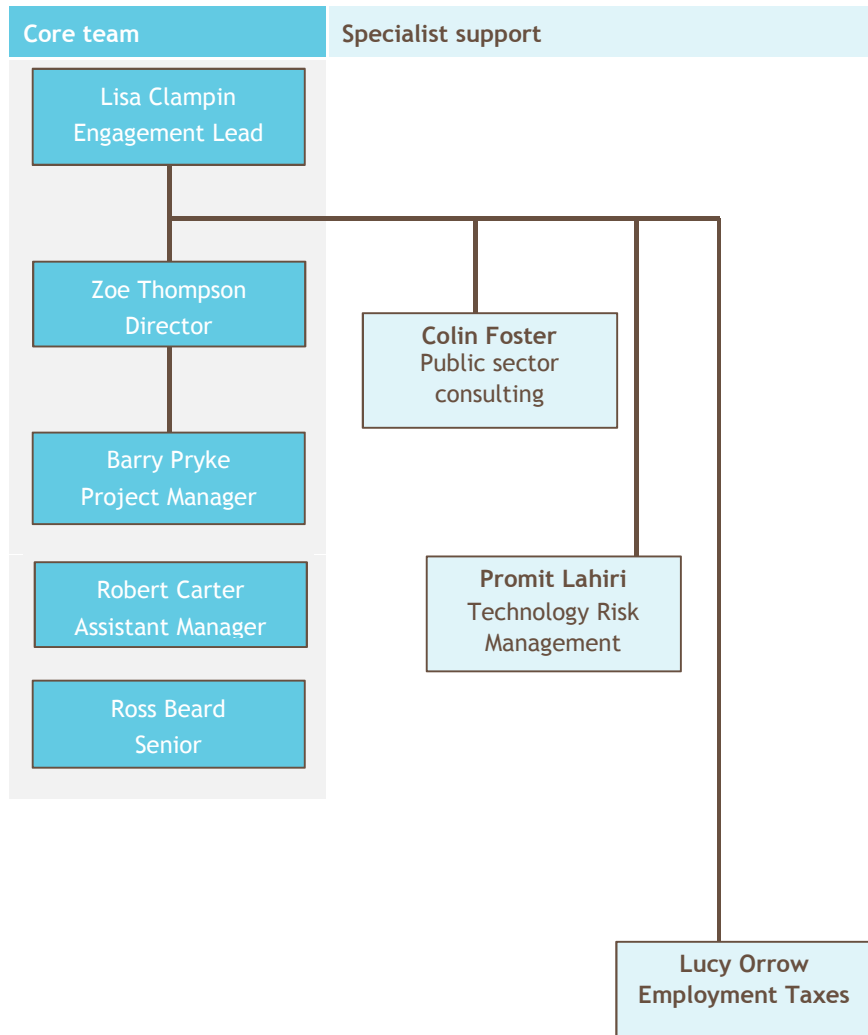
## PURPOSE AND USE OF OUR REPORT

The purpose of this report is to highlight and explain the key issues which we believe to be relevant to the audit of the financial statements and use of resources of Cambridgeshire County Council (the Council) for the year ended 31 March 2016. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two-way communication throughout the audit process. Planning is an iterative process and our plans, reflected in this report, will be reviewed and updated as our audit progresses.

This report has been prepared solely for the use of the Audit and Accounts Committee and should not be shown to any other person without our express permission in writing.

In preparing this report, we do not accept or assume responsibility for any other purpose, or to any other person to whom it is shown or into whose hands it may come, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

## YOUR BDO TEAM



Name	Contact details	Key responsibilities
Lisa Clampin Engagement Lead	Tel: 01473 320 716 lisa.clampin@bdo.co.uk	Oversee the audit and sign the audit report
Zoe Thompson Director	Tel: 01473 320734 Zoe.thompson@bdo.co.uk	Oversee the audit
Colin Foster Associate Director	Tel: 020 7893 2498 Colin.foster@bdo.co.uk	Management and delivery of the use of resources assessment and value for money conclusion work
Barry Pryke Project Manager	Tel: 01473 320 793 barry.pryke@bdo.co.uk	Management of the audit
Robert Carter Assistant Manager	Tel: 01473 320 736 robert.carter@bdo.co.uk	Day to day management and supervision of the audit
Ross Beard Senior	Tel: 01473 320 785 ross.beard@bdo.co.uk	Day to day supervision of the on-site audit
Promit Lahiri Technology Risk Manager	Tel: 0207 893 3526 promit.lahiri@bdo.co.uk	Manage IT review for audit purposes
Lucy Orrow Employment Tax Manager	Tel: 01473 320 746 lucy.j.orrow@bdo.co.uk	Manage employment tax review for audit purposes

Lisa Clampin is the engagement lead and has the primary responsibility to ensure that the appropriate audit opinion is given on the financial statements.

In meeting this responsibility, she will ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that:

- the financial statements are free from material misstatement, whether due to fraud or error
- the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

She is also responsible for the overall quality of the engagement.

# OUR CLIENT SERVICE COMMITMENT TO YOU

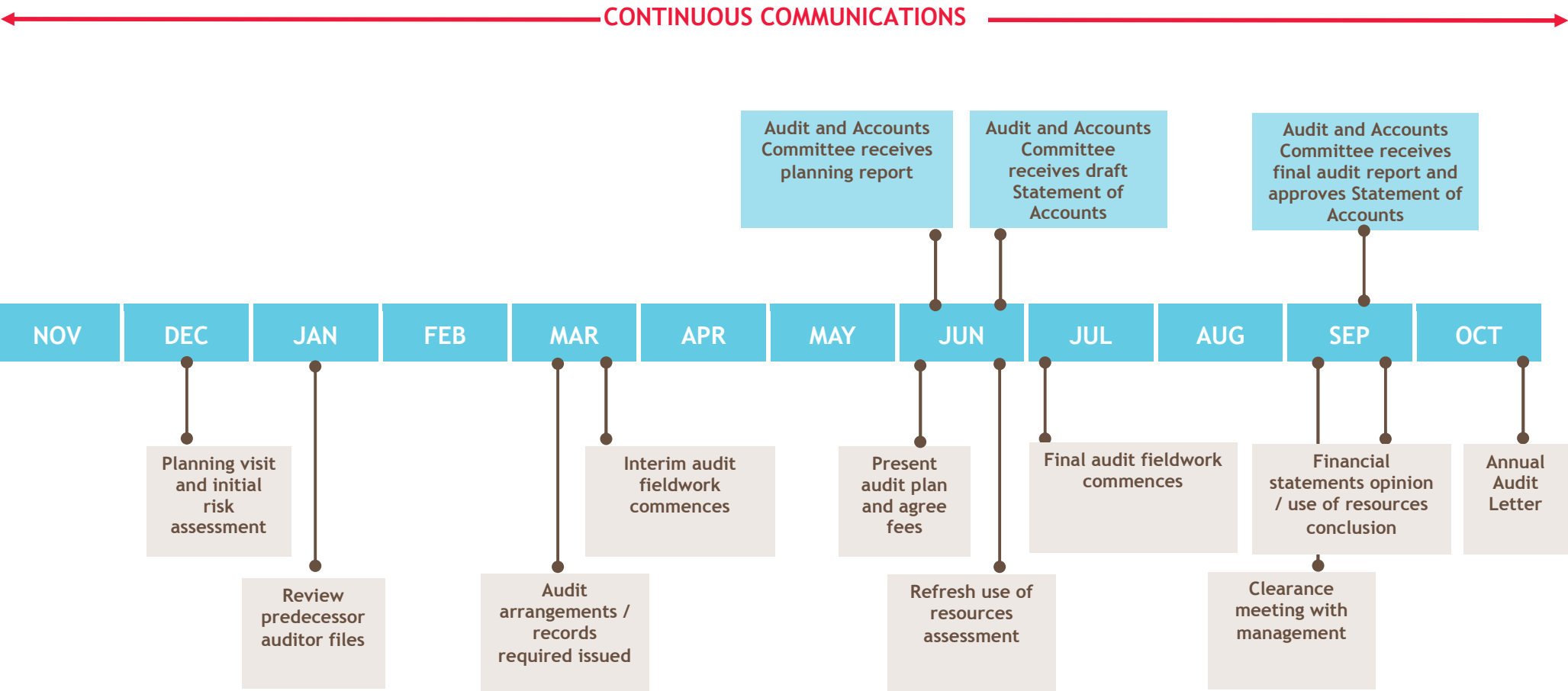
## CLIENT SERVICE EXPECTATIONS

1	2	3	4	5	6	7	8
High quality audit service at a reasonable cost.	A quality team, with relevant expertise.	Clear communication.	Concentrating our work on areas of higher risk.	Avoiding surprises through timely reporting of issues.	Consulting with management to resolve matters early.	Meeting deadlines.	Identifying shortcomings in controls and processes.

# ENGAGEMENT TIMETABLE

## TIMETABLE

The timeline below identifies the key dates and anticipated meetings for the production and approval of the audited financial statements and completion of the use of resources audit.



# AUDIT SCOPE AND OBJECTIVES

## SCOPE AND OBJECTIVES

Our audit scope covers the audit in accordance with the NAO Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the NAO.

To form an opinion on whether:

FINANCIAL STATEMENTS		OTHER INFORMATION	WGA CONSOLIDATION	USE OF RESOURCES
1	The financial statements give a true and fair view of the financial position of the authority and its expenditure and income for the period in question.	3	4	5
2	The financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.	Other information published together with the audited financial statements is consistent with the financial statements (including the governance statement).	The return required to facilitate the preparation of WGA consolidated accounts is consistent with the audited financial statements.	The authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## ADDITIONAL POWERS AND DUTIES

<b>6</b>	To consider the issue of a report in the public interest. To make a written recommendation to the authority, where necessary.	<b>7</b>	To allow electors to raise questions about the accounts and consider objections. To apply to the court for a declaration that an item of account is contrary to law, where necessary. To consider whether to issue an advisory notice or to make an application for judicial review.
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# MATERIALITY

AUTHORITY MATERIALITY		
	MATERIALITY	CLEARLY TRIVIAL THRESHOLD
Council	12,500,000	250,000

Please see Appendix I for detailed definitions of materiality and triviality.

Planning materiality for the Council has been based on 1.5% of the gross expenditure on provision of services reported in the 2014/15 audited financial statements. This will be revisited when the 2015/16 draft financial statements are received for audit.

The clearly trivial amount is based on 2% of the materiality level.

# OVERALL AUDIT STRATEGY

## **We will perform a risk based audit on the authority's financial statements and use of resources**

This enables us to focus our work on key audit areas.

Our starting point is to document our understanding of the authority's business and the specific risks it faces. We discussed the changes to the business and management's own view of potential audit risk during our planning visit in order to gain an understanding of the authority's activities and to determine which risks impact on our audit. We will continue to update this assessment throughout the audit.

For the financial statements audit, we also confirm our understanding of the accounting systems in order to ensure their adequacy as a basis for the preparation of the financial statements and that proper accounting records have been maintained.

For the use of resources audit, we consider the significance of business and operational risks insofar as they relate to 'proper arrangements', including risks at both sector and authority-specific level, and draw on relevant cost and performance information as appropriate.

We then carry out our audit procedures in response to risks.

## **Risks and planned audit responses**

For the financial statements audit, under International Standard on Auditing 315 "Identifying and assessing the risks of material misstatement through understanding the entity and its environment", we are required to consider significant risks that require special audit attention.

In assessing a risk as significant, we exclude the effects of identified controls related to the risk. The ISA requires us at least to consider:

- Whether the risk is a risk of fraud
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention
- The complexity of transactions
- Whether the risk involves significant transactions with related parties

- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

For the use of resources audit, the NAO has provided information on potential significant risks such as:

- Organisational change and transformation
- Significant funding gaps in financial planning
- Legislative or policy changes
- Repeated financial difficulties or persistently poor performance
- Information from other inspectorates and review agencies suggesting governance issues or poor service performance.

We consider the relevance of these risks to the authority in forming our risk assessment and audit strategy.

## **Internal audit**

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We understand that internal audit reviews have been undertaken across a range of accounting systems and governance subjects. We will consider these reports as part of our audit planning and consider whether to place any reliance on internal audit work as evidence of the soundness of the control environment.

# KEY AUDIT RISKS AND OTHER MATTERS

Key: ■ Significant risk ■ Normal risk ■ Other issue

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Management override	<p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.</p> <p>Under International Standards on Auditing (UK and Ireland) 240, there is a presumed significant risk of management override of the system of internal controls.</p>	<p>Our audit is designed to provide reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent. We consider the manipulation of financial results through the use of journals and management estimates as a significant fraud risk.</p> <p>In every organisation, management may be in a position to override routine day to day financial controls. Accordingly, our audit has been designed to consider this risk and adapt procedures accordingly.</p>	Not applicable.
Revenue recognition	<p>Under International Standard on Auditing 240 “The Auditor’s responsibility to consider fraud in an audit of financial statements” there is a presumption that income recognition presents a fraud risk. For local authorities, the risks can be identified as affecting the completeness, accuracy and existence of income.</p> <p>In particular, we consider there to be a significant risk in relation to the completeness and existence of fees and charges recorded in the CIES.</p>	<p>We will carry out audit procedures to gain an understanding of the authority’s internal control environment for the significant income streams, including how this operates to prevent loss of income and ensure that income is recognised in the correct accounting period.</p> <p>We will test a sample of fees and charges to ensure income has been recorded in the correct period and that all income that should have been recorded has been recorded.</p>	Government grant funding will be agreed to information published by the sponsoring Department.

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Opening balances - Transport infrastructure assets	<p>The predecessor auditor identified that the Council do not maintain a sufficiently detailed asset register to support the transport infrastructure assets balance recognised in the balance sheet. These assets had a net book value of £687m as at 31 March 2015. The nature of the assets meant that the Council were unable to construct an asset register to support the existing balance.</p> <p>Due to this issues identified in the prior year, there is a risk that the brought forward balances associated with this category of asset are materially misstated.</p>	<p>We will consider the conclusions reached by the predecessor auditor to satisfy ourselves that the risk of material misstatement in the brought forward balances has been reduced to an acceptably low level.</p> <p>We will consider to what extent the Council's recognition and measurement of transport infrastructure assets is consistent with our understanding of the methodology employed by the wider local government sector.</p>	Not applicable.
Assets under construction	<p>In response to concerns raised during the audit of the 2014/15 financial statements, the Council undertook a significant amount of work to determine a materially accurate balance for assets under construction recognised in the balance sheet.</p> <p>Following this work, the external auditor raised a recommendation that the year-end position be reviewed on an annual basis to ensure the correct treatment of assets under construction completed during the year.</p>	<p>We will obtain evidence to demonstrate that the Council has implemented the recommendation made by the external auditors in the prior year.</p> <p>We will perform audit procedures to satisfy ourselves that the assets under construction balance is materially correct, including that assets recognised in this category exist and that the balance reflects work completed on assets as at the balance sheet date.</p>	Not applicable.
Better Care Fund	<p>2015/16 is the first year of operation of the Better Care Fund. This is a pooled budget arrangement between the Council and local clinical commissioning groups (CCGs).</p> <p>The treatment of the Better Care Fund is subject to the requirements of three accounting standards:</p> <ul style="list-style-type: none"> <li>IFRS 10 - Consolidated Financial Statements</li> <li>IFRS 11 - Joint Arrangements</li> <li>IFRS 12 - Disclosure of interests in other entities</li> </ul>	<p>We will review management's assessment of the governance and risk sharing agreement of the Better Care Fund to determine the appropriate treatment of transactions and balances in the Council's financial statements.</p> <p>Our planned audit response will provide us with assurance over the accuracy of expenditure recognised in the Council's financial statements.</p>	Not applicable.

	<p>For the purposes of preparing local government financial statements, CIPFA has prepared guidance in the form of “Accounting for Collaboration in Local Government” which provides further guidance on the implementation of the above standards.</p> <p>Given the value of the scheme, the potentially complex considerations required to determine the accounting treatment and the risk of non-compliance with the relevant standards and guidance, this is considered to be a risk of material misstatement.</p>		
Property, plant and equipment valuations	<p>Local authorities are required to ensure that the carrying value of property, plant and equipment (PPE) is not materially different to the fair value at the balance sheet date.</p> <p>The Council undertake a rolling revaluation programme, ensuring that all land and buildings are revalued at least once every five years. Valuations are performed by both internal and external valuers.</p> <p>There is a risk over the valuation of land and buildings where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at year-end.</p>	<p>We will review the instructions provided to the valuer and review the valuer’s skills and expertise in order to determine if we can rely on the management expert.</p> <p>We will confirm that the basis of valuation for assets valued in year is appropriate based on their usage. We will confirm that an instant build modern equivalent asset basis has been used for assets valued at DRC.</p> <p>We will review valuation movements against indices of price movements for similar classes of assets and follow up valuation movements that appear unusual against indices.</p>	<p>We will review independent data that shows indices and price movements for classes of assets against the percentage movement applied by the Council.</p>
Pension liability assumptions	<p>The net pension liability comprises the Council’s share of the market value of assets held in the Cambridgeshire Pension Fund and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk the valuation is not based on accurate membership data or uses inappropriate assumptions to value the liability.</p>	<p>We will agree the disclosures to the information provided by the pension fund actuary.</p> <p>As the auditors of the Cambridgeshire Pension Fund, we will review the controls for providing accurate membership data to the actuary.</p> <p>We will review the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.</p>	<p>We will agree the disclosures to the report received from the actuary.</p> <p>We will use the PwC consulting actuary report for the review of the methodology of the actuary and reasonableness of the assumptions.</p>

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Narrative reporting	The Council will be required to produce a 'Narrative Report' replacing the Explanatory Foreword in the financial statements.	We will compare the narrative report against the Code requirements to ensure that all elements of the narrative report are correctly included.	Not applicable.
	The Narrative Report includes additional information not previously included in the Explanatory Foreword.	We will review the narrative report to ensure consistency with our understanding of the entity and the financial statements.	
Fraud and error	We are required to discuss with you the possibility of material misstatement, due to fraud or error.	We will continue to consider throughout the audit process and discuss with management.	Not applicable.
	We are informed by management that there have not been any cases of material fraud or error, to their knowledge.		
Transport infrastructure assets - requirements of 2016/17 Code of Practice	The Code will adopt the revised basis for valuations of highways network assets from 2016/17 (depreciated historic cost to depreciated replacement cost), and this will require implementation from 1 April 2016 but with no restatement for 2015/16. Should the Council fail to produce an accurate transport infrastructure asset register in a timely fashion, it is unlikely that they will be unable to record the necessary information to allow recognition of an accurate balance in the 2016/17 financial statements.	<p>We will review the Council's progress on implementing systems to facilitate compliance with the new reporting requirements. This includes whether or not there is an adequate system to identify and record transport infrastructure assets at an appropriate level of detail.</p> <p>We will review the 'new standards adopted but not yet implemented' disclosure note to ensure that the potential impact (where quantified) on the 2016/17 financial statements on the valuation of the highways network asset is disclosed.</p>	Not applicable.

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - USE OF RESOURCES			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Sustainable finances	<p>The Council, like other authorities, is facing a significant reduction in grants. The 2016/17 budget includes expected funding of £542m excluding grants retained by schools which equates to a 12% reduction compared to 2015/16. The Council needs to deliver £51m of savings in 2016/17 alone and £123m over the next five years. This represents a substantial challenge for the Council and will require robust project management and significant transformation of services and the Council as a whole. Inevitably, difficult decisions will need to be made in order to deliver the new priority outcomes based model.</p>	<p>We will review the assumptions contained within the medium term financial plan to assess their reasonableness, review in detail some of the savings plans both delivered and proposed and conduct interviews with a number of officers to challenge the proposed plans. We will also review the process of designing and plans for implementing new operating models to achieve transformational savings.</p>	Benchmarking of assumptions
	<p>There is a significant risk that without appropriate arrangements in place, the Council will fail to deliver the required level of savings.</p>	<p>We will review the budget setting process and the in-year financial monitoring to ensure there are robust and accurate processes in place.</p> <p>We will review the governance arrangements and processes in place to ensure that high quality and timely information is provided to support informed decision making.</p>	

# INDEPENDENCE

## INDEPENDENCE

Under Auditing and Ethical Standards, we are required as auditors to confirm our independence to ‘those charged with governance’. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Audit and Accounts Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to have a bearing on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. The procedures require that engagement leads are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the engagement lead and the audit staff. This document considers such matters in the context of our audit for the period ended 31 March 2016. We have not identified any potential threats to our independence as auditors.

On the following page, we have recorded details of any non audit services provided. We do not consider these to present a threat to our independence.

We confirm that the firm complies with the Financial Reporting Council’s Ethical Standards for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired. These policies include partner and manager rotation. The table in appendix II sets out the length of involvement of key members of the audit team and the planned year of rotation.

Should you have any comments or queries regarding this confirmation we would welcome their discussion in more detail.

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# FEES

## FEES SUMMARY

Our proposed fees, excluding VAT, for the year ended 31 March 2016 are:

	£
Audit fee	94,061
<b>Total audit fee:</b>	<b>94,061</b>
Fees for non audit services - other (see below)	7,794
<b>TOTAL FEES</b>	<b>101,855</b>

## NON AUDIT SERVICES FEES ANALYSIS

### Non audit services:

Skills Funding Agency - controls over subcontracting	3,794
Local Transport Plan Major Projects Grant	<sup>(1)</sup> 4,000
<b>Total</b>	<b>7,794</b>

(1) This is the proposed fee based on the minimum requirements specified in assurance instruction LTPMP (14-15) issued by the Department of Transport. Should it be necessary to perform additional procedures beyond the minimum requirements, we will discuss an increase in the proposed fee with management.

We are currently consulting with management and PSAA regarding proposed additional fees to reflect the risk profile of the Council, which we consider to be higher than that assumed by the scale fee, following completion of the prior year audit and our updated risk assessment.

We note that we may be engaged by management to provide reporting accountant assurance on the teachers' pensions return. This work is outside of the framework which governs the Code audit work. Should we be appointed to undertake similar work in 2015/16, we will report the fee to the Audit and Accounts Committee once agreed with management.

Fee invoices were raised as set out below:

- instalment 1 £47,030.50 - July 2015
- instalment 2 £47,030.50 - January 2016
- The Skills Funding Agency work was completed in January 2016 and was billed following completion.

### Our fee is based on the following assumptions

The complete draft financial statements and supporting work papers will be prepared to a standard suitable for audit. All balances will be reconciled to underlying accounting records.

Key dates will be met, including receipt of draft accounts and working papers prior to commencement of the final audit fieldwork.

We will receive only one draft of the Statement of Accounts prior to receiving the final versions for signing.

Within reason, personnel we require to hold discussions with will be available during the period of our on-site work (we will set up meetings with key staff in advance).

# APPENDIX I: MATERIALITY

## CONCEPT AND DEFINITION

- The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.
- We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
- Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):
  - Narrative disclosure e.g. accounting policies, going concern
  - Instances when greater precision is required (e.g. senior management remuneration disclosures).
- International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower level of materiality for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## CALCULATION AND DETERMINATION

- We have determined materiality based on professional judgement in the context of our knowledge of the authority, including consideration of factors such as sector developments, financial stability and reporting requirements for the financial statements.
- We determine materiality in order to:
  - Assist in establishing the scope of our audit engagement and audit tests
  - Calculate sample sizes
  - Assist in evaluating the effect of known and likely misstatements on the financial statements.

# APPENDIX I: MATERIALITY

## Continued

### REASSESSMENT OF MATERIALITY


- We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.
- Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope. If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.
- You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

### UNADJUSTED ERRORS

- In accordance with auditing standards, we will communicate to the Audit and Accounts Committee all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.
- Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.
- We will obtain written representations from the Audit and Accounts Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.
- There are a number of areas where we would strongly recommend/request any misstatements identified during the audit process being adjusted. These include:
  - Clear cut errors whose correction would cause non-compliance with statutory requirements, management remuneration, other contractual obligations or governmental regulations that we consider are significant.
  - Other misstatements that we believe are material or clearly wrong.

# APPENDIX II: INDEPENDENCE

INDEPENDENCE - ENGAGEMENT TEAM ROTATION		
SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED	ROTATION TO TAKE PLACE IN YEAR ENDED
Lisa Clampin- Engagement lead	1	31 March 2021
Barry Pryke - Project manager	1	31 March 2026



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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**DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16**

**To:** Audit and Accounts Committee

**Date:** 7<sup>th</sup> June 2016

**From:** LGSS Head of Internal Audit

**Electoral Division(s):** All

**Forward Plan Ref:** N/A                      Key decision: **No**

**Purpose:** This report presents the Annual Governance Statement (AGS) for 2015/16 for consideration by the Audit and Accounts Committee prior to sign off by the Chief Executive and the Chairman of the General Purposes Committee.

**Recommendation:** The Audit and Accounts Committee is requested to consider whether the AGS is consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2.

<b><i>Officer contact:</i></b>	
<b>Name:</b>	Duncan Wilkinson
<b>Post:</b>	LGSS Head of Internal Audit
<b>Email:</b>	Duncan.wilkinson@cambridgeshire.gov.uk
<b>Tel:</b>	01908 252089

## **1.0 PURPOSE**

- 1.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The statement will be signed by the Chief Executive and the Chairman of the General Purposes Committee.
- 1.2 The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 1.3 The draft AGS is presented to the Audit and Accounts Committee in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and control.

## **2.0 BACKGROUND**

- 2.1 The draft AGS has been compiled by staff in Internal Audit and Risk Management based upon the following sources of evidence:
  - A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
  - The Council's Assurance Framework, which summarises the findings of reports provided by internal and external assurance sources and the implications of these reports for the overall governance of the Council;
  - Self-assurance statements prepared by directors;
  - The Head of Internal Audit's opinion on internal control on the Council's internal control environment, which will be formally reported to the Audit Committee in June 2016.

## **3.0 The Annual Governance Statement**

- 3.1 The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (Solace). The key elements identified in the Statement are:
  - The Council's responsibilities for sound corporate governance
  - The purpose of the governance framework
  - Key aspects of the Council's framework
  - The results of the review of the effectiveness of the Council's governance arrangements during 2015/16 up to the point at which the Statement is formally signed by the Chief Executive and the Chairman of the General Purposes Committee
  - The identification of any significant governance issues

It is also normal practice for the Statement to identify significant actions the Council intends to take in enhancing its governance arrangements in the following year. However the AGS identifies that there are no significant governance issues requiring enhancement in 2016/17.



3.2 Guidance states that 'Significant Governance Issues' are those that:

- seriously prejudice or prevent achievement of a principal objective of the authority;
- have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- have led to a material impact on the accounts;
- the Audit Committee advises should be considered significant for this purpose;
- the Head of Internal Audit reports on as significant in the annual opinion on the internal control environment;
- have attracted significant public interest or have seriously damaged the reputation of the organisation;
- have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.

#### 4.0 RECOMMENDATION

4.1 The Audit and Accounts Committee is requested to consider whether the draft AGS is consistent with the Committee's own perspective on internal control within the organisation and the definition of significant governance and control issues noted in paragraph 3.2 above.

Source Documents	Location
Director Assurance Statement Returns Assurance Framework The Code of Corporate Governance	OCT1108 Shire Hall Castle Hill Cambridge CB3 0AP

# ANNUAL GOVERNANCE STATEMENT

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## 1. SCOPE OF RESPONSIBILITY

Cambridgeshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which include arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (Solace) Framework *Delivering Good Governance in Local Government*.

This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

## 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the Annual Report and Statement of Accounts.

## 3. THE GOVERNANCE FRAMEWORK

# ANNUAL GOVERNANCE STATEMENT

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The key elements of the systems and processes that comprise the Council's governance arrangements are:

- Members exercising strategic leadership by developing the Council's vision and priorities and keeping these under review. These set out and communicate the Council's vision of its purpose and intended outcomes for citizens and service users;
- An established business planning process, which ensures that services are delivered in accordance with the Council's objectives and represents the best use of resources;
- The measurement of performance in achieving objectives, through the mechanisms of the Council's performance management system;
- A written Constitution which specifies the roles and responsibilities of elected members and officers, with clear delegation arrangements and protocols for effective communication;
- Embedded Codes of Conduct which define the standards of behaviour for members and employees;
- The Constitution, Schemes of Delegation to members and officers, Financial Procedure Rules and other supporting procedures which set out how decisions are taken and the processes and controls required to manage risk; and having arrangements in place to ensure these are reviewed regularly;
- An Audit and Accounts Committee which is responsible for: independent assurance on the adequacy of the risk management framework and the associated control environment; the independent scrutiny of the Council's financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment; and overseeing the financial reporting process;
- Statutory officers to support and monitor the Council's governance arrangements, ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful;
- Embedded arrangements for Whistleblowing and for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users;
- A Listening and Involving Strategy to ensure the Council consults with and engages the diverse communities of Cambridgeshire, allowing them to have a say in the planning and reviewing of the services provided for them.
- The Council's Committee system of corporate governance, introduced in May 2014. The Council meets CIPFA/Solace guidance recommending effective scrutiny of decisions made by Council; under the committee system of

# ANNUAL GOVERNANCE STATEMENT

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governance, decisions are made by cross-party committees, meaning that a separate scrutiny function is no longer necessary. The Committee system in place continues to evolve, and from May 2016, the Council has established a new Assets and Investments Committee.

## 4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Corporate Governance Framework, including the system of internal control. The review of effectiveness is informed by assurances from executive managers within the Council who have responsibility for the development and maintenance of the governance environment; the Head of Internal Audit and Risk Management's annual report; and also by comments made by external auditors and other review agencies and inspectorates.

The Governance Framework and its constituent elements have been developed by executive managers and consulted upon with all members, the Audit and Accounts Committee and the Corporate Leadership Team, as appropriate. The Governance Framework links closely to the Assurance Framework, which brings together the work of both internal review mechanisms and external review agencies, and is reviewed bi-annually by the Audit and Accounts Committee.

The arrangements for reviewing the Governance Framework comprise:

- A review of the Governance Framework and Internal Control Environment in accordance with CIPFA guidance, carried out by Internal Audit annually. Within this, consideration has been given to ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government and the role of the Head of Internal Audit in Public Service Organisations.
- The annual report and opinion on the Internal Control environment prepared by the Head of Internal Audit. This report draws upon the outcome of audit reviews undertaken throughout 2015/16 and is informed by the comments of external auditors and inspectors. The report is designed to provide assurance on the effectiveness of internal controls.
- The completion of Self-Assurance Statements by directors.
- The consideration of relevant outputs from member- and officer-led reviews undertaken during the year, and the comments made by the external auditors and other review agencies and inspectorates.

The key aspects of the review of effectiveness are:

### i. Council Planning

# ANNUAL GOVERNANCE STATEMENT

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There is a clear vision of the outcomes which the Council wants to achieve for local people, as set out in the Business Plan.

The Council operates a planning process which integrates all aspects of strategic, operational and financial planning which has the full involvement of executive councillors and all senior managers of the Council. This ensures financial plans realistically support the delivery of the Council's priority outcomes and strategy obligations in the short and medium terms.

The budget preparation process was subject to robust challenge by councillors and involved extensive consultation with the people and businesses of Cambridgeshire.

## **ii. Performance Management**

The Council presents a corporate Integrated Resources and Performance Report to councillors on a monthly basis, which is available to the public on the Council's internet site, giving them an insight into the Council's overall performance.

## **iii. Executive Decision-Making and Scrutiny**

Executive decisions are made by one of the Council's cross-party committees. A process is in place to allow for executive decisions to be reviewed following request by at least 8 members, which must be made within 3 days of a decision being published.

## **iv. The Audit and Accounts Committee**

The Audit and Accounts Committee provides independent, effective assurance on the adequacy of the Council's governance environment. All major political parties are represented on the Audit Committee.

The Audit and Accounts Committee met regularly during 2015/16, considering reports, including the annual Internal Audit Report, from the Head of Internal Audit, the Council's Senior Finance Officers and the External Auditor. The Committee invited officers of the Council to attend the Committee on a number of occasions to assist the Committee in its work. Additionally, in 2015/16 the Committee was requested by Full Council to undertake a review of the process by which proposals relating to the Cambridge Library Enterprise Centre emerged and were developed. This review was undertaken with Internal Audit and reported back to Full Council.

The Chair of the Audit and Accounts Committee presents an annual report to Council detailing the work of the Audit and Accounts Committee in the preceding year.

## **v. Statutory Officers**

The statutory functions undertaken by the Head of Paid Service, Monitoring Officer, S151 Officer, and the Executive Director of Children, Families and Adult Services were effectively fulfilled during 2015-16 and up to the date of this report.

## **vi. Management**

# ANNUAL GOVERNANCE STATEMENT

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Executive Directors have provided assurance through Self-Assurance Statements that:

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the Council's key priorities;
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks;
- Service Directors have provided assurance on the key elements of risk and control in their areas of responsibility.

## vi. Internal Audit

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Head of Internal Audit to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.

The Head of Internal Audit is due to provide his annual report to the Audit Committee on 7<sup>th</sup> June 2016. This report will outline the key findings of the audit work undertaken during 2015/16.

The Internal Audit assurance scoring mechanism was reviewed and updated during 2015/16 to reflect the effectiveness of the Council's internal control environment.

At the conclusion of each audit, internal audit assigns three opinions. The opinions are:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

From the reviews undertaken during 2015/16, only one area was identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. This related to the Internal Audit review of Home to School transport. An action plan to address the identified weaknesses in the control environment was agreed by the service, and a full update on the implementation of these actions to date is being brought to the Audit & Accounts Committee meeting in June 2016.

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It is the opinion of the Head of Internal Audit that, on the basis of the audit work undertaken during the 2015/16 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. In addition, there are no outstanding significant issues arising from the work undertaken by Internal Audit. However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

The level of assurance therefore remains at a similar level from 2014/15. The detail to support this assessment will be provided in the Annual Internal Audit Report which will be presented to the Audit and Accounts Committee in June 2016.

## **vii. Review of Internal Audit**

The Public Sector Internal Audit Standard was introduced from April 2013. A self-assessment of Internal Audit's compliance with this new Standard was presented to the Audit and Accounts Committee in June 2015. The next review will be reported to the Audit and Accounts Committee in June 2016.

## **viii. External Audit**

PwC was the Council's appointed External Auditor for the 14/15 Accounts. As well as an examination of the Council's financial statements, the work of the Council's External Auditor included an assessment of the degree to which the Council delivers value for money in its use of its resources. In its Annual Audit letter it issued an unqualified conclusion on the ability of the Council to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **ix. Risk Management**

The Council managed its risks during 2015/16 in accordance with the approved Risk Management Policy and the Risk Management Procedures. The Strategic Management Team and Directorate Management Teams formally considered risk on a quarterly basis. Quarterly risk management reports were submitted to both the General Purposes Committee and the Audit and Accounts Committee.

The Internal Audit Plan for 2016/17 presented to the Audit and Accounts Committee in March 2016 is substantially based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2016/17.

## **5. SIGNIFICANT GOVERNANCE ISSUES**

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance on the effectiveness of the Council's governance arrangements. Arrangements in place comply with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.



# ANNUAL GOVERNANCE STATEMENT

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Cambridgeshire continues to face very significant future challenges associated with a significant reduction in Central Government funding. The Council's 5 year Business Plan is reflective of these pressures and will be subject to annual review to ensure the extreme financial pressures facing the Council in the latter stages of the Plan can be met whilst continuing to provide effective services to the people of Cambridgeshire

The Annual Governance Statement process allows the Council to identify any significant actions it is proposing to undertake to enhance its corporate governance arrangements. However there are no such actions requiring specific mention in the 2015/16 Annual Governance Statement.

Throughout the past year, there has been increased financial pressure on the organisation, and management have implemented a review of corporate capacity and a transformation programme, to create more effective working across services and to deliver savings and efficiencies.

There has also been an increased awareness of the importance of sound project management and procurement practice during the course of the year. These areas are under review as part of the corporate transformation programme, and an action plan has been put in place to address the key risks identified.



# ANNUAL GOVERNANCE STATEMENT

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## CHAIRMAN OF GENERAL PURPOSES COMMITTEE AND CHIEF EXECUTIVE STATEMENT

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Councillor Steve Count  
Chairman of the General Purposes Committee

Gillian Beasley  
Chief Executive

Councillor Michael Shellens  
Chairman of the Audit and Accounts  
Committee

June 2016



**REVIEW OF LGSS INTERNAL AUDIT (CAMBRIDGESHIRE) COMPLIANCE  
WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)**

**To:** Audit and Accounts Committee

**Date:** 7<sup>th</sup> June 2016

**From:** LGSS Head of Internal Audit

**Electoral Division(s):** All

**Forward Plan Ref:** N/A **Key decision:** No

**Purpose:** To note Internal Audit's continued compliance with the Public Sector Internal Audit Standards.

**Key issues:** LGSS Internal Audit is required to comply with the Public Sector Internal Audit Standards. This report presents an updated self-assessment against the Standards.

**Recommendations:** The Audit and Accounts Committee is asked to approve the results of the self-assessment against the Public Sector Internal Audit Standards.

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## **1.0 BACKGROUND**

- 1.1 As previously reported to Audit and Accounts Committee in June 2014, the Chartered Institute of Public Finance and Accountancy (CIPFA) has adopted a common set of Public Sector Internal Audit Standards (PSIAS) from 1 April 2013 and published a local government application note in support of them. These Standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 1.2 The objectives of the PSIAS are to:
- Define the nature of internal auditing within the UK public sector;
  - Set basic principles for carrying out internal audit in the UK public sector;
  - Establish a framework for providing internal audit services that add value to the organisation, leading to improved organisational processes and operations;
  - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 1.3 The self-assessment against the Standards has been reviewed and updated and is shown in Appendix 1. The LGSS Internal Audit section remains compliant with PSIAS in 2015-16.
- 1.4 It was reported previously that the 2015 - 16 self-assessment against PSIAS would include a review and, if required, a revision of the Internal Audit Charter to ensure continued compliance with the Standards. This review of the Internal Audit Charter has been deferred to 2016 – 17, as a major review of key Internal Audit documentation is planned for this year. This will include the Internal Audit Charter; Internal Audit Manual; and key performance indicators. The aim is to share best practice with the Milton Keynes Internal Audit section, which has newly joined LGSS, and to improve and standardise policies and procedures accordingly. These documents' compliance with PSIAS will be maintained.

## **2.0 SIGNIFICANT IMPLICATIONS**

### **2.1 Financial, Equality and Diversity Implications**

There are no financial, equality and diversity implications from this report.

### **2.3 Statutory, Risk and Legal Implications**

- 2.3.1 The requirement for local authorities to have an internal audit function is determined by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'.

- 2.3.2 Internal audit work is carried out to provide assurance on the areas identified in the annual risk-based audit plan. The latest plan was approved by Audit and Accounts Committee at its meeting on 15<sup>th</sup> March 2016.
- 2.3.3 All Internal Audit staff must comply with the requirements of the Standards, the Code of Ethics and the professional standards of their own professional organisations.

### **3.0 APPENDIX**

Appendix 1: Review of Self-Assessment against Public Sector Internal Audit Standards, undertaken in April 2016.

**Review of LGSS Internal Audit (Cambridgeshire) Self-Assessment against the Public Sector Internal Audit Standards (PSIAS),  
undertaken in April 2016**

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b><u>Code of Ethics:</u></b></p> <p><b>Internal auditors in UK public sector organisations (as set out in the Applicability section) must conform to the Code of Ethics as set out below. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.</b></p> <ul style="list-style-type: none"> <li>• <b>Integrity</b> – The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement</li> <li>• <b>Objectivity</b> – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.</li> <li>• <b>Confidentiality</b> – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so</li> <li>• <b>Competence</b> – Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.</li> </ul>	<p>Ongoing staff management and the staff appraisal system are the primary mechanism to address these issues. If any areas of concern are identified these will be addressed with necessary action taken.</p> <p>The LGSS Internal Audit Manual sets out (section 3) the Code of Ethics and gives guidance to staff on the professional expectations of them and how to ensure that its principles are always followed. This document is issued to all new staff as part of their induction into the team, and is available in electronic form to all Internal Audit staff.</p> <p>All new staff, including trainees, are required to sign a confidentiality agreement and a Declaration of Interests form. Declarations of Interests are also made annually by all staff; these are subject to management approval and taken into consideration when allocating work to ensure professional objectivity is maintained. In 2015 – 16, all staff have also undertaken online training on information security.</p> <p>Internal Audit team members are professionally qualified or are working towards a professional qualification. Further training and development needs are identified through ongoing day to day supervision; through the Performance Appraisal and Development Programme (PADP) process; and through regular post-audit assessments.</p> <p>Where trainee-level staff are studying, they are appropriately supervised and mentored, and the schedule of training sessions delivered to them includes a session on ethical dilemmas. A full schedule of training on Internal Audit is delivered to all trainees in the team, in addition to the training they receive on the job. Trainees are also required to complete an Expectation Map and their</p>	<p><b>The LGSS Internal Audit Manual is under review in 2016 – 17. As part of the revision of the Manual, it will be ensured that the focus on compliance with the Code of Ethics is maintained and appropriate guidance remains available to staff throughout.</b></p> <p><b>A session covering the requirements of the Code of Ethics will be included in a team meeting during 2016/17 to ensure that all staff have an up to date knowledge of the Standards.</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
	progress against this is monitored regularly.	
<p><b><u>1000. Purpose, Authority and Responsibility</u></b></p> <p><b>The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> and the <i>Standards</i>. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.</b></p> <p><b><u>Public Sector requirements:</u></b></p> <p>The Audit Charter must:</p> <ul style="list-style-type: none"> <li>• define the terms 'board' and 'senior management' for the purposes of internal audit activity;</li> <li>• cover the arrangements for appropriate resourcing;</li> <li>• define the role of internal audit in any fraud-related work; and</li> <li>• include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.</li> </ul> <p><b><u>1000.A1</u></b> The nature of assurance services provided to the organisation must be defined in the internal audit charter. If assurances are to be provided to parties outside the organisation, the nature of these assurances must also be defined in the internal audit charter.</p> <p><b><u>1000.C1</u></b> The nature of consulting services must be defined in the</p>	<p>The LGSS Internal Audit Charter was issued in June 2014 to take account of the new Public Sector Internal Audit Standards which were effective from April 1<sup>st</sup> 2013. This Charter was approved by the Audit and Accounts Committee in June 2014. The Charter will be fully reviewed in 2016 – 17, as the merger of the Milton Keynes Internal Audit team into LGSS presents an opportunity for the service to further standardise the Charter and to incorporate best practice and learning from across partner organisations.</p> <p><b><u>Public sector requirements:</u></b></p> <ul style="list-style-type: none"> <li>• The LGSS Internal Audit Charter defines the terms 'board' and 'senior management' for the purposes of internal audit activity (section 2);</li> <li>• Resourcing is covered in the Internal Audit Charter (section 5) and detailed resource allocations are set out in the Audit Plan.</li> <li>• The role of Internal Audit in fraud-related work is set out throughout the Charter and further explored in the Anti-Fraud and Corruption Strategy.</li> <li>• Arrangements for avoiding conflicts of interest are set out at section 7. Internal Audit staff do not undertake non-audit activities; the Head of Internal Audit will ensure staff transferring internally to Internal Audit do not audit activities they were previously responsible for, for at least 18 months. This includes transfers of CIPFA trainees from placements in Professional Finance.</li> </ul> <p><b><u>1000.A1</u></b> The nature of assurance services provided to the organisation and to parties outside the organisation is defined in the Internal Audit charter.</p> <p><b><u>1000.C1</u></b></p>	<p><b>LGSS Internal Audit Charter to be reviewed in 2016/17. The revised Charter will be presented to senior management and the Audit &amp; Accounts Committee for approval.</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
internal audit charter.	The nature of consulting services is defined in the Internal Audit Charter (section 7.1).	
<p><b><u>1010. Recognition of the Definition of Internal Auditing, the Code of Ethics and the Standards in the Internal Audit Charter</u></b></p> <p>The mandatory nature of the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> and the <i>Standards</i> must be recognised in the internal audit charter. The chief audit executive should discuss the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> and the <i>Standards</i> with senior management and the board.</p>	<p>The mandatory nature of the Definition of Internal Auditing is recognised in the Internal Audit Charter (section 3.1), as is the mandatory nature of the Standards (section 1), and the Code of Ethics (section 10.1).</p> <p>Internal Audit conducts periodic self-assessments to evaluate conformance with the Definition of Internal Auditing, the code of Ethics and the Standards, reporting any areas of non-compliance to the Senior Management team and the Audit Committee. Most recently, this evaluation was presented in June 2015. At this point, discussions with senior management and the board regarding the Standards are carried out. Further discussions are carried out with senior management and the board on an ad-hoc basis, as relevant issues arise.</p>	<p><b>The revised Audit Charter will maintain compliance with PSIAS.</b></p>
<p><b><u>1100. Independence and Objectivity</u></b></p> <p>The internal audit activity must be independent and internal auditors must be objective in performing their work.</p> <p>Organisational Independence - The chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity.</p> <p><b><u>Public Sector Requirement:</u></b></p> <p>The chief audit executive must report functionally to the board. The chief audit executive must also establish effective communication with, and have free and unfettered access to,</p>	<p>The Audit Charter sets out and confirms the independence and objectivity of internal audit. The Head of Internal Audit has direct access to those charged with governance including the Audit Committee, the Chief Executive, S151 Officer and Senior Management Team (section 4.2). The Head of LGSS Internal Audit reports directly to the Audit Committee (section 4.3).</p> <p>The independence and objectivity of internal audit is also maintained through the staffing controls outlined above in the section on Code of Ethics. Staff must comply with the requirements of the Standards and of their own professional bodies and must sign annual Declarations of Interests. Staff are given further guidance on the need for independence and objectivity in the LGSS Internal Audit Manual (section 4).</p> <p><b><u>Public Sector Requirement:</u></b></p> <p>Functional independence is achieved by the Audit Committee</p>	<p><b>Declarations of Interests forms for all staff will be made again for 2016/17, and reviewed by management.</b></p>



PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>the chief executive (or equivalent) and the chair of the audit committee.</p> <p><b>1110.A1</b> The internal audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results.</p>	<p>approving the Internal Audit Charter and the risk-based Internal Audit Plan. The Head of Internal Audit has free and unfettered communication with and access to the Chief Executive and Chair of the Audit and Accounts Committee, as set out above. The Head of Internal Audit attends Audit &amp; Accounts Committee meetings and Chair's Briefings six times a year, and has further communication with the Committee outside of meetings, as appropriate.</p> <p><b>1110.A1</b> The independence of Internal Audit is protected in the Internal Audit Charter. Internal Audit produces an annual risk-based Audit Plan which sets out the planned scope of internal auditing for the year and is approved by the independent Audit &amp; Accounts Committee. The Audit &amp; Accounts Committee also monitors the delivery of the Audit Plan throughout the year. The LGSS Internal Audit Manual sets out the section's processes for determining the scope of internal auditing, performing work and communicating results, which ensure that the internal audit activity is free from interference.</p>	
<p><b>1111. Direct Interaction with the Board</b></p> <p><b>The chief audit executive must communicate and interact directly with the board.</b></p>	<p>An independent Audit &amp; Accounts Committee exists within the authority, which has an independent Chair. The terms of reference for the Committee have been formally approved and are regularly reviewed. The Head of Internal Audit attends the meetings of the Audit &amp; Accounts Committee in person, at which he reports on the outcome of internal audit work, identifies necessary changes to the Audit Plan, and presents an annual report and audit opinion on the internal control and risk management framework. The Head of Internal Audit is also available to Committee members outside of board meetings.</p> <p>Training has been provided to Audit Committee members and specific training is provided on request.</p>	<p><b>Terms of Reference for the Audit &amp; Accounts Committee to be reviewed again in 2016/17.</b></p>
<p><b>1130. Impairment to Independence or Objectivity</b></p> <p><b>If independence or objectivity is impaired in fact or appearance, the details of the impairment must be</b></p>	<p>Guidance on expectations regarding independence and objectivity is available to all staff in the LGSS Internal Audit Manual (section 3), which is also issued to new staff when they join the section.</p>	<p><b>N/A</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b>disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.</b></p> <p><b><u>1130.A1</u></b> Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.</p> <p><b><u>1130.A2</u></b> Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.</p> <p><b><u>1130.C1</u></b> Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.</p> <p><b><u>1130.C2</u></b> If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.</p> <p><b><u>Public sector requirement</u></b> Approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement.</p>	<p><b><u>1130</u></b> All staff complete an annual Declaration of Interest, and new starters in the team complete this form on starting work. These forms are reviewed by management to ensure that independence and objectivity is maintained through the appropriate allocation of work. Graduate trainees do not audit activity for which they were formerly responsible in their most recent year-long placement in Professional Finance. If other staff transfer to internal audit from elsewhere in the organisation, they are not allocated audits over activity for which they had responsibility during the previous 18 months.</p> <p>The Head of Internal Audit is responsible for internal audit and risk management; however the responsibility for risk management extends only to the facilitation of risk management activity throughout the organisation, rather than any responsibility for actively managing risk; this is solely held by management. Reviews of risk management are undertaken by members of the team who are not involved in any risk management work; this is held to be sufficient, as the review focuses on actual risk management activity undertaken by management, not the facilitation work of the internal audit team. A review is scheduled for 2016 – 17.</p> <p>If significant consulting services are to be taken on, approval is sought from the Audit &amp; Accounts Committee prior to accepting the engagement. Any potential impairment of the internal auditor allocated to the consulting work is disclosed to the client.</p>	
<p><b><u>1200. Proficiency and Due Professional Care</u></b></p> <p><b>Engagements must be performed with proficiency and due professional care.</b></p> <p><b><u>1210. Proficiency</u> - Internal auditors must possess the knowledge, skills and other competencies needed to</b></p>	<p>The Internal Audit Manual sets out requirements around proficiency and gives guidance on how audit assignments should be carried out to ensure consistency across the team. This manual is issued to all new starters and is available in electronic copy to all members of the team.</p>	<p><b>Continuous professional development of all team members will continue to be supported in 2016/17. In</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b>perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities.</b></p> <p><b><u>Public sector requirement</u></b></p> <p>The chief audit executive must hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.</p> <p><b><u>1210.A1</u></b></p> <p>The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.</p> <p><b><u>1210.A2</u></b></p> <p>Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.</p> <p><b><u>1210.A3</u></b></p> <p>Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.</p> <p><b><u>1210.C1</u></b></p> <p>The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.</p>	<p><b><u>1210.</u></b></p> <p>The skills and competencies required of each post have been determined through job descriptions and person specifications. These have been reviewed as part of the re-structure of LGSS Internal Audit in 2015.</p> <p>Internal Audit staff are professionally qualified or in the process of working towards a professional qualification. Unqualified staff are supervised by a professionally qualified manager, and all audit work is subject to processes for oversight and review.</p> <p>Actual skills and competencies of staff are assessed regularly through the performance appraisal process; monthly supervisions; day-to-day- staff management; and the completion of post-audit assessments. These processes ensure that individual training and development plans are in place for all staff and training needs are addressed pro-actively as they become apparent. Training sessions for the whole team are delivered (in 2015-16 this has included Information Security e-learning, and a session on process mapping). This ensures that all staff are proficient in performing their responsibilities, and includes ensuring that staff have sufficient knowledge of fraud and information technology risks and controls.</p> <p>The Internal Audit budget includes a dedicated training budget to support the cost of professional qualifications and support staff in meeting their CPD requirements. In 2015-16 a number of staff have attended the Cambridgeshire Audit Group away day, and other training sessions have been delivered according to need.</p> <p>If staff lack the knowledge, skills or other competencies needed to perform all or part of an engagement, assistance is taken on by the Head of Internal Audit. In 2015 this included the engagement of a specialist IT auditor and interim staff to support service delivery.</p> <p><b><u>Public Sector requirement:</u></b></p> <p>The Head of Internal Audit is professionally qualified and suitably experienced.</p>	<p><b>particular, time at team meetings will be set aside for workshops focused on developing staff skills around different aspects of internal audit work.</b></p>

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<p><b><u>1220. Due Professional Care</u></b></p> <p><b>Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.</b></p> <p><b><u>1220.A1</u></b></p> <p>Internal auditors must exercise due professional care by considering the:</p> <ul style="list-style-type: none"> <li>• Extent of work needed to achieve the engagement's objectives;</li> <li>• Relative complexity, materiality or significance of matters to which assurance procedures are applied;</li> <li>• Adequacy and effectiveness of governance, risk management and control processes;</li> <li>• Probability of significant errors, fraud, or non-compliance; and</li> <li>• Cost of assurance in relation to potential benefits.</li> </ul> <p><b><u>1220.A2</u></b></p> <p>In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.</p> <p><b><u>1220.A3</u></b></p> <p>Internal auditors must be alert to the significant risks that might affect objectives, operations or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.</p> <p><b><u>1220.C1</u></b></p> <p>Internal auditors must exercise due professional care during a consulting engagement by considering the:</p> <ul style="list-style-type: none"> <li>• Needs and expectations of clients, including the</li> </ul>	<p>The Internal Audit Manual sets out requirements around due professional care (section 3). This manual is issued to all new starters and is available in electronic copy to all members of the team.</p> <p>The Internal Audit Manual also gives guidance on the proper conduct of audit engagements, including detailed guidance on objectives, scope, and the assignation of assurance opinions. Detailed guidance on assurance opinions is also included in all report templates to ensure that opinions are applied consistently throughout the service.</p> <p>All audit work goes through a thorough process of review by management to ensure that due professional care is exercised and all appropriate factors are considered in delivering the audit work. This includes review of terms of references, working papers and evidence, in addition to draft and final reports.</p> <p>This process of review and supervision also ensures that use of technology-based audit and data analysis techniques is considered for all reviews, as appropriate. In particular in 2015-16, a number of audits have employed data analysis work, including reviews of Direct Payments, Care Income, and Street Lighting PFI. LGSS Internal Audit has a designated IT Audit Manager who can be contacted for support with more complex technology-based audit techniques.</p> <p>The same processes of review and supervision are in place for any consulting engagements, to ensure that due professional care is exercised.</p>	<p><b>N/A.</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>nature, timing and communication of engagement results;</p> <ul style="list-style-type: none"> <li>• Relative complexity and extent of work needed to achieve the</li> <li>• engagement's objectives; and</li> <li>• Cost of the consulting engagement in relation to potential benefits.</li> </ul>		
<p><b><u>1230. Continuing Professional Development</u></b></p> <p><b>Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development.</b></p>	<p>In 2015/16, all members of the Internal Audit team had continuing professional development included as one of their key appraisal objectives, to ensure that an appropriate focus was maintained on this key aspect of the PSIAS.</p> <p>Actual skills and competencies of staff are assessed regularly through the performance appraisal process; monthly supervisions; day-to-day- staff management; and the completion of post-audit assessments. These processes ensure that individual training and development plans are in place for all staff and training needs are addressed pro-actively as they become apparent.</p> <p>Training sessions for the whole team are delivered (in 2015-16 this has included Information Security e-learning, and a session on process mapping). This ensures that all staff are proficient in performing their responsibilities and undertake continuing professional development.</p> <p>The Internal Audit budget includes a dedicated training budget to support the cost of professional qualifications and support staff in meeting their CPD requirements. In 2015-16 a number of staff have attended the Cambridgeshire Audit Group away day, and other training sessions have been delivered according to need. All permanent members of staff also delivered at least one training session each to the new graduate trainees.</p>	<p><b>Continuous professional development of all team members will continue to be supported in 2016/17. In particular, time at team meetings will be set aside for workshops focused on developing staff skills around different aspects of internal audit work.</b></p>
<p><b><u>1300. Quality Assurance</u></b></p>	<p>There are a number of strands to the quality assurance and</p>	<p><b>See below.</b></p>

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<p><b>The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.</b></p> <p><b><u>1310. Requirements of the Quality Assurance and Improvement Programme</u> - The quality assurance and improvement programme must include both internal and external assessments.</b></p>	<p>improvement program in place at LGSS Internal Audit, which are detailed at 1311 below. These strands cover all aspects of internal audit activity.</p> <p>See below for further details.</p>	
<p><b><u>1311. Internal Assessments</u></b></p> <p><b>Internal assessments must include:</b></p> <ul style="list-style-type: none"> <li>• <b>Ongoing monitoring of the performance of the internal audit activity; and</b></li> <li>• <b>Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.</b></li> </ul>	<p>The service has a number of Key Performance Indicators which aim to assess the quality of the service being delivered and identify any areas for improvement. This includes the results of a customer feedback questionnaire which is issued following every audit; delivery against the annual Audit Plan; ensuring reports are delivered within agreed timescales; and compliance with PSIAS. These performance indicators are under constant review within the team and are reported to management on a quarterly basis, and to the Audit &amp; Accounts Committee at least annually. In 2015-16, Internal Audit have overachieved against these indicators in both their delivery of the Audit Plan, and against their targets for customer feedback.</p> <p>Managers conduct a robust review of terms of reference, audit files and draft reports to ensure that the work completed is in accordance with the original scope of work agreed and to the desired quality. The Head of Internal Audit reviews all reports with a moderate or limited assurance level following on from this review prior to the draft / final reports being issued. Trainee-level staff are supervised closely throughout their delivery of audit work.</p> <p>Performance of individual auditors is monitored closely through day to day management; the annual appraisal process; monthly supervisions; and post-audit assessments.</p> <p>Service development work is also undertaken to actively improve the performance of internal audit activity. In 2015-16 this has included a significant review of practice around schools auditing, and the introduction of the new SharePoint system which ensures</p>	<p><b>A review of performance indicators is planned for 2016/17, to ensure that the indicators give the most useful and accurate picture of the performance of the internal audit activity.</b></p>

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	<p>that auditors can share resources and intelligence easily between offices.</p> <p>An annual self-assessment of internal audit activity is also conducted.</p>	
<p><b><u>1312. External Assessments</u></b></p> <p><b>External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:</b></p> <ul style="list-style-type: none"> <li>• The form of external assessments;</li> <li>• The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.</li> </ul> <p><b><u>Public sector requirement</u></b> The chief audit executive must agree the scope of external assessments with an appropriate sponsor, e.g. the Accounting/Accountable Officer or chair of the audit committee as well as with the external assessor or assessment team.</p>	<p>An external assessment of the LGSS Internal Audit team has yet to be conducted. As PSIAS were introduced in 2013 and assessments need take place once every five years, this is not overdue. When the external assessment is arranged, the Head of Internal Audit will agree the scope with an appropriate sponsor as well as the external assessor.</p>	<p><b>Identify when the external assessment against PSIAS will take place.</b></p>

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<p><b><u>1320. Reporting on the Quality Assurance and Improvement Programme</u></b></p> <p><b>The chief audit executive must communicate the results of the quality assurance and improvement programme to senior management and the board.</b></p> <p><b><u>Public sector requirement</u></b> The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.</p> <p><b><u>1321. Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing” - The chief audit executive may state that the internal audit activity conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> only if the results of the quality assurance and improvement programme support this statement.</u></b></p> <p><b><u>1322. Disclosure of Non-conformance - When non-conformance with the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> or the <i>Standards</i> impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the non-conformance and the impact to senior management and the board.</u></b></p> <p><b><u>Public sector requirement</u></b> Instances of non-conformance must be reported to the board. More significant deviations must be considered for inclusion in the governance statement.</p>	<p>The results of the quality assurance and improvement are communicated regularly to senior management and the Audit &amp; Accounts Committee. Quarterly and annual performance statistics are communicated to senior management in LGSS and Cambridgeshire County Council. These statistics are also reported to the Senior Management Team Audit &amp; Accounts Committee in the Annual Report. The Annual Report also gives further detail on improvement work undertaken and the work delivered by Internal Audit throughout the year. The Audit &amp; Accounts Committee also receive an annual assessment of compliance against PSIAS.</p> <p>Additionally, the Senior Management Team and Audit &amp; Accounts Committee receive quarterly progress reports which give a regular update on performance throughout the year. This report shows audit reviews delivered each quarter and their assurance ratings, gives an update on progress with the implementation of management actions, and gives other key information which management and Councillors may use in their assessment of the Internal Audit service.</p> <p>Any instances of non-conformance with the Definition of Internal Auditing, the Code of Ethics or the Standards is reported to the Audit &amp; Accounts Committee, and any serious deviations are considered for inclusion in the governance statement.</p>	<p>N/A</p>
<p><b><u>2000. Managing the Internal Audit Activity</u></b></p> <p><b>The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation.</b></p>	<p><b><u>2010.</u></b> The annual risk-based Audit Plan is presented to the Audit and Accounts Committee in March of the preceding financial year. The Audit Manual sets out the Audit Strategy and the procedure for producing the annual Plan (section 7).</p>	<p>N/A</p>



PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b><u>2010. Planning</u></b> - The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.</p> <p><b><u>Public sector requirement</u></b></p> <p>The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.</p> <p><b><u>2010.A1</u></b></p> <p>The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.</p> <p><b><u>2010.A2</u></b></p> <p>The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.</p> <p><b><u>2010.C1</u></b></p> <p>The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.</p>	<p>The risk-based Audit Plan is presented to the Committee in person by the Head of Internal Audit. It is presented as part of a full report which gives details of how the internal audit service will be delivered and developed, and how resource has been allocated according to organisational objectives, priorities and key risks. The Plan is developed based on a risk assessment, with input from senior management and the Audit &amp; Accounts Committee.</p> <p>The Plan is also included as an Appendix to every Internal Audit Progress Report to the Senior Management Team and the Audit &amp; Accounts Committee. This illustrates any changes to the Plan over time. Senior Management have the opportunity to propose amendments to the Plan or request consulting activity. If these are accepted and approved by the Audit &amp; Accounts Committee, these engagements will be included in the revised Plan.</p>	
<p><b><u>2020. Communication and Approval</u></b></p> <p><b>The chief audit executive must communicate the internal audit activity's plans and resource requirements,</b></p>	<p>The annual Internal Audit Plan sets out the intended scope of internal audit activity and resource requirements, and is approved by the Audit &amp; Accounts Committee in their March meeting each</p>	<p><b>N/A</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b>including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.</b></p>	<p>year. The Plan is also presented to the Senior Management Team meeting prior to the March Audit &amp; Accounts meeting.</p> <p>An Internal Audit Progress Report is taken to the Senior Management Team and Audit &amp; Accounts Committee at least quarterly. This gives an update on progress against the Plan and also identifies any significant interim changes, for approval by the Audit and Accounts Committee. The Head of Internal Audit communicates the impact of resource limitations to senior management and the Audit &amp; Accounts Committee as the need arises.</p>	
<p><b><u>2030. Resource Management</u></b></p> <p><b>The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.</b></p> <p><b><u>Public sector requirement</u></b> The risk-based plan must explain how internal audit's resource requirements have been assessed.</p> <p>Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.</p>	<p>The responsibilities of the Head of Internal Audit in this respect are set out in the Audit Manual. The risk-based Plan sets out how the resource requirements have been assessed and the level of resources allocated to each key assurance block.</p> <p>Resources are monitored constantly within the Internal Audit team to identify any potential resourcing issues. All audit reviews are allocated to auditors with the necessary skills to deliver the work, and are given time budgets within which they are expected to be delivered; these time budgets are calculated to allow an appropriate amount of time to be spent on each review while maintaining sufficient resource to deliver the entire Audit Plan. Performance against time budgets is monitored by individual auditors, and by management on a weekly basis to identify any areas where audits are taking longer than expected, which may cause a resource pressure. These pressures are managed within the team to ensure delivery of the Plan (delivery against the approved Plan is also a key performance measure which is reported on monthly).</p> <p>Should the Head of Internal Audit believe that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, this is brought to the attention of the Audit &amp; Accounts Committee. The resourcing of Internal Audit is</p>	<p><b>N/A</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
	discussed at Committee meetings, most recently in March 2016.	
<b><u>2040. Policies and Procedures</u></b>  <b>The chief audit executive must establish policies and procedures to guide the internal audit activity.</b>	Policies and procedures are defined in the LGSS Internal Audit Manual, which is available to all Internal Audit team members and is issued to new starters when they begin work in the team. The Manual is fully compliant with PSIAS.	<b>Review of the Internal Audit Manual is scheduled to take place in 2016/17.</b>
<b><u>2050. Coordination</u></b>  <b>The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.</b>  <b><u>Public sector requirement</u></b> The chief audit executive must include in the risk-based plan the approach to using other sources of assurance and any work required to place reliance upon those other sources.	All efforts are made to ensure that Internal Audit activity is co-ordinated with that of other internal and external providers of assurance, to ensure proper coverage and minimise duplication of efforts. The Internal Audit Plan is developed in conjunction with a review of the Council's Assurance Framework, which sets out assurances received from other third parties against the key risks of the organisation, and the Risk Register, which identifies ongoing work to address key risks, including some third party assurance and consulting services work. Members of the Council's Senior Management Team are also given the opportunity to give their input and comment on the Audit Plan, and this is also used to identify any potential areas of duplication. This approach is set out in the report on the Audit Plan.	<b>N/A</b>
<b><u>2060. Reporting to Senior Management and the Board</u></b>  <b>The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.</b>	The Head of Internal Audit presents Progress Reports to the Senior Management Team and Audit & Accounts Committee at least quarterly, detailing the internal audit purpose, authority, responsibility and performance relative to the plan. Any significant risk exposures and control issues are also highlighted. If a significant risk exposure or control issue is identified, this will be addressed with management at the time it is identified to ensure a timely response; an update will then also be brought to the next scheduled meeting.	<b>N/A</b>
<b><u>2070. External Service Provider and Organisational Responsibility for Internal Auditing</u></b>	This standard is not applicable.	<b>N/A</b>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>When an external service provider serves as the internal audit activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective internal audit activity.</p>		
<p><b>2100. Nature of Work</b></p> <p>The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.</p>	<p>Achievement of this standard is ensured through the design of an effective risk-based annual plan of audit activity; the establishment of clear systematic processes and procedures; a robust follow-up procedure to ensure agreed actions and improvements are implemented; and close monitoring of performance and quality assurance of work delivered.</p> <p>The findings of internal audit contribute to the Annual Governance Statement. The Annual Report by the Head of Internal Audit documents the contribution of internal audit to governance and risk management.</p>	<p><b>N/A</b></p>
<p><b>2110. Governance</b></p> <p>The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:</p> <ul style="list-style-type: none"> <li>• Promoting appropriate ethics and values within the organisation;</li> <li>• Ensuring effective organisational performance management and accountability;</li> <li>• Communicating risk and control information to appropriate areas of the organisation; and</li> <li>• Coordinating the activities of and communicating information among the board, external and internal auditors and management.</li> </ul>	<p>A review of the organisation's Governance Framework is carried out annually by Internal Audit. The work carried out by Internal Audit throughout the year informs both the annual internal audit opinion and the Annual Governance Statement. Any significant recommendations for improving the governance process in its accomplishment of these objectives will feed into the Annual Governance Statement and associated action plan accordingly.</p> <p>The internal audit activity is designed to assess the entire control environment, including the accomplishment of governance objectives, information technology governance and the organisation's ethics-related objectives, programmes and activities. Where recommendations to improve these processes are identified during an audit assignment, these will be incorporated into the final report and action plan.</p>	<p><b>N/A</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b><u>2110.A1</u></b> The internal audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.</p> <p><b><u>2110.A2</u></b> The internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.</p>		
<p><b><u>2120. Risk Management</u></b></p> <p><b>The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</b></p> <p><b><u>2120.A1</u></b> The internal audit activity must evaluate risk exposures relating to the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> <li>• Achievement of the organisation's strategic objectives;</li> <li>• Reliability and integrity of financial and operational information;</li> <li>• Effectiveness and efficiency of operations and programmes;</li> <li>• Safeguarding of assets; and</li> <li>• Compliance with laws, regulations, policies, procedures and contracts.</li> </ul> <p><b><u>2120.A2</u></b> The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud</p>	<p>Internal Audit activity is planned and set out each year in the Internal Audit Plan. This is based on an analysis of the key risks facing the organisation in relation to the achievement of its strategic objectives. This includes consideration of the reliability and integrity of financial and operational information; the effectiveness and efficiency of operations and programmes; safeguarding of assets; fraud risk; and compliance with law, regulations, policies, procedures and contracts. The Audit Plan is divided into assurance blocks which ensure that audit resource is directed to providing appropriate coverage of all these areas.</p> <p>All internal audit reviews consider the relevant risks and controls and evaluate the effectiveness of the control environment in controlling organisational risk, as well as compliance with controls. An opinion is issued on the assurance that can be given against each of these areas, at the conclusion of the audit review. Action plans are agreed to improve the control of risk throughout the organisation, and implementation of agreed actions is followed up by Internal Audit to ensure that planned improvements to risk management processes are achieved.</p> <p>The same process is followed for consulting engagements, and the results of these engagements are taken into account in the annual opinion.</p> <p>The Annual Report gives an overall opinion on the control environment as a whole, and how effectively risks are being</p>	<p><b>N/A</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>risk.</p> <p><b><u>2120.C1</u></b> During consulting engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.</p> <p><b><u>2120.C2</u></b> Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.</p>	<p>managed throughout the organisation.</p>	
<p><b><u>2130. Control</u></b></p> <p><b>The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.</b></p> <p><b><u>2130.A1</u></b> The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> <li>• Achievement of the organisation's strategic objectives;</li> <li>• Reliability and integrity of financial and operational information;</li> <li>• Effectiveness and efficiency of operations and programmes;</li> <li>• Safeguarding of assets; and</li> <li>• Compliance with laws, regulations, policies, procedures and contracts.</li> </ul> <p><b><u>2130.C1</u></b> Internal auditors must incorporate knowledge of controls</p>	<p>See above.</p> <p>All internal audit reviews consider the relevant risks and controls and evaluate the effectiveness of the control environment in controlling organisational risk, as well as compliance with controls. An opinion is issued on the assurance that can be given against each of these areas, at the conclusion of the audit review. Action plans are agreed to improve the control of risk throughout the organisation, and implementation of agreed actions is followed up by Internal Audit to ensure that planned improvements to risk management processes are achieved.</p> <p>The same process is followed for consulting engagements, and the results of these engagements are taken into account in the annual opinion.</p>	<p><b>N/A</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
gained from consulting engagements into evaluation of the organisation's control processes.		
<p><b><u>2200. Engagement Planning</u></b></p> <p><b>Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations.</b></p> <p>The criteria in the PSIAS regarding Engagement Planning have been here abridged, for the sake of brevity.</p> <p><b><u>2201. Planning Considerations</u></b> - In planning the engagement, internal auditors must consider:</p> <ul style="list-style-type: none"> <li>• The objectives of the activity being reviewed and the means by which the activity controls its performance;</li> <li>• The significant risks to the activity, its objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level;</li> <li>• The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model; and</li> <li>• The opportunities for making significant improvements to the activity's governance, risk management and control processes.</li> </ul> <p><b><u>2210. Engagement Objectives</u></b> - Objectives must be established for each engagement.</p> <p><b>Public sector interpretation</b> In the public sector, criteria are likely to include value for money.</p> <p><b><u>2220. Engagement Scope</u></b> - The established scope must be sufficient to satisfy the objectives of the engagement.</p>	<p>The LGSS Internal Audit Manual includes a detailed section on our procedures for engagement planning (section 9). This document is issued to new staff when they join LGSS Internal Audit, and is available in electronic form to all staff.</p> <p>Prior to each engagement, a Terms of Reference is created, which sets out the engagement's objectives, relevant key risks and controls, and the scope of the audit. Terms of Reference are created according to a standard template and are reviewed by management before they are issued, to ensure appropriate engagement planning has taken place and that the established scope is sufficient to satisfy the objectives of the engagement.</p> <p>Each engagement is also given a time budget and resource allocation. If issues are identified during the course of an audit which means that additional testing (and therefore additional resource) is required in order to achieve the engagement objectives, this is agreed with management.</p> <p>A Work Programme is also developed for each engagement, again according to a set template, and an audit file is maintained. Both the work programme and the file are reviewed by the Audit Manager to ensure that the audit has achieved the engagement objectives.</p>	N/A

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b><u>2230. Engagement Resource Allocation</u></b> - Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints and available resources.</p> <p><b><u>2240. Engagement Work Programme</u></b> - Internal auditors must develop and document work programmes that achieve the engagement objectives.</p>		
<p><b><u>2300. Performing the Engagement</u></b></p> <p>Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.</p> <p>The criteria in the PSIAS regarding Performing the Engagement have been here abridged, for the sake of brevity.</p> <p><b><u>2310. Identifying Information</u></b> - Internal auditors must identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives.</p> <p><b><u>2320. Analysis and Evaluation</u></b> - Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.</p> <p><b><u>2330. Documenting Information</u></b> - Internal auditors must document relevant information to support the conclusions and engagement results.</p> <p><b><u>2340. Engagement Supervision</u></b> - Engagements must be properly supervised to ensure objectives are achieved, quality is assured and staff is developed.</p>	<p>The LGSS Internal Audit Manual includes a detailed section on our procedures for performing engagements (section 9). This document is issued to new staff when they join LGSS Internal Audit, and is available in electronic form to all staff.</p> <p>All work undertaken on audit engagements is documented in a work programme. Appropriate supporting evidence is collected and held in an audit file. Before a draft report is issued for any audit review, the audit file, work programme and draft are reviewed in detail by the Audit Manager or Head of Internal Audit, to verify that sufficient reliable information has been obtained to achieve the engagement's objectives; that conclusions and engagement results are based on appropriate analyses and evaluations; and that there is clear evidence to support conclusions and engagement results. The results of this review are then fed back to the auditor and any necessary amendments are made before re-submitting the work.</p> <p>All engagements are subject to oversight and supervision. Trainees are supervised closely by professionally qualified staff. Other staff have regular supervisions and oversight of their work, alongside the process of quality review detailed above.</p>	<p><b>N/A</b></p>



PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b><u>2400. Communicating Results</u></b></p> <p><b>Internal auditors must communicate the results of engagements.</b></p> <p>The criteria in the PSIAS regarding Performing the Engagement have been here abridged, for the sake of brevity.</p> <p><b><u>2410. Criteria for Communicating</u> - Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations and action plans.</b></p> <p><b><u>2420. Quality of Communications</u> - Communications must be accurate, objective, clear, concise, constructive, complete and timely.</b></p> <p><b><u>2421. Errors and Omissions</u> - If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.</b></p> <p><b><u>2430. Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"</u> - Internal auditors may report that their engagements are "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing", only if the results of the quality assurance and improvement programme support the statement.</b></p> <p><b><u>2431. Engagement Disclosure of Nonconformance</u> - When nonconformance with the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> or the <i>Standards</i> impacts a specific engagement, communication of the results must disclose the:</b></p> <ul style="list-style-type: none"> <li>• Principle or rule of conduct of the <i>Code of Ethics</i></li> </ul>	<p>The LGSS Internal Audit Manual includes a detailed section on our procedures for communicating the results of engagements (section 10). This document is issued to new staff when they join LGSS Internal Audit, and is available in electronic form to all staff.</p> <p><b><u>2410. &amp; 2420.</u></b> Audit reports are produced according to this guidance, and using the LGSS Internal Audit Report template. This template ensures that the agreed objectives and scope of the audit, set out in the Terms of Reference, is included in the final report, together with the conclusions and recommendations of the audit, and an action plan to address any control weaknesses identified. Actions are prioritised according to risk.</p> <p>Post-audit discussions are held by the assigned audit staff with the relevant auditees and action plans in response to the recommendations made are agreed.</p> <p>Audit reports give a conclusion on the assurance that can be given over the control environment; compliance with controls; and an opinion on the potential organisational impact if the control weaknesses identified in the audit go unaddressed.</p> <p>Audit reports give an overall opinion on risks and controls, based on the audit work undertaken and using approved methodology. All reports are reviewed by the Audit &amp; Risk Manager and/or Head of Internal Audit before they are issued, to assure quality.</p> <p><b><u>2421 &amp; 2440</u></b> Draft audit reports are issued to the relevant managers with time for them to respond to the report and address any concerns or inaccuracies before the report is finalised. Final reports are shared with the relevant Director. The overall assurance levels of all final reports are shared with the Audit &amp; Accounts Committee on a quarterly basis, together with a summary of the findings and agreed actions for reports with moderate or lower assurance. All final reports are also available to members of the Audit &amp; Accounts Committee.</p>	<p><b>N/A</b></p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>or Standard(s) with which full conformance was not achieved;</p> <ul style="list-style-type: none"> <li>• Reason(s) for nonconformance; and</li> <li>• Impact of nonconformance on the engagement and the communicated engagement results.</li> </ul> <p><b>2440. Disseminating Results</b> - The chief audit executive must communicate results to the appropriate parties.</p> <p><b>2450. Overall Opinions</b> - When an overall opinion is issued, it must take into account the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.</p> <p><b>Public sector requirement</b> The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.</p> <p>The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p> <p>The annual report must incorporate:</p> <ul style="list-style-type: none"> <li>• the opinion;</li> <li>• a summary of the work that supports the opinion; and</li> <li>• a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.</li> </ul>	<p>The processes of review of reports by the Audit Manager and/or Head of Internal Audit, and of discussing findings with auditees and issuing draft reports with time for auditees to comment, ensures that final communications do not contain significant errors or omissions. If one were identified, a correction would be sent to all parties who received the original communication.</p> <p><b>2450.</b> The Head of Internal Audit delivers an annual internal audit report and opinion. For 2015 – 16, this report will be taken to the June 2016 meeting of the Audit &amp; Accounts Committee; the previous report for 2014 – 15 went to the June 2015 meeting of the Committee. The annual report incorporates all the elements required by PSIAS, including the opinion, a summary of the work that supports the opinion, and the results of the quality and improvement programme. The report also highlights significant issues and key themes or trends arising from audit work during the year. This report is used to inform the Annual Governance Statement.</p> <p>Interim progress reports are also submitted to the Audit and Accounts Committee at least quarterly throughout the year. The status of the implementation of agreed recommendations/actions is submitted to the Audit and Accounts Committee.</p>	

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><b><u>2500. Monitoring Progress</u></b></p> <p><b>The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.</b></p> <p><b><u>2500.A1</u></b> The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.</p> <p><b><u>2500.C1</u></b> The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.</p>	<p>A clear follow-up process is in place, whereby management actions that are considered to be 'significant' or 'fundamental' to the organisation are individually followed up by Internal Audit to confirm their implementation. The agreed actions from all final audit reports are recorded on the APACE audit management software used by the team, which is then used to track progress and identify actions due for implementation. Progress in implementing these actions is reported to the Audit &amp; Accounts Committee on a quarterly basis, together with information on any areas where implementation has not taken place by the agreed date. Where this is the case, the relevant officer(s) may be requested to attend the Audit &amp; Accounts Committee to provide an explanation of why actions have not been implemented. If major concerns are identified during an audit, a follow-up audit review may be scheduled to confirm implementation of agreed actions.</p> <p>This process does not apply to schools audits; instead, if significant concerns are identified in relation to a schools audit which has taken place, a follow-up audit is scheduled to confirm that agreed improvements have been made.</p> <p>Arrangements for monitoring of the results of any consulting engagements would be agreed with the client on a case-by-case basis.</p>	<p><b>LGSS Internal Audit is considering the implementation of a new audit management IT system, Galileo, in 2016 - 17. As part of the implementation of this new software, a clear plan will be developed to ensure that all outstanding actions currently recorded on the existing APACE system will be transferred to the Galileo system.</b></p>
<p><b><u>2600. Communicating the Acceptance of Risks</u></b></p> <p><b>When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.</b></p>	<p>Where risks identified in audit reviews are accepted by management, this is recognised in the audit report issued. If it is felt that management has accepted a level of risk that may be unacceptable to the organisation, this would be firstly discussed with Directors, and then if the matter was not resolved, would be brought to the attention of the Audit &amp; Accounts Committee at the next meeting.</p>	<p><b>N/A</b></p>



## **INTERNAL AUDIT ANNUAL REPORT 2015/16**

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# **LGSS Internal Audit & Risk Management – Annual Report 2015/16**

## ***Cambridgeshire County Council***

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# **1. INTRODUCTION**

## **1.1 The Annual Reporting Process**

- 1.1 The Public Sector Internal Audit Standards (Performance Standard 2450) state that the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. Cambridgeshire County Council's Chief Audit Executive is the LGSS Head of Internal Audit.
- 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. HEAD OF INTERNAL AUDIT OPINION 2015/16**

### **2.1 Head of Internal Audit Opinion**

- 2.1.1 The Public Sector Internal Audit Standards (Performance Standard 2450) state that *'the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.'* This 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.

*On the basis of the audit work undertaken during the 2015/16 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. In addition, there are no outstanding significant issues arising from the work undertaken by Internal Audit*

*However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.*

*The level of assurance therefore remains at a similar level from 2014/15.*



## 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 re-evaluation of the Audit Plan throughout the year. In 2015, a major review and revision of the Cambridgeshire Internal Audit Plan was approved by the September meeting of the Audit & Accounts Committee. Further minor revisions, to reflect the changing risk profile of the organisation, were approved on an ongoing basis throughout the year.
- 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
Moderate	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
Moderate	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.

- 3.1.8 Organisational impact will be reported as major, moderate or minor. All reports with major organisation impacts are reported to SMT, 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.

- 3.1.9 Specifically for the compliance reviews undertaken, the following definitions will be used to assess the level of compliance in each individual reviewed:

Opinion for Compliance Audits – Levels of Compliance	
Level	Definitions
High	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
Medium	There was general compliance with the agreed policy and/or procedure. Although errors have been identified there are not considered to be material.
Low	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

## 3.2 The Basis of Assurance

- 3.2.1 The findings and assurance levels provided by the reviews undertaken throughout 2015/16 by Internal Audit form the basis of the annual opinion on the adequacy and effectiveness of the control environment.
- 3.2.2 In 2015/16, 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, better assurance, safeguarding and making every penny count.

## 4. INTERNAL AUDIT IN 2015/16

### 4.1 Overview and Key Findings

- 4.1.1 This section provides information on the audit reviews carried out in 2015-16, by assurance block.
- 4.1.2 For the reviews undertaken during 2015/16, only one area was identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. This related to our review of Home to School Transport. An action plan to address the identified weaknesses in the control environment was agreed by the service, and a full update on the implementation of these actions to date is being brought to the Audit and Accounts Committee meeting in June 2016.
- 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 2015-16 is summarised in Table 1, below<sup>1</sup>:

**Table 1: Implementation of Audit Recommendations 2015-16**

	Category 'Red' recommendations	Category 'Amber' recommendations	Total
Agreed and implemented.	27	53	80
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	1	1
<b>TOTAL</b>	0	8	8

- 4.1.4 Of the actions still outstanding at the end of the year, 7 related to the Central Library Enterprise Centre review. A number of the actions agreed as part of this major review have significant dependencies on the current Corporate Capacity review which has in some cases delayed their implementation. A separate report on progress with implementation of these actions is presented

<sup>1</sup> Please note that the total reflects the number of recommendations required to be implemented within 2015-16, and therefore includes recommendations made in 2014-15.

to each Audit & Accounts Committee, giving full details of ongoing work and any outstanding actions.

- 4.1.5 1 further action (outlined in the below table) is outstanding at the end of 2015-16. This represents a significant reduction in outstanding actions compared to 2014-15, when there were 29 recommendations still outstanding at the end of the year.

Audit	Recommendation	Target date
Traded Services	<b>Annual business plans</b> Units that do not produce an annual business plan create these plans in future, in order to improve clarity of purpose and ensure consideration of both the short- and long-term within service planning and targeting.	31/12/15

## 4.2 Financial and Other Key Systems

- 4.2.1 This is the 2015/16 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 2015/ 16 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 2015/16, the audits were undertaken as joint reviews of Cambridgeshire County Council and Northamptonshire County Council LGSS systems.
- 4.2.3 Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that these controls continue to work well in practice although there are some minor areas where improvements have been recommended. The level of assurance provided for all key financial systems reviews was good or substantial.
- 4.2.4 Table 2 below details the assurance levels of all key systems audits undertaken in 2015/16 compared to the assurance levels in 2014/15:

**Table 2 – Key Financial Systems Audits 2015/16**

Key Financial Systems:	Audit Opinion 2015-16		Audit Opinion 2014-15
	Environment	Compliance	
Budgetary Control	Substantial	Good	Substantial
Purchase to Pay	Substantial	Substantial	Substantial
Accounts Receivable	Substantial	Substantial	Substantial
Payroll	Substantial	Substantial	Substantial
Pensions*	Good	Good	Substantial
General Ledger	Substantial	Substantial	Substantial
IT General Controls*	Substantial	Substantial	Substantial

\* Pensions and IT General Controls were still at draft stage at the time of writing this report but the emerging opinions are included.

### 4.3 *Compliance*

- 4.3.1 Compliance work is fundamental, as it provides assurance across all Directorates and therefore underpins 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 The Plan for 2015/16 included coverage of compliance in the following areas:
- Compliance with Safe Recruitment policies and procedures for staff and volunteers who work with children and vulnerable adults;
  - Compliance with Direct Payments policy and procedures;
  - Compliance with policies around the use of framework and corporate contracts.
- 4.3.3 The sample testing undertaken throughout the year has not identified any significant non-compliance issues. Where weaknesses have been identified, recommendations have been made to improve procedures and controls; all recommendations which are considered to be of significant 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 2015/16. 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 the value of *making every penny count*. Each audit we undertake includes consideration of value for money at its core.
- 4.4.2 This assurance block includes audit work undertaken using our 'embedded assurance' approach; this applies to reviews where auditors attended Project Boards and/or gave independent advice and support to project or programme work, with periodic reporting as appropriate.
- 4.4.3 The outcomes of all risk-based reviews issued in 2015/16 can be seen at Appendix 1.

### 4.5 *Procurement and Contracts Reviews*

- 4.5.1 In 2015/16, Internal Audit has provided advice and support to the Highways Transformation programme and the associated ongoing competitive dialogue. Reviews have also been conducted focusing on the Street Lighting and Waste PFIs. Work in these key high-value contract areas will continue into the 2016/17 financial year.
- 4.5.2 In addition, a number of cross-cutting reviews have been undertaken, with a particular focus on key aspects of the Council's procurement framework, including:
- The Council's capital programme, including review of the relevant financial regulations;
  - A review of a sample of high-value contracts and compliance with the Council's Contract Procedure Rules;
  - A review of compliance with policies around the use of framework and corporate contracts.
- 4.5.3 The reviews undertaken throughout the year have not identified any significant non-compliance issues. Where weaknesses have been identified, recommendations have been made to improve procedures and controls.

## 4.6 *Anti-Fraud and Corruption*

- 4.6.1 This is a high-risk area across the public sector. LGSS Internal Audit undertakes work on anti-fraud and corruption which includes both reactive and pro-active elements, along with a number of initiatives to raise awareness of the council's anti- fraud and corruption culture and to report on the arrangements in place, and pro-active fraud strategy work.
- 4.6.2 Details of specific cases have been reported to the Audit and Accounts Committee throughout the year. In addition to the full investigations outlined in Table 3 below, advice and guidance is provided to officers on an ad-hoc basis.

**Table 3 – Investigations 2015-16**

Type of referral	No. Cases	Outcomes
<b>Prosecution of former Workforce Development manager.</b>	1 case	The former manager pled guilty to the charges against her on the 10 <sup>th</sup> December 2015. The Council is now seeking to recoup the defrauded funds through the Proceeds of Crime Act.
<b>Complaint regarding the disposal of Estover Road site.</b>	1 case	A full report was provided to the Audit & Accounts Committee.
<b>Cambridge Library Enterprise Centre review.</b>	1 case	A full report was provided to the Audit & Accounts Committee.
<b>Alleged theft of cash from library safe.</b>	2 cases	Visits carried out to the affected libraries, advice and guidance given.
<b>Allegations in relation to misuse of concessionary travel passes.</b>	2 cases	In both cases, following investigation the issue was referred to police. No further action was taken by police, as the suspects were under 18.

		LGSS Internal Audit provided advice and support to the service, which has made adjustments to processes to ensure that any future cases can be referred and investigated swiftly, and are more likely to result in effective action.
<b>Allegations in relation to fraud by social care providers.</b>	2 cases	In both cases, Internal Audit liaised with the relevant Safeguarding investigation. Advice and guidance was given, but no further action was taken.
<b>Allegations relating to misuse of Direct Payments.</b>	3 cases	<p>In one case, the investigations are ongoing; in the second case, the investigation was closed and advice was provided, as the issues related to debt management rather than suspected fraud. In the third case, the investigation concluded that although there was insufficient evidence to identify fraud, there was evidence of misuse of payments. A number of recommendations were made to improve procedures to ensure that any future cases can be investigated effectively.</p> <p>In 2015/16, significant work has been undertaken to identify key issues and strengthen the control environment around Direct Payments, including a full audit review and compliance testing. A follow-up compliance review has been included in the 2016/17 Audit Plan.</p>
<b>Investigation into concerns from a review of Purchasing and Payments at a school.</b>	1 case	Further testing carried out as part of the investigation indicated that the school's arrangements had improved over the calendar year and there were no indications of wrongdoing. Advice and support was provided to the school to strengthen procedures further.
<b>Allegations that a dependent's pension due to a disabled service user had been paid to, and used by, other family members.</b>	1 case	The allegations were substantiated. Payments to the incorrect family member were ceased and redirected to the service user. Owing to a number of issues, it was agreed with the Safeguarding leads that the Council would not seek prosecution but would seek repayment of the funds.
<b>Allegations relating to a manager inappropriately acting as line manager for close family members and possibly approving fraudulent remuneration claims.</b>	1 case	This case is still under review and the investigation is ongoing. An interim report on findings to date has been provided to HR and management.

- 4.6.3 The results of the National Fraud Initiative (NFI) data matching exercise were received by the Council in February 2015. A number of investigations were undertaken into data matches. As a result of this exercise, a number of issues were identified, including over £10,000 of duplicate payments which were then recouped by Cambridgeshire County Council, and an instance of identity fraud carried out by a member of staff.



## **4.7 *ICT Audit***

- 4.7.1 During 2015/16, LGSS Internal Audit has recruited to the post of IT Auditor, meaning that greater specialist skill in this highly technical area of audit is now available. Reviews undertaken this year include a review of the access controls for key Council IT systems and IT General Controls.
- 4.7.2 Throughout 2015/16, LGSS Internal Audit has been providing ongoing advice and guidance to the planning process for implementation of a new Enterprise Resource Planning system (ERP) within LGSS; this is the key database system which incorporates financial, human resources and other organisational information. LGSS Audit attended the Design Principle Workshops for the new system between August 2015 and December 2015, providing advice and guidance on the design of the processes which will operate within the new system, to ensure that they incorporate robust internal controls. Internal Audit also continues to attend the ERP Next Generation Programme Board and will continue to do so in 2016/17; implementation of the new system is planned to take place between December 2016 – March 2017.

## **4.8 *Grants and Other Head of Audit Assurances***

- 4.8.1 In 2015/16, 8 grants received by Cambridgeshire County Council required review and certification by Internal Audit to verify that funds have been spent in accordance with grant conditions. A review was also conducted of the use of the Public Health Grant, to provide the Director of Public Health with assurance for her sign-off of the grant.
- 4.8.2 The requirements for verification of the Government's Troubled Families grant initiative have evolved significantly throughout the year, and Internal Audit has worked closely with the Together for Families team to establish a new procedure for verifying claims.

## **4.9 *Policies and Procedures***

- 4.9.1 In 2015/16, Internal Audit has maintained a focus on review of financial and anti-fraud 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. Work has included proposing a Fees and Charges policy and associated guidance for the Council, and revisions of the Anti-Fraud and Corruption Policy and the Bribery 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 *Schools Audits***

- 4.10.1 Schools audit has been a significant development area for LGSS Internal Audit in 2015/16, and the programmes of work undertaken for each audit have been reviewed and improved to offer greater added value. Internal Audit

has moved to using a risk-based sampling method to select the schools for review. This ensures that resources are focused on the schools which will benefit most from the guidance and support of Internal Audit; however, it does also mean that the average assurance level across all schools reviewed by Audit may be reduced.

- 4.10.2 For every schools report issued an action plan has been agreed with the school. The implementation of these actions will ensure that the control environment at these schools is improved to an appropriate level. Follow-up audits are conducted at schools which have previously achieved low assurance levels, to verify that improvements have been made. Internal Audit is also now providing additional training and support to school governors, to support them in carrying out their role.

#### *4.11 Other Work*

- 4.11.1 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.
- 4.11.2 Internal Audit also leads on maintaining the Council's Assurance Framework and co-ordinating risk management work across the organisation.

#### *4.12 Summary of Completed Reviews*

- 4.12.1 A summary of all audit reports issued in 2015/16 is attached at Appendix 1.

## 5. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE

### 5.1 Delivery of the 2015/16 Internal Audit Plan

- 5.1.1 The Cambridgeshire County Council Internal Audit Plan was revised in September 2015, at which point it was agreed that 1550 days would be delivered on areas identified for audit activity.
- 5.1.2 The actual days spent on the Audit Plan in 2015/16 was 1599, meaning that Internal Audit exceeded this target and delivered 103% of the planned audit days.
- 5.1.3 The days spent in each area of the Audit Plan, analysed by the major categories of our work, is set out in Table 5, below:

**Table 5 – Internal Audit Resource Input**

Audit Area	Days
Cross-Cutting (CCC-Wide)	388
Children, Families & Adults	224
Economy, Transport & Environment	159
Public Health	53
Key Financial Systems	180
Grant Certification	42
Counter-Fraud	233
Risk Management	74
Follow-Up of Actions and Advice & Guidance	96
Governance and Other Chargeable Activity	151
<b>TOTAL AUDIT DAYS DELIVERED</b>	<b>1599</b>
Agreed days in the revised Audit Plan	1550
<b>Days delivered in excess of the Audit Plan</b>	<b>49</b>

### 5.2 Customer Feedback

- 5.2.1 When final reports are issued, Internal Audit issue Customer Feedback Questionnaires to all officers who receive the final report, and request feedback. Officers have the opportunity to score the Internal Audit team against a range of criteria on a scale of 1 – 4, with 1 being “Very Disappointed” and 4 being “Very Satisfied”. The team’s target is for each returned questionnaire to average a score of 3 or higher.
- 5.2.2 The results of the feedback received in 2015-16 is summarised in Table 6 below, with the figures for 2014-15 for comparison. The average score for all

feedback received in 2015-16 was 3.67, a positive result and an improvement on 2014-15.

**Table 6: Customer Feedback Received**

	2015-16		2014-15	
	No. responses	Avg. score	No. responses	Avg. score
<b>Non-Schools Audit</b>	13	3.6	13	3.43
<b>Schools Audit</b>	5	3.73	6	3.32
<b>Totals</b>	<b>18</b>	<b>3.67</b>	<b>19</b>	<b>3.38</b>

### 5.3 *Service Development*

- 5.3.1 Continuing Professional Development has been a major focus of the quality assurance programme in 2015/16. Given the restructure of LGSS Internal Audit in-year and the turnover of staff, it has been particularly important to ensure that staff have the skills to carry out their responsibilities with proficiency and deliver work of the required quality. Consequently, in 2015 / 16 all staff had continuing professional development as a core appraisal objective. A system of post-audit assessments against the CIPFA Excellent Internal Auditor standard has also been introduced, to identify areas for development on an ongoing basis, in tandem with regular supervision of all staff.
- 5.3.2 The SharePoint system has also been implemented in 2015/16. This document management system enables sharing of documents across LGSS Internal Audit, meaning that auditors based at Cambridgeshire can easily access resources held at other LGSS Internal Audit sites. By enabling instant document sharing and collaboration between different sites, Cambridgeshire's Audit team now has access to a much greater range of professional resources to support their work.

### 5.4 *Compliance with Public Sector Internal Audit Standards*

- 5.4.1 An annual self-assessment is conducted by LGSS Internal Audit of compliance with the Public Sector Internal Audit Standards (PSIAS). The results of this self-assessment are reported in full to Audit & Accounts Committee at their June meeting each year. The 2015 /16 self-assessment has confirmed that Cambridgeshire's LGSS Internal Audit service is compliant with the requirements of the Standards.

## CCC INTERNAL AUDIT

### Summary of Completed Reviews 2015/16:

The table below summarises the Internal Audit reviews that were completed during the 2015/16 financial year, excluding counter fraud investigations and schools audits, which are itemised separately in sections 4.6 and 4.10, above.

Please note that in September 2015, LGSS Internal Audit moved to giving two assurance opinions and an organisational impact opinion on audit reviews; reviews completed prior to this date will have a single assurance opinion.

Audit Title		Area	Compliance assurance	Systems assurance	Organisational impact
CFA	Direct Payments Compliance	CFA	Moderate	N/A	Minor
	Fairer Contributions (Care Income)	CFA	Moderate	Good	Minor
	Direct Payments	CFA	Limited	Moderate	Moderate
	Home to School Transport	CFA	Good	Limited	Major
	Domiciliary Care - Missed Calls	CFA	Moderate	Limited	Moderate
	Appointeeships*	CFA	Moderate	Moderate	Moderate
	LAC Placements Strategy	CFA	Internal Audit provided a report responding to consultation on the draft LAC Strategy.		
	Care Act	CFA	Embedded assurance		
	Troubled Families Grant	CFA	Grant certification provided		
	Think Autism Capital Grant	CFA	Grant certification provided		
	Community Capacity Grant	CFA	Grant certification provided		
	Social Care Recruitment & Retention	CFA	Report on the Social Care Recruitment & Retention programme for Audit & Accounts Committee in November 2015		
	Vulnerable Clients Monies Management	CFA	Limited assurance		
	Better Care Fund	CFA	Substantial assurance		
	Traded Services	CFA	Moderate assurance		
	Older People's Finance & Performance	CFA	Consultancy review		
	Care Home Project	CFA	Embedded assurance		
ETE	Total Transport Pilot (CFT)	ETE	Good	Good	Minor
	Section 106 & CIL	ETE	Moderate assurance		
	Highways Revaluation	ETE	Assurance provided over the revaluation		
	City Deal	ETE	Embedded assurance		
	Additional Highways Maintenance Funding	ETE	Grant certification provided		

	Local Transport Capital Block Funding	ETE	Grant certification provided		
	Bus Service Operators Grant	ETE	Grant certification provided		
	Local Sustainable Transport Fund	ETE	Grant certification provided		
	Better Bus Area Fund	ETE	Grant certification provided		
	Highways Transformation	ETE	Ongoing support and advice to the Highways Transformation programme		
	Waste PFI	ETE	Substantial assurance. Subsequent ongoing support and advice regarding the Waste PFI contract.		
	Street Lighting PFI	ETE	Ongoing support and advice regarding the Street Lighting PFI contract.		
	Usage of s106 monies	ETE	Report on the usage of Section 106 funding for Audit & Accounts Committee in March 2016		
PH	Public Health Grant	PH	Good assurance		
	Public Health - Health Checks	PH	Moderate assurance		
	Pilot Work with Peterborough City Council	PH	Good	Good	Minor
CCC - Council-Wide	Fees and Charges	CCC	Report issued with draft recommended Fees & Charges Policy and supporting documentation.		
	Duplicate Payments	CCC	Investigative report into systems for detecting duplicate payments. Actions agreed.		
	IT - Next Generation ERP	CCC	Embedded assurance review		
	Key Systems Access Controls	CCC	Investigation into an issue identified by audit; report issued and actions agreed.		
	Health & Safety	CCC	Substantial assurance		
	Framework and Corporate Contracts*	CCC	Moderate	N/A	Minor
	Business Planning - Benefits Realisation	CCC	Good	Good	Minor
	Cash & Cheque Payments (Payment Methods)	CCC	Limited	Limited	Moderate
	CCC Safe Recruitment*	CCC	Good	N/A	Minor
	PSN Compliance and IT General Controls	CCC	Substantial assurance		
	Procurement*	CCC	Substantial	Good	Minor
Key Financial Systems	Capital Programme*	CCC	Good	Moderate	Minor
	Budgetary Control	CCC	Substantial	Good	Minor
	Accounts Receivable	CCC	Substantial	Substantial	Minor
	Purchase to Pay	CCC	Substantial	Substantial	Minor
	Payroll	CCC	Substantial	Substantial	Minor
	Pensions*	CCC	Good	Good	Minor
	General Ledger	CCC	Substantial	Substantial	Minor
	IT General Controls*	CCC	Substantial	Substantial	Minor

### **Schools Audits 2015-16**

School	Audit	Opinion
Cherry Hinton School	Schools Financial	Moderate assurance on financial

	Value Standard	management/financial governance.
Farcet School	Schools Financial Value Standard	Moderate assurance on financial management/financial governance. Limited assurance on counter fraud.
Harbour School	Schools Financial Value Standard	Limited assurance on financial management/financial governance. Limited assurance on counter fraud.
Orchards School	Schools Financial Value Standard	Moderate assurance on financial management/financial governance. Limited assurance on counter fraud.
Yaxley Infants	Schools Financial Value Standard	Moderate assurance on financial management/financial governance. Limited assurance on counter fraud.
Foxton School	Schools Financial Value Standard	Limited assurance on financial management/financial governance. Moderate assurance on counter fraud.
Glebelands School	Schools Financial Value Standard	Moderate assurance on financial management/financial governance. Limited assurance on counter fraud.
Granta School	Schools Financial Value Standard	Limited assurance on financial management/financial governance. Limited assurance on counter fraud.
Guilden Morden School	Schools Financial Value Standard	No assurance on financial management/financial governance. No assurance on counter fraud.
Linton Infants	Schools Financial Value Standard	Limited assurance on financial management/financial governance. Limited assurance on counter fraud.
Morley Memorial	Schools Financial Value Standard	Limited assurance on financial management/financial governance. Limited assurance on counter fraud.
Somersham School	Schools Financial Value Standard	Limited assurance on financial management/financial governance. Limited assurance on counter fraud.
Stukeley Meadows	Schools Financial Value Standard	Limited assurance on financial management/financial governance. Limited assurance on counter fraud.
Consolidated Report	Purchasing & Payments	Moderate assurance.
Jeavons Wood School	Purchasing & Payments	Moderate assurance.
Manea School	Purchasing & Payments	Moderate assurance.
Priory Junior	Purchasing & Payments	Moderate assurance.
Spaldwick School	Purchasing & Payments	Limited assurance.
Coton School	Purchasing & Payments	Limited assurance.
Barton School	Purchasing & Payments	Moderate assurance.
Highfield School	Pupil Premium	Moderate assurance

\* These audits were still at draft stage at the time of writing this report but the emerging opinions are included.





**CAMBRIDGE LIBRARY ENTERPRISE CENTRE REVIEW - UPDATE ON ACTION PLAN  
PROGRESS TO DATE**

*To:* **Audit and Accounts Committee**

*Date:* **7<sup>th</sup> June 2016**

*From:* **Head of Internal Audit and Risk Management**

*Electoral Division(s):* **All**

*Forward Plan Ref:* **N/A**

*Key decision:* **No**

*Purpose:* **To report on progress to date with implementing the recommendations set out in the Cambridge Library Enterprise Centre Review Action Plan.**

*Key Issues:* **N/A**


*Recommendation:* **The Audit and Accounts Committee is asked:**


**a) to note and comment on the progress being made against the Cambridge Library Enterprise Centre Review Action Plan**

<b><i>Officer contact:</i></b>	
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## CLEC Action Plan

*Follow up of outstanding actions – at June 2016.*


	Key Actions	Timescale & Owner	Update – June 2016
2.	<p><b><u>Confidentiality:</u></b></p> <p>Although Confidentiality Agreements are an essential tool in many circumstances, clear guidance should be in place to establish the content of agreements and the circumstances under which they are appropriate. This guidance should establish clear lines of authorisation for entering into confidentiality agreements, which should include members, as well as a process for recording all such agreements. The guiding principle for the authority must be to maximise the extent to which information may be shared with members and the public.</p>		
2.1	<p>An outline Confidentiality Agreements Policy has been developed, to enable officers to develop commercial proposals which involve working alongside the private and voluntary sectors. Audit recommend that this draft protocol is referred to the General Purposes Committee for their consideration and to agree a final version, which officers must follow.</p>	<p><b>General Purposes Committee</b>  <b>31/12/2015</b></p> 	<p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Chair of the Audit &amp; Accounts Committee undertook to telephone the Monitoring Officer for an update on this action.</p> <p><u>Update as at 2/03/16:</u></p> <p>No update has been received from the Director of Law, Procurement and Governance regarding progress with this action. Internal Audit will seek to bring a verbal update to the Audit &amp; Accounts Committee meeting on the 15<sup>th</sup> March.</p> <p><u>Update from Audit &amp; Accounts Committee, 26/01/16:</u></p> <p>It was agreed that, as the Council's Monitoring Officer, the LGSS</p>


	Key Actions	Timescale & Owner	Update – June 2016
			Director of Law, Procurement and Governance would be in the best position to take this action forward and was nominated as the action owner.
3.	<p><b><u>Project Management:</u></b></p> <p>The impact of budget cuts means that the Council is likely to continue to engage in projects alongside the private sector. Project management methodology in use at Cambridgeshire should be challenged and, if necessary, refined to ensure that it is applicable to projects undertaken with commercial partners.</p>		
3.2	<p>The Council's current Gateway Review Process functions as a system for resource allocation and prioritisation. The process does not include any provision for peer review or challenge; it does not require circulation of a Business Case for comment; and it focuses purely on the initiation of a project. This means that review of projects which are underway but experiencing delays or overruns is undertaken only by officers who are internal to the service in which the project is taking place. Internal Audit recommend that a review of the Gateway Review Process and project management protocols should be conducted, to ensure that there is a robust process for independent review and challenge of projects undertaken by the Council, which enables comment and challenge from officers outside the service area in which the project is taking place, and from appropriate members.</p>	<p><b>Review to be undertaken by SMT 01/02/2016</b></p> 	<p><u>Update from Internal Audit 23/05/16:</u></p> <p>Internal Audit have shared the CLEC report and met with the lead on Project Management for the Corporate Capacity Review and it is understood that a review of the Gateway Review Process will be incorporated within this work.</p> <p>Internal Audit will seek to provide an additional verbal update on this action at the Audit &amp; Accounts Committee on the 7<sup>th</sup> June 2016.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Corporate Capacity Review is expected to produce a proposed structure by the end of June 2016 and consultation will take place in October 2016. This means that potentially there could be a long time lag on this action. Internal Audit are seeking to liaise with leads on Project Management for the Corporate Capacity Review about this action, and an update will</p>

	Key Actions	Timescale & Owner	Update – June 2016
			<p>be brought to the June meeting of Audit &amp; Accounts Committee.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>This action has been delayed, awaiting outputs from the Council's Corporate Capacity Review, as this review is seeking to consider how to re-configure transformation/project management resource across the Council and is considering the role of peer review of projects and how this should take place.</p> <p><u>Update received from Director of Customer Service and Transformation, 11/01/16:</u></p> <p>The review of the project management guidance will consider these issues and the response will be part of the updated guidance. A Business Case template, which requires sign off from Finance, has been introduced to support the business planning process; this is being reviewed to see if it can also be used at 'Gate 0' as part of the project management process.</p> <p>The Corporate Capacity Review launched by the new Chief Exec will consider how best to re-configure transformation/project management resources across the council. As part of this, consideration will be given to the role of peer review of projects, both at the outset and when they are underway, and the criteria against which this peer review takes place including the role of members.</p>
4.	<u>Options Appraisal, Market Research &amp; Procurement:</u>		


	Key Actions	Timescale & Owner	Update – June 2016
	Options appraisals should be undertaken at the earliest opportunity in deciding whether proposals may be worth pursuing, and should be subject to continued challenge throughout the process by officers and, where appropriate, members, as new information becomes available and the market changes.		
4.1	<p>Officers would benefit from further guidance regarding options appraisals. In cases where it is established that a service concession means that tendering is not required, Best Value may be established through conducting a thorough options appraisal. The guidance should include the following key points:</p> <ul style="list-style-type: none"> <li>➤ Basic market research must be conducted by Council officers when considering new commercial proposals, at the initial stages of considering whether to pursue a project and before work begins to develop a full Business Case.</li> <li>➤ On the basis of the research carried out, options appraisals should be drawn up; again this must be undertaken at the very earliest stages of a project.</li> <li>➤ Options appraisals and supporting market research must be continually challenged throughout the process of a project, and should be reactive to market changes and new information becoming available.</li> <li>➤ Market research should always involve a thorough review of: whether there is already any similar provision available in the local market; the potential impact on the local market of the proposals; and consideration of whether there is likely to be sustained demand for the proposed services.</li> </ul>	<p><b>Options Appraisals Best Practice guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/2016)</b></p> 	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The Service Transformation Team is in discussion with OWD to develop a training course around options appraisals. The discussions are considering the best method of delivery for this training (either face to face or –e-training) however no timescales have been established for completion. This work includes working with partner organisations to identify good practice which is ongoing.</p> <p>This is also linked to the Corporate Capacity Review which is considering alternative approaches to options appraisals, one of which is adopting a more centralised approach to project management with one central team to undertake options appraisals.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation team has primarily focused on developing the project management guidance to date and therefore this action is still at the initial stages. The intention is to identify good practice from partner organisations. An update will be brought to the June Committee meeting.</p>


	Key Actions	Timescale & Owner	Update – June 2016
	<ul style="list-style-type: none"> <li>➤ All options appraisals should include thorough exploration of the 'do nothing' option.</li> <li>➤ Options should be appraised in light of their financial benefits; their non-financial benefits; their impact on the organisation and stakeholders; the risks relating to each option; and their resource requirements, in line with the CCC Business Case template.</li> <li>➤ Options presented to Committees must be comparable; when financial projections are produced to show the financial effect of different options over a number of years, it is crucial that the figures for all options are prepared on the same basis. Similarly, the analysis of risks and benefits for each possible option should be consistent. Officers would benefit from referring to the extant Cambridgeshire County Council Business Case template, which includes templates for options appraisal.</li> <li>➤ The opportunity cost of each project must be shown as part of the options appraisal, i.e. if existing income is foregone, this must be taken into account.</li> <li>➤ Where options are considered but rejected at an early stage and not worked up in detail, the reasons for this should be set out clearly.</li> </ul>		
4.2	All risks relating to a project should be reported to the relevant Committee even where officers feel that these risks are likely to be tolerable, to enable members to make an informed decision to accept or reject the risk.	<b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp;</b>	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views of the Portfolio leads. At this meeting there will also be</p>


	Key Actions	Timescale & Owner	Update – June 2016
		<p><b>Transformation 01/02/16); responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</b></p> <p></p>	<p>discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage further with the Service Transformation Team to bring a verbal update to the Committee meeting on 15<sup>th</sup> March.</p>
4.3	The expected impact of commercial proposals on the current local market should always be reported to the relevant Committee, to enable members to make an informed decision.	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp;</b></p>	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views of the Portfolio leads. At this meeting there will also be</p>



	Key Actions	Timescale & Owner	Update – June 2016
		<p><b>Transformation 01/02/16); responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</b></p> 	<p>discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage further with the Service Transformation Team to bring a verbal update to the Committee meeting on 15<sup>th</sup> March.</p>
5.	<p><b><u>Engagement with Members:</u></b></p> <p>Now that the transition from the Cabinet system to a Committee model of governance is complete, both officers and members need to ensure that new ways of working are fully embedded. Whilst Committees only take papers on decisions, due to their high workload, progress on key projects and negotiations should be a standing agenda item for Spokes meetings. Spokes can then brief their Group accordingly, and this will ensure that</p>		



	Key Actions	Timescale & Owner	Update – June 2016
	members are able to engage throughout the process of developing major projects. Additionally, there needs to be further guidance available for officers and members setting out what constitutes a key decision.		
5.3	Where projects of a commercial nature are underway, but have not yet progressed to the point of requiring a decision paper to be taken to the relevant Committee, updates on progress should be a standing agenda item for Spokes meetings, to enable continued member oversight and engagement with the development of major projects.	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/16); responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</b></p> 	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views of the Portfolio leads. At this meeting there will also be discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage</p>


	Key Actions	Timescale & Owner	Update – June 2016
			further with the Service Transformation Team to bring a verbal update to the Committee meeting on 15 <sup>th</sup> March.
5.5	As per the Council's Constitution, local members should be kept informed about matters affecting their divisions during the formative stages of policy development.	<p>As above.</p> 	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views of the Portfolio leads. At this meeting there will also be discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage further with the Service Transformation Team to bring a verbal</p>

	Key Actions	Timescale & Owner	Update – June 2016
			update to the Committee meeting on 15 <sup>th</sup> March.
5.6	Spokes must be briefed on proposals in time to consult with their Group members.	<p>As above.</p> 	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views of the Portfolio leads. At this meeting there will also be discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage further with the Service Transformation Team to bring a verbal update to the Committee meeting on 15<sup>th</sup> March.</p>

	Key Actions	Timescale & Owner	Update – June 2016
5.7	If a proposal is received positively at a Spokes meeting but, upon discussing the proposal further with their group, Spokes identify that there are concerns or issues which are likely to prohibit their party's support for the proposal at Committee, it would be useful for members to communicate this with the key officers concerned, who will then have an opportunity to address any concerns and provide additional information to the Committee meeting.	<p><b>General Purposes Committee</b> <b>30/11/2015</b></p> 	<p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Chairman of the Audit &amp; Accounts Committee confirmed he would take this action forward.</p> <p><u>Update from Audit &amp; Accounts Committee, 26/01/16:</u></p> <p>It was agreed that the Chair of the Audit &amp; Accounts Committee would be in the best position to take this action forward and was nominated as the action owner. Chair to write to all Spokes to make it clear that it would benefit the Committee process for Spokes to give officers advance notice where, following a Spokes meeting, it subsequently transpires in reporting back to their group that the group would not support the officer recommendations.</p>
5.9	This review has identified that members require a common understanding of key processes for challenge, including the process by which they may submit items for consideration at Spokes and Committee meetings, how to initiate a call-in, and the question of whether a decision may be rescinded by a Committee or whether this is the responsibility of Full Council. Democratic Services are requested to provide additional training and resources for members, to address these points.	<p><b>Monitoring Officer &amp; Democratic Services Manager</b> <b>31/12/2015</b></p> 	<p><u>Update received from Business Systems Strategist, 18/05/16:</u></p> <p>The new Committee Management system required a software update from the supplier prior to going live which has now been completed. User Acceptance Testing was being undertaken in the week beginning 16/05/16 and if no issues are raised, the system is expected to go live the following week.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The new Committee Management system has an expected go-live date in the next four weeks.</p> <p><u>Update received from Democratic Services Manager, 15/02/16:</u></p>

	Key Actions	Timescale & Owner	Update – June 2016
			<p>Council approved the recommendation from the Constitution and Ethics Committee and the Constitution has been updated accordingly.</p> <p>A copy of the guidance on the new Committee Management System has been placed in each Group Room, however the system is not yet live and is reliant on IT before a go live date can be set.</p>
6.	<p><b><u>Public Consultation:</u></b></p> <p>Officers will always need to conduct work on new proposals before consultation with the public is possible, but the philosophy of the Council must be to engage with the public as soon as possible. The public and their contributions should be considered a valuable resource. Public consultation must feed into the Community Impact Assessment for all projects, which must be made available to the relevant Committee for their consideration as part of the decision-making process.</p>		
6.4	<p>Consultation on projects must be held at a sufficiently early stage to be meaningful in shaping the proposed projects.</p>	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/16); responsibility for implementation lies</b></p>	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views of the Portfolio leads. At this meeting there will also be discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p>


	Key Actions	Timescale & Owner	Update – June 2016
		<p>with the Senior Responsible Officer (SRO) for each project/programme.</p> <p>☹</p>	<p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage further with the Service Transformation Team to bring a verbal update to the Committee meeting on 15<sup>th</sup> March.</p>
6.5	When a Key Decision is going to be made, information regarding consultation carried out and the results obtained needs to be available to members at the point that they are requested to make the decision, even if this means that a two-stage approach to consultation needs to be taken, with the public consulted first in a general way about proposals and then secondly about the detail of the proposals. Where this two-stage approach is taken, it must be ensured that final decisions are not taken with regards to the detailed proposals until consultation has been completed.	<p>As above</p> <p>☹</p>	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views of the Portfolio leads. At this meeting there will also be discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p>



	Key Actions	Timescale & Owner	Update – June 2016
			<p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage further with the Service Transformation Team to bring a verbal update to the Committee meeting on 15<sup>th</sup> March.</p>
7.	<p><b><u>Business Cases:</u></b></p> <p><b>Robust individual Business Cases must be produced for new commercial proposals, and be subject to challenge from the appropriate professional officers within the Council, and by members.</b></p>		
7.3	<p>As per the Council's Scheme of Financial Management (s.5), any new revenue or capital project costing more than £160,000 shall be appraised as to its financial, human resources, property and economic consequences and the appraisal approved by the relevant Strategic Finance Manager before detailed budgetary provision is made. The completion of this appraisal process should be confirmed in reporting to the relevant</p>	<p>As above</p> 	<p><u>Update received from Service Transformation Manager, 23/05/16:</u></p> <p>The work on the Project Management Guidance is almost complete. There is a Portfolio leads meeting on 21/06/16 to discuss the changes to the guidance and incorporate the views</p>


	Key Actions	Timescale & Owner	Update – June 2016
	Committee.		<p>of the Portfolio leads. At this meeting there will also be discussion of how the leads will assist with the communication to Project Sponsors, Managers, Leads etc. and how they will provide ongoing support.</p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Service Transformation Team has agreed to review and further update the guidance to fully reflect the agreed action points.</p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated, and portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p> <p><u>Internal Audit Note:</u> This action has not yet been marked as complete, as although new guidance has been produced, at the time of writing it needs to be confirmed that the new guidance explicitly addresses this action point. Internal Audit will engage further with the Service Transformation Team to bring a verbal update to the Committee meeting on 15<sup>th</sup> March.</p>







**Completed actions – at June 2016.**


	Key Actions	Timescale & Owner	Update – March 2016
1.	<p><b><u>Commercial Proposals Protocol:</u></b></p> <p>Increasingly, the public sector is competing to attract inward investment, to bring jobs and other economic opportunities to their local area. Cambridgeshire County Council will need to develop commercial skills to ensure innovation and inward investment opportunities are maximised, while still maintaining the principles of transparency and openness. A clear protocol is required to enable officers to develop commercial proposals which involve working alongside the private and voluntary sectors to enhance services and minimise the impact of austerity cuts on the public.</p>		
1.1	<p>An outline Commercial Proposals protocol has been developed, to enable officers to develop commercial proposals which involve working alongside the private and voluntary sectors. Audit recommend that this draft protocol is referred to the General Purposes Committee for their consideration and to agree a final version, which officers must follow if they are approached by or approach an external organisation with a commercial proposal.</p>	<p><b>General Purposes Committee</b> <b>15/03/2016</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>A draft protocol was taken to General Purposes Committee this morning. An amendment had been tabled and the item led to significant debate. Ultimately the Committee agreed that a small group of Members would meet to consider the draft protocol, possible amendments, and any other considerations which might need to be taken into account. This group would report back to GPC at the end of this process.</p>
2.	<p><b><u>Confidentiality:</u></b></p> <p>Although Confidentiality Agreements are an essential tool in many circumstances, clear guidance should be in place to establish the content</p>		


	Key Actions	Timescale & Owner	Update – March 2016
	of agreements and the circumstances under which they are appropriate. This guidance should establish clear lines of authorisation for entering into confidentiality agreements, which should include members, as well as a process for recording all such agreements. The guiding principle for the authority must be to maximise the extent to which information may be shared with members and the public.		
2.2	Current Council guidance for members is not entirely clear with regards to items which are taken to Spokes meetings and marked confidential; while it appears that there is an expectation that the relevant Executive Director should make it clear whether Spokes can circulate information to their groups, this is not clearly set out in the relevant guidance on the role of Spokes. The guidance should therefore be updated to reflect this.	Monitoring Officer 30/11/2015 	<b>COMPLETED</b>  <u>Update received from Democratic Services Manager, 26/02/16:</u>  The guidance on the role of Spokes was considered by the Member Development Panel on 26 January 2016 following consultation with all Members. The guidance was e-mailed to Members on 26 February 2016 along with a newly developed protocol for Committee Chairman/woman's briefing meetings.
2.3	The exclusion of access by the public to meetings where it is considered that confidential information would be disclosed should be kept to a minimum. Where the nature of the proceedings means that it would be possible to have a public discussion regarding a point(s) of principle on a matter, followed by a confidential discussion regarding specific confidential details, this approach should be adopted.	Monitoring Officer 30/11/2015 	<b>COMPLETED</b>  <u>Update received from Democratic Services Manager, 09/12/15:</u>  This is the current process. Any proposal from a Service for an item to be confidential needs to be cleared by the Monitoring Officer who is very challenging. Democratic Services Officers are aware of this and advise Services of this requirement. We also encourage them to include any confidential information as a confidential appendix so that the main report remains non-confidential.  It is believed that the Chief Executive is also looking at a process via Staffing and Appeals Committee and General Purposes


	Key Actions	Timescale & Owner	Update – March 2016
			Committee which would identify when an item ceased to be confidential (potentially sometime after the meeting) and could be revealed to the public.
3.	<p><b><u>Project Management:</u></b></p> <p>The impact of budget cuts means that the Council is likely to continue to engage in projects alongside the private sector. Project management methodology in use at Cambridgeshire should be challenged and, if necessary, refined to ensure that it is applicable to projects undertaken with commercial partners.</p>		
3.1	<p>A review should be conducted of project management methodology in use at Cambridgeshire, to ensure that it is comprehensive and relevant to projects undertaken with commercial partners, and states that every individual project should have clear governance arrangements in place, including a project team with formal responsibilities for progressing the project, and that respective Committees should be regularly updated on the projects taking place in their area.</p>	<p><b>Review of project management methodology:</b> <b>Director: Customer Service &amp; Transformation</b> <b>01/02/2016</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated and now includes detail of the governance structure for projects and the need to update the appropriate Committee. Portfolio leads have been made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p>
3.3	<p>Services which receive Gateway Review forms should respond with their comments within the allotted time. Where responses are not received from services even after chasing by the Service Transformation Team, this should be recorded by the team and reviewed on a six-monthly basis, to enable problem areas to be identified and issues escalated to the appropriate Service Director.</p>	<p><b>Director: Customer Service &amp; Transformation</b> <b>31/12/2015</b></p>	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>The Service Transformation Team is now monitoring turnaround times.</p>

	Key Actions	Timescale & Owner	Update – March 2016
			
3.4	Where a project is managed jointly by Cambridgeshire County Council and an external partner, Cambridgeshire should always maintain and regularly review an internal risk register that focuses on the risks which are specific to the Council, even if this is in addition to a shared risk register for the project.	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/16); responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated and now includes the requirement to maintain an internal risk register. Portfolio leads have been made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p>
3.5	When projects are in development, the sensitivity of the Purdah period should be taken into account in project timelines.	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/16);</b></p>	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance has been updated to include a point around consideration of purdah periods. Portfolio leads have been made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p>



	Key Actions	Timescale & Owner	Update – March 2016
		<p>responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</p> 	
5.	<p><b><u>Engagement with Members:</u></b></p> <p>Now that the transition from the Cabinet system to a Committee model of governance is complete, both officers and members need to ensure that new ways of working are fully embedded. Whilst Committees only take papers on decisions, due to their high workload, progress on key projects and negotiations should be a standing agenda item for Spokes meetings. Spokes can then brief their Group accordingly, and this will ensure that members are able to engage throughout the process of developing major projects. Additionally, there needs to be further guidance available for officers and members setting out what constitutes a key decision.</p>		
5.1	<p>It is recommended that a review is undertaken of any remaining projects and proposals which were initiated under the previous Cabinet system, to confirm that all such projects have now submitted a report to the relevant Committee or Spokes meeting, and that the appropriate members are therefore aware of all projects which are underway.</p>	<p><b>Democratic Services Manager</b> <b>31/12/2015</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>This review has been completed. No further projects or proposals were identified which have not already submitted a report to the relevant Committee or Spokes meeting.</p>



	Key Actions	Timescale & Owner	Update – March 2016
5.2	Additional guidance regarding what constitutes a Key Decision should be produced, particularly with regards to the question of what constitutes “significant” impact on the community living or working in an area of Cambridgeshire. Guidance should also clearly state that if there is any doubt regarding whether or not a decision should be considered a Key Decision, officers should contact the Monitoring Officer. Key Decisions must be advertised in the Council’s Forward Plan as per the procedure set out in the Constitution (at 4.2.13).	<p><b>Monitoring Officer</b> <b>31/12/2015</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update from Audit &amp; Accounts Committee, 15/03/16:</u></p> <p>The Audit &amp; Accounts Committee accepted this response to the action and commented that it was important that officers erred on the side of caution when considering whether or not a decision should be classed as a key decision.</p> <p><u>Update received from Democratic Services Manager, 15/02/16 (subject to the Monitoring Officer’s approval):</u></p> <p>Very few authorities have tried to attempt to define “significant” - where they do so they tend to list specific decisions to be treated as key, rather giving a general definition of “significant”. The County Council’s definition of a key decision is as follows:</p> <p>(a) Key Decisions</p> <p>A key decision is one which:</p> <ul style="list-style-type: none"> <li>• Results in the Council incurring expenditure or making savings, in a single transaction or a related series of transactions, in excess of £500,000 and/or</li> <li>• Is significant in terms of its effect on the community living or working in an area of Cambridgeshire.</li> </ul> <p>The first bullet is very clear.</p> <p>With reference to the second bullet, it is very difficult to define. CLEC is a prime example, as the officers might have thought the</p>



	Key Actions	Timescale & Owner	Update – March 2016
			<p>proposals to the third floor were not significant in relation to the effect on the community but the public outcry, which was not necessarily expected would suggest otherwise. It is therefore very difficult to provide guidance as to what constitutes a Key Decision in relation to significance. However, the following wording is very appropriate and should be included on the Forward Plan of Key Decisions:</p> <p><b>“If there is any doubt regarding whether or not a decision should be considered a Key Decision, officers should contact the Monitoring Officer.”</b></p>
5.4	When reporting to Committee regarding proposed projects which involve working with an external organisation, members should be provided with sufficient information about the proposed partner organisation to enable them to come to an informed decision, including information on due diligence which has been carried out in relation to the organisation.	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/16); responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance updated. The new guidance includes the fact that the relevant Committee should be provided with details of due diligence carried out in relation to proposed projects with partner organisations, and that the Business Case should always be provided in the first update to Committee. Portfolio leads have been made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p>


	Key Actions	Timescale & Owner	Update – March 2016
5.8	Democratic Services has conducted annual training for Committee Chairs, Vice Chairs and Spokes on the 25 <sup>th</sup> August 2015, regarding the respective roles and responsibilities of each post. Following this report, Democratic Services are requested to review the content of this training and make it available to all members, for reference.	<p><b>Democratic Services Manager</b> <b>30/11/2015</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Democratic Services Manager, 09/12/15:</u></p> <p>The training provided for Chairs, Vice-Chairs and Spokes on 25 August 2015 was effectively a workshop looking at their role descriptions. The Member Development Panel has analysed feedback from the workshop and considered revised role descriptions. The Panel e-mailed these role descriptions to all Members for comment. The Panel did not therefore consider it appropriate to hold this particular training event for all Members.</p>
6.	<p><b><u>Public Consultation:</u></b></p> <p><b>Officers will always need to conduct work on new proposals before consultation with the public is possible, but the philosophy of the Council must be to engage with the public as soon as possible. The public and their contributions should be considered a valuable resource. Public consultation must feed into the Community Impact Assessment for all projects, which must be made available to the relevant Committee for their consideration as part of the decision-making process.</b></p>		
6.1	A Member Review Group is currently looking at the County Council's approach to consultation, with a view to revising the available advice and guidance, and member involvement. The legal requirements around consultation have recently been reviewed with Legal Services, as a result of which the Council's Research and Performance team will be running a member seminar on November 13 <sup>th</sup> on the topic, to update member	<p><b>Member Review Group &amp; Research and Performance Team Manager</b> <b>01/02/2016</b></p>	<p><b>COMPLETED</b></p> <p><u>Update received from Research and Performance Team Manager, 23/05/16:</u></p> <p>New consultation guidance has been drafted and discussed</p>





	Key Actions	Timescale & Owner	Update – March 2016
	<p>understanding. As part of this review, it is recommended that further guidance is made available to officers which gives additional information on:</p> <ul style="list-style-type: none"> <li>➤ Circumstances under which the Council would expect public consultation to take place prior to a decision being made by Committee;</li> <li>➤ Guidance on when consultation should be carried out in relation to the signing of contracts;</li> <li>➤ Legal requirements around consultation;</li> <li>➤ Guidance on the duration, timing and format of consultation which might be expected in different circumstances.</li> </ul>		<p>with both SMT and the Member working group on consultation. The resulting guidance has been submitted to GPC on the 31st May. There is specific reference within the GPC paper of the need to respond to the recommendations of the CLEC review. The consultation guidance does respond to the substantive points within the CLEC action plan; guidance on timing of consultation and legal advice in regard to how to carry out consultation. Reference is also made to the length of time consultations should take. Guidance drafted around consulting 'at a formative stage' in decision making should be taken as also applying to the point made within the CLEC review in regard to the signing of contracts.</p>
6.2	<p>Guidance should also be made available for the public, to clarify the level, duration and timing of public consultation they can expect from the Council in relation to different types of decision to be made.</p>	<p><b>Research &amp; Performance Team Manager</b> <b>01/02/2016</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Research and Performance Team Manager, 23/05/16:</u></p> <p>New consultation guidance has been drafted and discussed with both SMT and the Member working group on consultation. The resulting guidance has been submitted to GPC on the 31st May. There is specific reference within the GPC paper of the need to respond to the recommendations of the CLEC review. The consultation guidance does respond to the substantive points within the CLEC action plan; guidance on timing of consultation and legal advice in regard to how to carry out consultation. Reference is also made to the length of time consultations should take. Guidance drafted around consulting 'at a formative stage' in decision making should be taken as also</p>

	Key Actions	Timescale & Owner	Update – March 2016
			applying to the point made within the CLEC review in regard to the signing of contracts.
6.3	Plans for public consultation on Council projects should be discussed at Spokes and with the relevant local member(s), to enable members to give their input on the level of consultation required, and the milestones at which the community and other stakeholders should be engaged.	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/16); responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance updated. Portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p>
6.6	Committees should be given the details of proposed public consultation in relation to decisions which they are being asked to make, specifically the timing and duration of the consultation, and the level of input which the public will be able to make.	<p><b>As above</b></p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance updated with the requirement to update the relevant Committee with details of planned consultation and discuss consultation plans at Spokes. Portfolio</p>

	Key Actions	Timescale & Owner	Update – March 2016
			leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.
6.7	Where projects are included in the Council's Business Plan in the knowledge that there is a possibility that they will be carried out by or in partnership with a commercial or third sector organisation, this should be made clear in the description of the scheme in the Business Plan.	<p>As above</p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Business Planning Co-ordination group made aware of this recommendation.</p> <p><u>Update received from Director of Customer Service and Transformation, 07/01/16:</u></p> <p>This will be incorporated within the current Project Management guidance. Upon completion the Portfolio leads will be advised of the amended guidance to cascade to Project Managers etc accordingly. This is the responsibility of the SRO / Project Board to ensure this is undertaken. The Business Planning Coordination group will be advised of this requirement.</p>
6.8	Public consultation must feed into the Community Impact Assessment for all projects, which must be made available to the relevant Committee for their consideration as part of the decision-making process.	<p>As above</p> 	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance updated with this action. Portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p>

	Key Actions	Timescale & Owner	Update – March 2016
7.	<p><b><u>Business Cases:</u></b></p> <p><b>Robust individual Business Cases must be produced for new commercial proposals, and be subject to challenge from the appropriate professional officers within the Council, and by members.</b></p>		
7.1	<p>The Council's standard Business Case template should be completed for all projects.</p>	<p><b>Updated guidance to be included in the review of project management methodology (Director: Customer Service &amp; Transformation 01/02/16); responsibility for implementation lies with the Senior Responsible Officer (SRO) for each project/programme.</b></p> <p></p>	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p> <p>Project management guidance updated with this action. Portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.</p>
7.2	<p>When reporting to Committee regarding proposed projects, officers should either provide the Business Case itself as an appendix to the report or ensure that the high-level headings in the Council's Business Case template are all covered. If an area of the template is deemed not to be</p>	<p><b>As above</b></p>	<p><b>COMPLETED</b></p> <p><u>Update received from Service Transformation Manager, 01/03/16:</u></p>

	Key Actions	Timescale & Owner	Update – March 2016
	relevant to the project in question, this should be highlighted to members. If the project is already underway, the current risk log for the project should also be provided to members.		Project management guidance updated to specify that the Business Case should always be provided in the first update report to Committee. Portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.
7.4	Officers should be reminded of the Business Case template and other key project management resources available, through an awareness-raising exercise on the CamWeb staff intranet.	As above 	<b>COMPLETED</b>  <u>Update received from Service Transformation Manager, 01/03/16:</u>  Project management guidance updated. Portfolio leads made aware of revised guidance and asked to cascade to Project Managers in appropriate manner.



**ASSURANCE FRAMEWORK SIX MONTHLY UPDATE**

*To:* **Audit and Accounts Committee**

*Date:* **7<sup>th</sup> June 2016**

*From:* **Head of Internal Audit**

*Electoral Division(s):* **All**

*Forward Plan Ref:* **N/a** Key decision: **No**

*Purpose:* **To provide the Audit and Accounts Committee with the sources of assurance related to key controls for the Council.**

**To detail assurance following the “Three Lines of Defence” Model.**

*Key Issues:* **The Assurance Framework has been updated to reflect work undertaken in the last 6 months, changes to the corporate risk register, and to reflect assurances due from the 2015/16 Internal Audit Plan .**

*Recommendation:* **The Audit and Accounts Committee is asked to note the current version of the Assurance Framework.**

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## **1. BACKGROUND**

- 1.1 The Audit and Accounts Committee first adopted an Assurance Framework in 2007. The Assurance Framework is presented in a way which sets out the areas for which the Committee requires assurance, and notes progress as this is received
- 1.2 The Assurance Framework was initially drawn up as a response to the Use of Resources Assessment requirement for the Council to have in place a method of tracking the assurance that the Committee receives on the control of the principal risks to meeting the Council's strategic objectives. The information received feeds into the Annual Governance Statement (AGS).
- 1.3 As well as informing the AGS, the Assurance Framework reporting process is also intended to assist the Audit and Accounts Committee to carry out its duties of:
  - Considering the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
  - Seeking assurances that action is being taken on risk-related issues identified by auditors and inspectors;
  - Seeking assurance that action has been taken to implement the recommendations arising from the findings of significant assurance work and;
  - Considering areas where assurance may be required in future Internal Audit plans.
- 1.4 The Appendix to this report contains the current version of the Assurance Framework. The Framework has been updated to remove reviews where assurance is no longer relevant.

## **2. THE ASSURANCE FRAMEWORK - KEY FEATURES**

- 2.1 As a reminder, the established key features of the high-level assurance framework document are that:
  - The Framework includes all Strategic Risks included within the Corporate Risk Register and all key principles from the Council's Code of Corporate Governance.
  - Where independent assurance is not available the area is coloured grey (not applicable in this iteration).
  - Assurances are received from internal sources (e.g. from Internal Audit) and external sources (for example Ofsted).



- The Committee receives updates on the framework on a six monthly basis. This gives information on latest reports and highlights any significant changes in assurance levels.
- 2.2 The Assurance Framework uses the same format that was presented at the November 2015 Committee. A 'Three Lines of Defence' format has been used to emphasise that the responsibilities for providing the Audit Committee with assurance spread much wider than Internal Audit in isolation. The benefit of this approach is that it supports a wider ownership of the importance of control in the organisation, and provides greater intelligence on control effectiveness.

### **3 CHANGES IN OVERALL ASSURANCE LEVELS**

- 3.1 The Committee should note that the Framework reflects changes to the Council's Corporate Risk Register and as a result risks 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 18, 19, 25 and 28 are not included within the Framework. These corporate risks have either been closed, transferred to service level risk registers or have been consolidated with other risks within the register.

<b>Source Documents</b>	<b>Location</b>
Corporate Risk Register Code of Corporate Governance Internal Audit Reports External Assurance provider reports Directors Assurance Statement reports	Internal Audit Shire Hall Box OCT1108



Ref	Assurances Required			Assurance Currently Available		
	Key Control area	Nature of assurance required	Source	First level of Assurance	Second Level of Assurance	Third level of Assurance
				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF1a	<b>Formulation of 5 year Business Plan commencing 2016/17</b>	The Council has clear political direction, vision, priorities and outcomes in the 16/17 Business Plan to direct resource use. Necessary efficiency savings should be identified and incorporated into the plan.	Corporate Risk Register (1a)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Monthly Integrated Resources and Performance Report to General Purposes Committee</li> <li>• Regular meetings with Director of Finance/ S151 Officer, Committee Chairs and relevant Directors to track exceptions and identify remedial actions</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> <li>• Engagement of Committees in the creation of the 2016/17 Business Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Service Transformation - February 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Business Planning 2013/14 - Substantial Assurance</li> <li>• Internal Audit Review - Business Planning 2014/15 - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Early Help Project - Embedded Assurance Review- July 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Programme and Project Management - January 2015 - Moderate Assurance</li> <li>• <b>Internal Audit Review - Fees and Charges - February 2016</b></li> </ul>
AF1b	<b>Current Business Plan Delivery</b>	The Council is able to achieve required savings and meet statutory responsibilities or budget targets	Corporate Risk Register (1b)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Monthly Integrated Resources and Performance Report to General Purposes Committee</li> <li>• Regular meetings with Director of Finance / S151 Officer, Committee Chairs and relevant Directors to track exceptions and identify remedial actions</li> <li>• Budget holders' monthly meetings with Finance Manager</li> <li>• LGSS governance arrangements include representation on SMT</li> <li>• Peer Reviews and complaints / consultation processes</li> <li>• Treasury Management to GPC</li> <li>• Bi-annual Leaders and Chairs meeting and Cambridgeshire Public Service Board</li> <li>• Board Thematic Partnerships including the LEP and the Health and Well Being Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Transforming Economy, Transport and Environment - February 2013 - Substantial Assurance</li> <li>• Internal Audit Review - Embedded Assurance - ETE Directorate Transformation Closure / Post Implementation - December 2013 - Substantial Assurance.</li> <li>• Internal Audit Review - Budgetary Control - January 2014 - Substantial Assurance</li> <li>• Local Government Association - Corporate Peer Challenge - October 2013</li> <li>• Internal Audit Review - Delivery of Business Plan Savings 2014/15 - December 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Programme and Project Management - January 2015 - Moderate Assurance</li> <li>• Internal Audit Review - Budgetary Control - October 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Capital Programme - February 2015 - Substantial Assurance</li> <li>• Consultancy Review - Older People's Service Financial Management - June 2015</li> <li>• <b>Internal Audit Review - Budgetary Control - December 2015 - Control Environment - Substantial, Compliance - Good</b></li> <li>• <b>Internal Audit Review - Payment Methods - March 2016 - Control Environment - Limited, Compliance - Limited</b></li> <li>• <b>Internal Audit Review - Trading Units - September 2015 - Moderate Assurance</b></li> </ul>
AF2	<b>Shared Services Programme</b>	The quality, responsiveness and standard of LGSS services meets CCC requirements.	Corporate Risk Register (2)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• LGSS Joint Committee structure including CCC Councillor representation</li> <li>• CCC representation on LGSS Management Board</li> <li>• LGSS Strategic Plan 2013/14 - 2017/18</li> <li>• LGSS representation on SMT to ensure LGSS meets current and future council needs</li> <li>• New LGSS SLA and linked KPIs, which are reported to SMT</li> </ul>	<ul style="list-style-type: none"> <li>• Resources and Performance Overview and Scrutiny Committee Review of Shared Services Savings within Integrated Plan - February 2013</li> <li>• Quarterly updates on progress from LGSS Director of Finance/Operating Director with mitigation update as part of corporate risk reporting process</li> <li>• LGSS Overview and Scrutiny Group review of LGSS Marketing Strategy - February 2013</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Budget Monitoring and Control - May 2013 - Substantial Assurance</li> <li>• Internal Audit - Main Financial Systems (Accounts Payable, Accounts Receivable, Payroll, General Ledger and Cash Management) - May 2013 - Moderate Assurance</li> <li>• <b>Internal Audit - Main Financial Systems (Accounts Payable, Accounts Receivable, Payroll, General Ledger and Cash Management) - March 2015 - Substantial Assurance</b></li> <li>• LGA - Corporate Peer Challenge - October 2013</li> <li>• Internal Audit Review - LGSS Service Delivery - March 2014 - Moderate Assurance</li> </ul>

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				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF3	<b>Workforce recruitment and retention</b>	The Council has a highly motivated, skilled and flexible workforce working to flexible terms and conditions who are able to deliver effective services	Corporate Risk Register (3)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Workforce strategy and development plans</li> <li>• Comprehensive HR and OD Policies</li> <li>• Increased use of statistical data to shape activity relating to recruitment</li> <li>• Staff Training</li> <li>• Employee support through health and well being and counselling service agenda</li> <li>• Monitoring of recruitment advertising</li> <li>• Robust performance management and development practices in place</li> <li>• Flexible terms and conditions of employment</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> <li>• HR &amp; OD Performance Report - March 2013</li> <li>• Resources &amp; Performance Overview and Scrutiny Committee review of The Council's use of Consultants and Interim Managers - March 2013</li> <li>• Resources &amp; Performance Overview and Scrutiny Committee review of Zero Hours Contracts - March 2014</li> <li>• Exit interviews from staff leaving the service to monitor their reasons for leaving</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Embedded Assurance - ETE Directorate Transformation Closure / Post Implementation Review - December 2013 - Substantial Assurance.</li> <li>• Internal Audit Review - Workforce Retention and Knowledge Management - June 2014 - Substantial Assurance</li> </ul>
AF4	<b>Procurement and Contract Management</b>	Strong and consistent procurement and contract management arrangements are in place to aid the delivery of value for money through procurement activities aided by effective training for contract managers.	Corporate Risk Register (4)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Central Contract Register</li> <li>• Contract Regulations and Procurement Best Practice Guidance available on intranet system</li> <li>• Procurement Training is compulsory before users can access the system.</li> <li>• Cambridgeshire Procurement Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates on progress with mitigation update as part of corporate risk reporting process</li> <li>• Resources &amp; Performance Overview and Scrutiny Committee review of The Council's use of Consultants and Interim Managers - March 2013. Update March 2014.</li> <li>• Resources &amp; Performance Overview and Scrutiny Committee review 'Getting Maximum Value for Money in Procuring Goods, Services and Works' - June 2010. Update March 2014.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit review - Embedded Assurance - Science Park Station - January 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Use of e-auctions - February 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Use of Consultants/Agency Workers - April 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Procurement - May 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Highways Service Contract - August 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Public Health Commissioning and Contracting - August 2014 - Substantial Assurance</li> <li>• <b>Internal Audit Review - Duplicate Payments - January 2016 - Organisational Impact - Minor</b></li> <li>• <b>Internal Audit Review - Fairer Contributions - December 2015 - Good Assurance</b></li> <li>• <b>Internal Audit Review- Home to School Transport - March 2016 - Good Assurance</b></li> <li>• <b>Internal Audit Review- Public health Checks - June 2015 - Moderate Assurance</b></li> <li>• <b>Internal Audit Review - Cash &amp; Cheques Payments - February 2016 - Moderate Assurance</b></li> </ul>
AF5	<b>Infrastructure Funding Shortage</b>	Sufficient funding is obtained from all available sources including Section 106 payments and other planning contributions to deliver key infrastructure / services / developments.	Corporate Risk Register (9)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• A prudential borrowing strategy is in place to fund infrastructure where appropriate.</li> <li>• Maximisation of securing developer contributions is achieved through County Council input to Section 106 negotiations.</li> <li>• Framework for bidding for transport funds under LTP</li> <li>• Huntingdonshire District Council and East Cambridgeshire District Council implementation of Community Infrastructure Levy</li> <li>• A14 Local Finance Contribution</li> <li>• City Deal for Greater Cambridge</li> <li>• Lobbying Central Government</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates on progress with mitigation update as part of corporate risk reporting process</li> <li>• Overview and Scrutiny Committee review of Northstowe S106 Agreement</li> <li>• Enterprise, Growth and Community Infrastructure Overview and Scrutiny Review of Street Lighting PFI contract - Sept 2013</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Section 106 - January 2013 - Substantial Assurance</li> <li>• Internal Audit Review - Local highways Improvement Scheme - December 2013 - Moderate Assurance</li> <li>• Internal Audit Review - Embedded Assurance - Science Park Station - January 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Investing in Local Transport Solutions - June 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Use of S106 Receipts and the Community Infrastructure Levy - June 2015 - Moderate Assurance</li> <li>• <b>Internal Audit Review - Briefing note - Highways Revaluation - August 2015</b></li> <li>• <b>Internal Audit Review - City Deal - January 2016 - Organisational Impact - Minor</b></li> </ul>

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AF7	<b>Safeguarding Vulnerable Children and Adults</b>	Robust systems are in place to safeguard vulnerable children and adults, preventing harm to them in accordance with statutory requirements.	Corporate Risk Register (15)  Strategic Objective 2	<ul style="list-style-type: none"> <li>• Directors Assurance Statement</li> <li>• Multi-agency Safeguarding Boards</li> <li>• Safeguarding Procedures, monitored during on-going supervision, and via CYPs Quality Framework arrangements including case audits.</li> <li>• Cambridgeshire Post-Ofsted Action Plan</li> <li>• 'Together for Families' Programme</li> <li>• CFA Performance &amp; Quality Assurance Board monthly report</li> <li>• Early Years and Childcare Quality Framework</li> <li>• Countywide Older People Strategy</li> <li>• Transforming Lives Project and Transforming Lives Strategy</li> <li>• Development of Draft Cambridgeshire Adult Carers' Strategy</li> <li>• Fairer Contributions Policy</li> <li>• Adults Safeguarding Practice Guidance and Procedures in place for Partners</li> <li>• Comprehensive and robust recruitment and training and development policies for staff, including safer employment practices and arrangements for induction and ongoing development</li> <li>• Common Assessment Framework</li> <li>• Health and Wellbeing Strategy</li> <li>• Multi Agency Safeguarding Hub supports effective referral of vulnerable people across agencies</li> <li>• Adult Safeguarding Strategy</li> <li>• Recruitment and Retention Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> <li>• Safeguarding and Standards Unit</li> <li>• Governments Adoption Scorecard Threshold Met</li> <li>• Better Care Fund Plan Working Party of Members formed to regularly review and monitor the development of the Better Care Fund Plan and report to Committee quarterly.</li> </ul>	<ul style="list-style-type: none"> <li>• Ofsted Inspection of Local Authority Arrangements for the Protection of Children - August 2014 - Rated as Good</li> <li>• Internal Audit Review - Looked after Children and Corporate Parenting - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Safe Recruitment in Schools - September 2013 - Moderate Assurance</li> <li>• Safeguarding Peer Review - October 2013</li> <li>• Internal Audit Review - SEN Placement Strategy - Substantial Assurance</li> <li>• Internal Audit Review - Children in Entertainment - October 2013 (Consultancy review)</li> <li>• Internal Audit Review - Internal Audit Review - Transfer of Older People's Services (CCS) - December 2013 - Substantial Assurance</li> <li>• Internal Audit Review - Embedded Assurance - Early Help - July 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Personal Budgets for Children - January 2015 - Substantial Assurance</li> <li>• Internal Audit Review - Safe Recruitment in Schools - June 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Adoption Service Partnership - Embedded Assurance Review - March 2015 - Substantial Assurance</li> <li>• <b>Internal Audit Review - Review - LAC Placements Strategy - February 2016</b></li> <li>• <b>Internal Audit Review - Home to School Transport - March 2016 - Control Environment - Limited, Compliance - Good</b></li> <li>• <b>Internal Audit Review - Vulnerable Clients Monies Management - July 2015 - Limited Assurance</b></li> <li>• <b>Internal Audit Review - Direct Payments Compliance - March 2016 - Organisational Impact - Minor</b></li> <li>• <b>Internal Audit Review - Safe Recruitment in Schools - October 2015 - Moderate Assurance</b></li> <li>• <b>Internal Audit Review - Domiciliary Care - Missed Calls - March 2016 - Moderate Assurance</b></li> <li>• <b>Internal Audit Review - Direct Payments - March 2016 - Good Assurance</b></li> <li>• <b>Internal Audit Review - Better Care Fund - July 2015 - Substantial Assurance</b></li> </ul>
AF9	<b>Compliance with legislative and regulatory requirements</b>	Robust arrangements are in place to ensure that staff remain aware of changes to legislative / regulatory requirements and take necessary actions as required in a timely manner	Corporate Risk Register (20)	<ul style="list-style-type: none"> <li>• Directors Assurance Statement</li> <li>• Chief Executive sign-off</li> <li>• Scheme of delegation</li> <li>• Monitoring Officer</li> <li>• Code of Corporate Governance</li> <li>• LGSS Legal team up to date with legislation and brief Corporate Leadership team on any changes</li> <li>• Health and Safety policy and processes</li> <li>• The Policy Network maintains an overview of emerging requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarding and Standards Unit</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Embedded Assurance - Public Health - July 2013 - Substantial Assurance</li> <li>• Internal Audit Review - Looked After Children and Corporate Parenting - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Procurement - May 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Information Governance - October 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Information Governance in Public Health - February 2015 - Substantial Assurance</li> <li>• Internal Audit Review - Adoption Service Partnership - Embedded Assurance Review - March 2015 - Substantial Assurance</li> <li>• Internal Audit Review - Health and Safety - November 2015 - Substantial Assurance</li> <li>• <b>Internal Audit Review - Vulnerable Clients Monies Management - July 2015 - Limited Assurance</b></li> <li>• <b>Internal Audit Review - Health and Safety - September 2015 - Substantial Assurance</b></li> <li>• <b>Internal Audit Review - Direct Payments - March 2016 - Moderate Assurance</b></li> <li>• <b>Internal Audit Review - Section 106 and CIL - June 2015 - Moderate Assurance</b></li> </ul>

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				<b>Senior and operational management</b>	<b>Compliance reviews, risk management, scrutiny reviews</b>	<b>Internal and External Audit, Inspectorates, External Assurance Providers</b>
AF10	<b>Business Disruption</b>	The Authority has appropriate arrangements in place to deal with large scale incidents including:- <ul style="list-style-type: none"> <li>• industrial action</li> <li>• pandemics</li> <li>• adverse weather</li> <li>• loss of use of assets, utility services, staff, premises, suppliers, IT, equipment or data</li> </ul> Ensuring key services for vulnerable people are maintained and disruptions to services as a whole are minimised	Corporate Risk Register (21)	<ul style="list-style-type: none"> <li>• Directors Assurance Statement Service continuity plans</li> <li>• Corporate and service business continuity plans</li> <li>• Multi-agency collaboration through the Cambridgeshire &amp; Peterborough Local Resilience Forum (CPLRF)</li> <li>• Periodic testing of Business Continuity Plans</li> <li>• Business Continuity Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> <li>• Business Continuity Planning toolkit</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Business Contunuity - February 2015 - Moderate Assurance</li> </ul>
AF11	<b>Cambridgeshire Future Transport Programme</b>	The programme delivers effective, efficient and responsive passenger transport services around Cambridgeshire, meeting accessibility needs of residents.	Corporate Risk Register (22)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Governance group in place to oversee the programme.</li> <li>• Cambridge Future Transport community engagement programme</li> <li>• Communications strategy</li> <li>• Engagement strategy including stakeholder mapping</li> <li>• Two year programme for the review of commissioning</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> <li>• Economy and Environment Committee oversight of CFT programme and consultation of the Chair and Vice Chair on individual investments</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Investing in Local Transport Solutions Community Engagement Programme - February 2013 - Moderate Assurance</li> </ul>
AF12	<b>Major Fraud and/or Corruption</b>	The Council has appropriate anti fraud measures in place to prevent reputational damage and financial loss.	Corporate Risk Register (23)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Anti Fraud and Corruption Policy &amp; Fraud Response Plan</li> <li>• Whistle Blowing Policy</li> <li>• System of Internal Audit</li> <li>• Code of conduct</li> <li>• Fraud and Corruption Intranet page</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>• National Fraud Initiative Work Programme Investigation Activity</li> <li>• Anti Fraud and Corruption Policy &amp; Fraud Response Plan and Awareness Activities - March 2013</li> <li>• Internal Audit Review - Key Financial Systems - April 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Pensions Administration - July 2013 - Moderate Assurance</li> <li>• Internal Audit Review - Payroll - July 2013 - Moderate Assurance</li> <li>• Internal Audit - post-investigation reports</li> <li>• <b>Internal Audit Review - Payroll - July 2015 - Substantial Assurance</b></li> <li>• <b>Internal Audit Review - Direct Payments Compliance - March 2016 - Organisational Impact - Minor</b></li> <li>• <b>Internal Audit Review - Direct Payments - March 2016 - Good Assurance</b></li> <li>• <b>Internal Audit Review - Key Systems Access Control - January 2016 - Moderate Assurance</b></li> <li>• <b>Internal Audit Review - Vulnerable Clients Monies - September 2015 - Limited Assurance</b></li> </ul>

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				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF13	<b>Information Management, Data Accuracy and compliance with the Data Protection Act</b>	Staff are equipped with the training, skills, systems and tools to enable them to meet the statutory standards for information management. Information and data held in systems is accurate, up to date, comprehensive and fit for purpose enabling managers to make confident and informed decisions.	Corporate Risk Register (24)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Information Strategy in place</li> <li>• Records Management policies and retention schedules in place</li> <li>• IT Strategy 2013 - 2017</li> <li>• Tools including Encrypted laptops and USB sticks utilised for security</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Review - Consultation and Use of Intelligence - January 2013 - Moderate Assurance</li> <li>• Internal Audit Review - Information Governance Council-Wide - October 2014 - Moderate Assurance</li> <li>• Internal Audit Review - Infomation Governance in Public Health - February 2015 - Substantial Assurance</li> <li>• <b>External Audit Review by Information Commissioners Office - May 2016</b></li> <li>• <b>PSN certification - yearly</b></li> <li>• <b>Information Toolkit for Public Health</b></li> <li>• <b>Internal Audit Review - Records Management - June 2016 - Good Assurance</b></li> </ul>
AF15	<b>Focusing on the purpose of the authority, the outcomes for the community and creating / implementing a vision for the local area</b>	<p>Strategic Leadership is exercised. Clear communication of the authorities purpose and vision and outcomes for citizens.</p> <p>Users receive a high quality service whether directly, or in partnership by commissioning.</p>	<ul style="list-style-type: none"> <li>• Six Chartered Institute of Public Finance and Accounts (CIPFA) / Society of Local Authority Chief Executives (SOLACE) key principles</li> <li>• Annual Governance Statement</li> <li>• Code of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive sign-off of Business Plan and Annual Governance Statement.</li> <li>• Business Planning Process, and associated public consultation</li> <li>• Online channels and social media to engage with the public</li> <li>• Cambridgeshire Public Service Board</li> <li>• The Policy Network</li> <li>• Health and Wellbeing Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Community Impact Assessments (CIA)</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Annual Governance Statement</li> <li>• Internal Audit Review - Public Health - Embedded Assurance - July 2013 - Substantial Assurance</li> <li>• LGA - Corporate Peer Challenge - October 2013</li> <li>• 2013/14 Internal Audit Plan - Business Planning - Substantial Assurance</li> <li>• Internal Audit Review - Business Planning 2014/15 - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Delivery of Business Plan Savings 2014/15 - December 2014 - Substantial Assurance</li> </ul>
AF16	<b>Members and Officers working together to achieve a common purpose with clearly defined functions and roles</b>	<p>There is effective leadership throughout the Council.</p> <p>Clarity about executive and non-executive functions and of the roles and responsibilities of the scrutiny function exist.</p> <p>A constructive working relationship exists between elected members and officers.</p> <p>Responsibilities of members and officers are carried out to a high standard.</p>	<ul style="list-style-type: none"> <li>• Six CIPFA / SOLACE key principles</li> <li>• Annual Governance Statement</li> <li>• Code of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Directors Assurance Statement</li> <li>• Scheme of delegation</li> <li>• Chief Executive sign off of Business Plan and Annual Governance Statement.</li> <li>• Member development training and mentoring</li> <li>• Regular Group Leader / Spokes / Senior Officer meetings</li> </ul>		<ul style="list-style-type: none"> <li>• Review of Annual Governance Statement</li> <li>• Internal Audit Review - Democratic Services - July 2013 - Substantial Assurance</li> <li>• 2013/14 Internal Audit Plan - Business Planning - Substantial Assurance</li> <li>• Internal Audit Review - Business Planning 2014/15 - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Delivery of Business Plan Savings 2014/15 - December 2014 - Substantial Assurance</li> </ul>

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				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF17	<b>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>	<p>Authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.</p> <p>Organisational values are put into practice and are effective.</p>	<ul style="list-style-type: none"> <li>• Six CIPFA / SOLACE key principles</li> <li>• Annual Governance Statement</li> <li>• Code of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Directors Assurance Statement</li> <li>• Review for Annual Governance Statement</li> <li>• Member and Officer Codes of Conduct</li> <li>• Annual Governance Statement</li> <li>• Whistle blowing Policy</li> <li>• Fraud and Corruption Intranet site</li> <li>• Bribery Act guidance online leaflet</li> <li>• Section 151 Officer Responsibilities</li> <li>• Council Constitution</li> <li>• Register of Interests</li> <li>• Contract Regulations</li> <li>• Monitoring Officer</li> </ul>	<ul style="list-style-type: none"> <li>• Staff Ethical Governance Framework</li> <li>• Constitution and Ethics Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Annual Governance Statement</li> <li>• LGSS Anti-Fraud Policy and Response Plan</li> <li>• Internal Audit Review - Democratic Services - July 2013 - Substantial Assurance</li> <li>• Internal Audit Review - Members Expenses - May 2013 - Moderate Assurance</li> <li>• Internal Audit Fraud Awareness Activities - March 2013</li> <li>• Internal Audit Review - Ethics - September 2014 - Substantial Assurance</li> </ul>
AF18	<b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b>	<p>Rigorous and transparent decisions are taken.</p> <p>Outcomes of constructive scrutiny are acted on.</p> <p>Good quality information, advice and support, ensure services are delivered effectively and are what the community want / need.</p> <p>An effective Risk Management system is in place.</p> <p>Legal powers are used to the full benefit of citizens and communities.</p>	<ul style="list-style-type: none"> <li>• Six CIPFA / SOLACE key principles</li> <li>• Annual Governance Statement</li> <li>• Code of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Directors Assurance Statement</li> <li>• Risk Management Team reporting to SMT / GPC</li> <li>• Register of Interests</li> <li>• Declaration of interests in meetings</li> <li>• Committee minutes and agendas</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Annual Governance Statement</li> <li>• Internal Audit Review - Consultation and Use of Intelligence - January 2013 - Moderate Assurance</li> <li>• 2013/14 Internal Audit Plan - Business Planning - Substantial Assurance</li> <li>• Internal Audit Review - Business Planning 2014/15 - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Delivery of Business Plan Savings 2014/15 - December 2014 - Substantial Assurance</li> </ul>
AF19	<b>Developing the capacity and capability of Members and Officers to be effective</b>	<p>Members and officers have the skills, knowledge and resources required to perform well in their roles.</p> <p>The capabilities of people with governance responsibilities are developed and their performance evaluated as individuals and as a group.</p> <p>New talent for membership of the authority is encouraged, balancing continuity and renewal.</p>	<ul style="list-style-type: none"> <li>• Six CIPFA / SOLACE key principles</li> <li>• Annual Governance Statement</li> <li>• Code of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Directors Assurance Statement</li> <li>• Members' Corporate Seminars</li> <li>• Induction programme for Members</li> <li>• Corporate Induction and Development Policies</li> <li>• Member development training and mentoring</li> <li>• East of England Charter For Elected Member Development</li> </ul>		<ul style="list-style-type: none"> <li>• Review of Annual Governance Statement</li> <li>• Internal Audit Review - Democratic Services - July 2013 - Substantial Assurance</li> <li>• Internal Audit Review - Looked After Children and Corporate Parenting - May 2014 - Substantial Assurance</li> </ul>



Ref	Assurances Required			Assurance Currently Available		
	Key Control area	Nature of assurance required	Source	First level of Assurance	Second Level of Assurance	Third level of Assurance
				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF20	<b>Engaging with local people and other stakeholders to ensure robust public accountability</b>	<p>A robust overview and scrutiny function which effectively engages local people and all local institutional stakeholders. Constructive accountability relationships are developed.</p> <p>An active and planned approach to dialogue with and accountability to the public, ensures effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.</p>	<ul style="list-style-type: none"> <li>• Six CIPFA / SOLACE key principles</li> <li>• Annual Governance Statement</li> <li>• Code of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Community Engagement Strategy and Action Plan</li> <li>• Adult Social Care Service User Experience Survey</li> <li>• Public consultation on 2015/16 Business Plan budget</li> <li>• Public Question Time and Petitions</li> </ul>	<ul style="list-style-type: none"> <li>• Freedom of Information and Information Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Annual Governance Statement</li> <li>• Internal Audit Review - Consultation and Use of Intelligence - January 2013 - Moderate Assurance</li> <li>• 2013/14 Internal Audit Plan - Business Planning - Substantial Assurance</li> <li>• Internal Audit Review - Business Planning 2014/15 - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Delivery of Business Plan Savings 2014/15 - December 2014 - Substantial Assurance</li> <li>• <b>Internal Audit Review - Central Library Enterprise Centre</b></li> </ul>
AF21	<b>A mechanism has been established for identifying statutory obligations.</b>	<p>Responsibilities for statutory obligations are formally established.</p> <p>Record held of statutory obligations. Effective procedures to identify, evaluate, communicate, implement, comply with, and monitor legislative change, exist and are used.</p> <p>Effective action is taken where areas of non-compliance are found in either mechanism or legislation.</p>	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> </ul>	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Constitution Review by Monitoring Officer</li> <li>• Policy Network</li> </ul>		
AF22	<b>A mechanism is in place to establish corporate objectives.</b>	<p>Consultation with stakeholders on priorities and objectives.</p> <p>The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).</p> <p>Priorities and objectives are aligned to principal statutory obligations and relate to available funding.</p> <p>Objectives are reflected in departmental plans and are clearly matched with associated budgets.</p> <p>The authority's objectives are clearly communicated to staff and to all stakeholders.</p>	<p>Annual Governance Statement</p>	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Business Planning workshops with businesses, voluntary and community groups</li> <li>• Public consultation on 2015/16 Business Plan budget</li> </ul>		<ul style="list-style-type: none"> <li>• LGA - Corporate Peer Challenge - October 2013</li> <li>• 2013/14 Internal Audit Plan - Business Planning - Substantial Assurance</li> <li>• Internal Audit Review - Business Planning 2014/15 - March 2014 - Substantial Assurance</li> <li>• Internal Audit Review - Business Plan Savings 2014/15 - December 2014 - Substantial Assurance</li> </ul>
AF23	<b>Effective corporate governance arrangements are embedded.</b>	<p>Code of corporate governance established.</p> <p>Review and monitoring arrangements in place.</p> <p>Committee charged with governance responsibilities.</p> <p>Governance training provided to key officers and all members.</p> <p>Staff, public and other stakeholder awareness of corporate governance.</p>	<p>Annual Governance Statement</p>	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Code of Corporate Governance</li> <li>• Corporate Governance Monitoring Officer</li> </ul>		<ul style="list-style-type: none"> <li>• Covered in Review for Annual Governance Statement.</li> </ul>

Ref	Assurances Required			Assurance Currently Available		
	Key Control area	Nature of assurance required	Source	First level of Assurance	Second Level of Assurance	Third level of Assurance
				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF24	<b>Effective performance management arrangements are in place.</b>	<p>Comprehensive and effective performance management systems operate routinely.</p> <p>Key performance indicators are established and monitored.</p> <p>The authority knows how well it is performing against its planned outcomes.</p> <p>Performances data is used to support decisions that drive improvements in outcomes.</p> <p>The authority continuously improves its performance management.</p>	Annual Governance Statement	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Performance Management Framework</li> <li>• Corporate Risk Register reported to and reviewed by GPC / SMT</li> <li>• Monthly Finance and Performance Reports</li> <li>• Risk and Performance Reviews in DMT's</li> </ul>		<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• Internal Audit Review - Budgetary Control - January 2014 - Substantial Assurance</li> <li>• LGA - Corporate Peer Challenge - October 2013</li> <li>• Internal Audit Review - Budgetary Control - October 2014 - Substantial Assurance</li> <li>• <b>Internal Audit Review - Budgetary Control Review - March 2016 - Good Assurance</b></li> </ul>
AF25	<b>Identification of the principal risks to achievement of objectives</b>	<p>The authority has successfully implemented clear policies, structures and processes for risk management.</p> <p>The authority has developed a programme of risk management training for relevant staff.</p> <p>The corporate risk management board (or equivalent) adds value to the risk management process.</p> <p>A corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice.</p> <p>Risk management is embedded throughout the authority.</p> <p>Risks in partnership working are fully considered.</p>	Annual Governance Statement	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Corporate Risk Management Process - Oversight and reporting to GPC Quarterly.</li> <li>• Corporate Risk Register</li> </ul>		<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• 2014/15 Internal Audit Plan and Reports</li> <li>• 2015/16 Internal Audit Plan and Reports</li> </ul>
AF26	<b>Identify key controls to manage principal risks</b>	<p>Financial regulations / contract standing orders/ whistle blowing policy / counter fraud and corruption policy / codes of conduct / register of interests / scheme of delegation / corporate complaints policy / corporate health and safety document / corporate procurement policy are in place.</p> <p>Business/service continuity plans are in place and subject to regular testing and regular review.</p> <p>The corporate/ departmental risk registers includes expected key controls to manage principal risks.</p> <p>The authority's internal control framework is subject to regular independent assessment.</p>	Annual Governance Statement	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Head of Audit Annual Opinion</li> <li>• Risk Management Procedures</li> <li>• Corporate Risk Register</li> </ul>		<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• 2014/15 Internal Audit Plan and Reports</li> <li>• 2015/16 Internal Audit Plan and Reports</li> </ul>

Ref	Assurances Required			Assurance Currently Available		
	Key Control area	Nature of assurance required	Source	First level of Assurance	Second Level of Assurance	Third level of Assurance
				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF27	<b>Obtain assurance on the effectiveness of key controls</b>	The authority has determined appropriate internal and external sources of assurance. Appropriate key controls on which assurance is to be given have been identified and agreed including public opinion, financial compliance and service delivery.  Departmental assurances are provided. External assurance reports are collated centrally  Effectiveness of the Internal Audit Arrangements.  Corporate Governance Arrangements. Performance monitoring arrangements.	Annual Governance Statement	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Head of Audit Annual Opinion</li> </ul>		<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• 2014/15 Internal Audit Plan and Reports</li> <li>• 2015/16 Internal Audit Plan and Reports</li> </ul>
AF28	<b>Effectiveness of Internal Audit</b>	The Council has an adequate and effective internal audit function	Audit & Accounts Committee ToR	<ul style="list-style-type: none"> <li>• Audit &amp; Accounts Committee ToR under the Accounts and Audit Regulations to 'ensure that the Council has an adequate and effective internal audit function'</li> <li>• Internal Audit End of Year Report</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Customer Feedback Questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>• Review of effectiveness of system of audit report concluded that the IA function is effective</li> </ul>
AF29	<b>Increasing manifestation of Busway defects</b>	Defects in the Guided Busway are identified and corrected, and the Council does not bear the costs of repair.	Corporate Risk Register (26)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Senior Officer Dispute Resolution Group overseeing resolution process</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly update of Risk Register</li> </ul>	
AF30	<b>The Pension Fund is materially under funded</b>	Contribution levels maintain the level of the fund.	Corporate Risk Register (27)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Investment Panel work plan</li> <li>• Performance reviewed by Pensions Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly update of Risk Register</li> </ul>	
AF32	<b>Failure to address inequalities in the county continues</b>	<i>Wider economic and social determinants, which may require mitigation through Council services.</i>	<i>Corporate Risk Register (29)</i>	<ul style="list-style-type: none"> <li>• <i>Directors Assurance Statements</i></li> <li>• <i>Council's Business Plan</i></li> <li>• <i>Committee monitoring of indicators</i></li> <li>• <i>Joint Strategic Needs Assessment, Annual Public Health Report, and Joint Health and Wellbeing Strategy</i></li> <li>• <i>Child Poverty Strategy</i></li> <li>• <i>Cambridgeshire Inequalities Charter</i></li> <li>• <i>Wisbech 20:20 programme</i></li> <li>• <i>Cambridgeshire 0-19 Education Organisation Plan</i></li> <li>• <i>Cambridgeshire Older People Strategy</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Quarterly updates to SMT as part of corporate risk reporting process.</i></li> </ul>	
AF33	<b>Failure to deliver Waste savings / opportunities and achieve a balanced budget</b>	<i>Failure to deliver Household Recycling Service savings, realise savings oportunities from waste contract and manage operational risk of unforeseen contractual events.</i>	<i>Corporate Risk Register (30)</i>	<ul style="list-style-type: none"> <li>• <i>Directors Assurance Statements</i></li> <li>• <i>Strong contract management and close working with legal and procurement</i></li> <li>• <i>Working closely with DEFRA, WIDP, Local Partnerships, WOSP and other local authorities</i></li> <li>• <i>Waste PFI contractor investigating contract for Refuse Derived Fuel option for Compost Like Output (CLO)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Quarterly updates to SMT as part of corporate risk reporting process.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Internal Audit Review - Waste PFI - September 2015 - Substantial Assurance</i></li> </ul>
AF33	<b>Insufficient availability of affordable Looked After Children (LAC) placements</b>	<p><i>The number of children who are looked after is below the number identified in the LAC strategy action plan.</i></p> <p><i>The unit cost of placements for children in care is below targets identified in the LAC strategy action plan</i></p>	<i>Corporate Risk Register (31)</i>	<ul style="list-style-type: none"> <li>• <i>Directors Assurance Statements</i></li> <li>• <i>Regular monitoring of numbers, placements and length of time in placement by CFA management team and services to inform service priorities and planning</i></li> <li>• <i>Effective range of preventative services across all age groups and service user groups</i></li> <li>• <i>Looked After Children Strategy</i></li> <li>• <i>Community resilience strategy</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Quarterly updates to SMT as part of corporate risk reporting process.</i></li> </ul>	

Ref	Assurances Required			Assurance Currently Available		
	Key Control area	Nature of assurance required	Source	First level of Assurance	Second Level of Assurance	Third level of Assurance
				Senior and operational management	Compliance reviews, risk management, scrutiny reviews	Internal and External Audit, Inspectorates, External Assurance Providers
AF34	Insufficient availability of care services at affordable rates	<p>Average number of ASC attributable bed-day delays per month is below national average.</p> <p>Delayed transfer of care from hospital attributable to adult social care.</p>	Corporate Risk Register (32)	<ul style="list-style-type: none"> <li>• Directors Assurance Statements</li> <li>• Data regularly updated and monitored to inform service priorities and planning</li> <li>• Effective range of preventative services across all age groups and service user groups</li> <li>• Coordinate procurement with CCG to better control costs and ensure sufficient capacity in market</li> <li>• Benchmark rate to control costs of care homes</li> <li>• Capacity Overview Dashboard to capture market position</li> <li>• Residential and Nursing Care Project</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly updates to SMT as part of corporate risk reporting process.</li> </ul>	

**ANNUAL RISK MANAGEMENT REPORT**

*To:* **Audit and Accounts Committee**

*Date:* **7<sup>th</sup> June 2016**

*From:* **Sue Grace, Director, Customer Services and Transformation**

*Electoral division(s):* **All**

*Forward Plan ref:* **N/A**

*Key decision:* **N/A**

*Purpose:*

- **To provide the Audit and Accounts Committee with details of the key Corporate risks faced by the Council**
- **To inform the Audit and Accounts Committee of the outcome of the annual review of the Risk Management Policy**
- **To report on the development of the Council's risk management approach during 2015/16**
- **To identify proposed developments in risk management in 2016/17**

*Recommendations:* **Audit and Accounts Committee endorses the Annual Risk Management Report**

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## **1. BACKGROUND**

1.1 In accordance with best practice, the Council operates a risk management approach at corporate and service levels across the Council, seeking to identify key risks which might prevent the Council's priorities, as stated in the Business Plan, from being successfully achieved.

1.2 The risk management approach is encapsulated in 2 key documents:

- Risk Management Policy

This document sets out the Council's Policy on the management of risk, including the Council's approach to the level of risk it is prepared to countenance as expressed as a maximum risk appetite. The Risk Management Policy is owned by the General Purposes Committee.

The Risk Management Policy states that the Council aims to manage risk in a manner which is proportionate to the risk faced based on the experience and expertise of its senior managers, although this must be within the Council's risk appetite. Audit and Accounts Committee members are therefore reminded that accepting a residual risk score of amber is appropriate provided that an objective risk assessment has been undertaken.

- Risk Management Procedures

This document details the procedures through which the Council will identify, assess, monitor and report key risks. The Risk Management Procedures document is owned by the Strategic Management Team (SMT).

1.3 The respective roles of the Audit and Accounts Committee and General Purposes Committee in the management of risk are:

- The Audit and Accounts Committee provides independent assurance of the adequacy of the Council's risk management framework and the associated control environment.
- General Purposes Committee has an executive role in the management of risk across the Council in its role of ensuring the delivery of customer outcomes.

1.4 Risk Identification

The Council's approach to risk identification is described in the following extract from the Council's Risk Management Policy as approved by General Purposes Committee:

- Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively;

- Risk management should be embedded in everyday business processes;
- Officers of the Council should be aware of, and operate, the Council's risk management approach where appropriate;
- Councillors should be aware of the Council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with General Purposes Committee members being involved in the identification of risk on an annual basis;

Ownership of the Corporate Risk Register (CRR) lies with SMT which reviews the Register on a quarterly basis, following an initial review by the Corporate Risk Group (CRG). The review by CRG will identify if any executive or corporate directorate risks should be considered by SMT for inclusion on the CRR.

Significant changes to the CRR are reported to General Purposes Committee on a quarterly basis. On an annual basis General Purposes Committee and SMT will review the CRR to seek to ensure that all significant risks faced by the Council are reflected. This annual review is undertaken in co-ordination with the annual business planning process.

- 1.5 The CRR was reviewed by SMT on 16<sup>th</sup> May 2016. The General Purposes Committee will have been presented with the full Corporate Risk Register at its meeting on 31<sup>st</sup> May 2016.
- 1.6 This report is supported by:
  - The Corporate Risk Profile (Appendix 1)
  - The Corporate Risk Register (Appendix 2)
  - The Risk Management Policy (Appendix 3)
  - Report produced from GRACE (Appendix 4)

## **2. CORPORATE RISK REGISTER UPDATE**

- 2.1 SMT reviewed the corporate risk register on 16<sup>th</sup> May. SMT concluded that the corporate risk register is a comprehensive expression of the main risks faced by the Council and that:
  - mitigations in place are adequate and effective;
  - where issues are dynamic / evolving (eg transformation agenda) there is active engagement (including respect for the Committee process in the agreement of risks and their management) to develop and implement proportionate mitigations; and
  - therefore each risk is appropriately managed.
- 2.2 Appendix 1 shows the profile of Corporate Risk against the Council's risk scoring matrix and illustrates that there is 3 red residual risks.

The risk score for Risk 1a, '*Failure to produce a robust and secure Business Plan over the next 5 years*' remains unchanged from the previous report to

the Committee.

The risk score for Risk 1b, '*Failure to deliver the current 5 year Business Plan 2016-2021*' remains unchanged from the previous report to the Committee.

The risk score for Risk 9, '*Failure to secure funding for infrastructure*' remains unchanged from the previous report to the Committee.

- 2.3 The full Corporate Risk Register is attached at Appendix 2.

### 3 SERVICE RISK

- 3.1 Executive and Corporate directorate risk registers are up to date in accordance with the Council's Risk Management Procedures document which requires quarterly review as a minimum.
- 3.2 The following table shows the profile of directorate risk across the RAG range and comparison with the previous quarter's profile.

#### **ANALYSIS OF DIRECTORATE RESIDUAL RISKS AS AT MAY 2016**

DIRECTORATE	Green		Amber		Red		Total	
	Mar	May	Mar	May	Mar	May	Mar	May
Children, Families and Education (Mar-16)	1	1	14	14	1	1	16	16
Economy, Transport and Environment (Apr-15)	1	1	18	18	1	1	20	20
Corporate (Apr-15)	0	0	7	7	0	0	7	7
Public Health (Feb-16)	2	2	26	26	0	0	28	28
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>65</b>	<b>65</b>	<b>2</b>	<b>2</b>	<b>71</b>	<b>71</b>

The Table illustrates that there are 71 risks recorded in service risk registers. 69 of the risks are managed within the Council's stated risk appetite of a maximum score of 15 as defined in the Risk Management Policy. Actions are planned against the previously reported red risks for ETE and CFA.

### 4. RISK MANAGEMENT POLICY

The Risk Management Procedures document requires that the General Purposes Committee reviews the Risk Management Policy on an annual basis. The Policy has been reviewed by SMT which considers that the Policy reflects an effective approach to the management of risk within Cambridgeshire County Council. The Policy has had one minor update added to explain the risk escalation process (section 8). The Policy is attached at Appendix 3.



## **5. DEVELOPMENTS IN RISK MANAGEMENT PROPOSED FOR 2015/16**

During 2015/16 the reorganisation of Internal Audit and Risk Management was implemented and the risk management support role has been integrated into the work of two Regional Internal Audit and Risk Managers.

## **6. DEVELOPMENTS PROPOSED FOR 2016/17**

The major development for 2016/17 will be to implement the new risk management system 'Grace' (Governance, Risk and Control Evaluation) across the Council which will ensure that the Council continues to receive effective support in the facilitation and co-ordination of risk management in an aligned manner with Northamptonshire County Council and Milton Keynes Council.

Advantages of the system:

- It will assist us to fulfil our statutory and organisational risk management obligations
- Provides access to clear management information
- It quickly and easily records risk reviews
- There is a clear audit trail and has a secure version control
- Provides real-time view of all the organisation's risk registers
- Increased awareness of risks
- It encourages sharing of best practice
- It provides a corporate view of the risks in the organisation
- It will reflect the Council structure
- It will be tailored to our language and approach
- It has a suite of reports that are user friendly
- Ad hoc reports can be produced with user defined parameters
- It produces overdue risk review reminders

Appendix 4 illustrates one of the reports that can be produced.

## **7. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING**




Risk management seeks to identify and to manage any risks which might prevent the Council from achieving its 3 priorities of:

- Develop the local economy for the benefit of all
- Help people live healthy and independent lives
- Support and protect vulnerable people

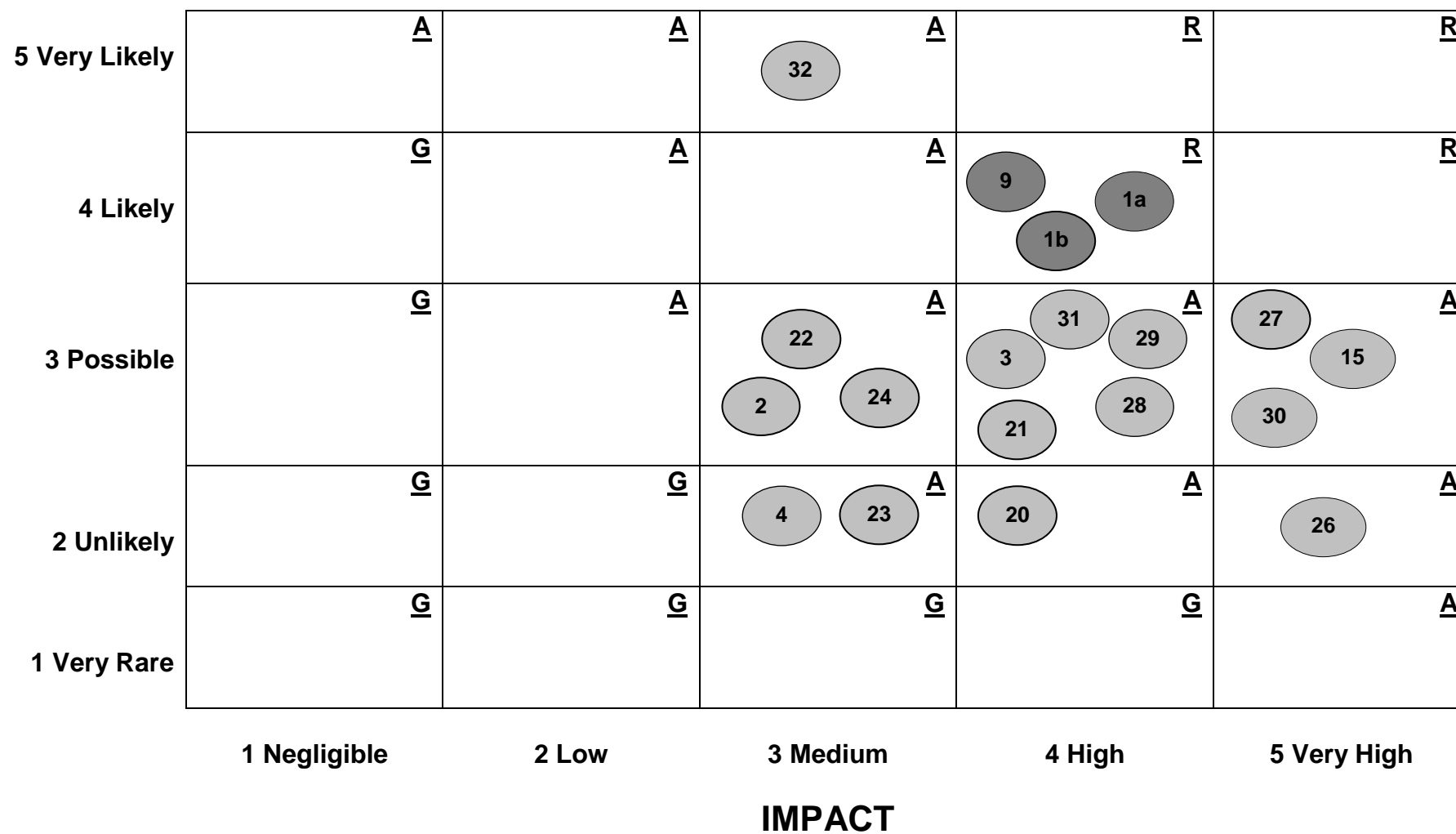
<b>Source Documents</b>	<b>Location</b>
Corporate Risk Register	Box OCT1108 Shire Hall, Castle Hill Cambridge, CB3 0AP



Favourable change  Adverse change 

Green rated  Amber rated  Red rated 

## PROBABILITY





## CORPORATE RISK REGISTER

Version Date: April 2016

Details of Risk					Key Controls/Mitigation	Residual Risk			Actions					Action Owner Acronyms explained	Comments
Risk No.	Risk Description	Trigger	Result	Owner		Probability	Impact	* Score	Description	Action Owner	Target Date	Revised Target Date	Action Status		
1a	Failure to produce a robust and secure Business Plan over the next 5 years	1. Failure to have clear political direction, vision, priorities, and outcomes in the Business Plan. 2. Failure to plan effectively to achieve necessary efficiency savings and service transformation. 3. Failure to identify sufficient additional savings in addition to existing plans, in light of forthcoming CSR. 4. Worsening Pension Fund deficit 5. Legislative changes add unforeseen pressures to Council savings targets	1. The Council lacks clear direction for resource use and either over-spends, requiring the need for reactive savings during the life of the plan, or spends limited resources unwisely, to the detriment of local communities.	CD CS&T	1. Robust political leadership, strong vision, clear priorities and policies, developed through councillor engagement  2. Robust engagement with members of CLT and Councillors through the Business Planning process timetable, to ensure greater cross-organisational challenge and development of options.  3. Full consultation with public, partners and businesses during planning process, including thorough use of data research and business intelligence to inform the planning process 4. Stronger links with service planning across the Council seeking to transform large areas of spend.  5. Business Planning process requires early identification of possible impacts of legislative changes, as details emerge  6. A working party is exploring alternatives to the existing business planning process  7. Capital Programme Board - robust management of the delivery of capital elements of the Business Plan  8. CFA savings tracker in place and reviewed by the CFA Performance Board monthly and weekly at the working group  9. An 'in-year savings tracker' in place to enable SMT to strengthen performance management of the delivery of the Business Plan  10. Business Case process in place as part of the development of savings proposals for the Business Plan	4	4	16	2. Implementation of the "new operating model" business planning approach alongside the existing cash limit approach (as approved by GPC 28 July 2015). 2. Transformation Programme, and Transformation Fund, established to deliver the New Operating Model and form the beginning of this year's business planning process  3. Communication of Transformation Programme and GPC/SMT decisions on how this will be implemented. For Q1 15/16 this includes communicating the "pipeline" for how transformation activity will inform the business planning process.  4. Review how CFA can better integrate planning cycle with partners  5. Governance and monitoring arrangements of CFA savings delivery established and in place (savings tracker) 6. Developing an "in-year savings tracker" to enable SMT to strengthen performance management of the delivery of the Business Plan 7. Implementing a Business Case process as part of the development of savings proposals for the Business Plan	SMT  CD CS&T  ED CFA  SMT  SMT	Feb-16  Jul-16  Jun-16  Apr-16  Apr-16	Mar-16 May 16 (and work continues beyond)  <			

# CORPORATE RISK REGISTER

Details of Risk					Key Controls/Mitigation	Residual Risk			Actions					Action Owner Acronyms explained	Comments	
Risk No.	Risk Description	Trigger	Result	Owner		Probability	Impact	* Score	Description	Action Owner	Target Date	Revised Target Date	Action Status			
1b	Failure to deliver the current 5 year Business Plan 2016 - 2021			CE	5. Rigorous RM discipline embedded in all transformation programmes/projects, with escalation process to Directorate Management Teams / Programme Boards  6. Integrated performance and resource reporting (monthly to GPC) a. Monthly progress against savings targets b. Corporate Scorecard monitors performance against priorities c. Budget holders monthly meetings with LGSS Finance Partner/External Grants Team, producing BCR d. Regular meetings with Director of Finance/s151 Officer, Committee Chairs and relevant Directors to track exceptions and identify remedial actions 7. Rigorous treasury management system in place plus ongoing tracking of national and international economic factors and Government policy  8. Limited reserves for minor deviations 9. Routine monitoring of savings delivery to identify any required interventions 10. Bi-annual Leaders and Chairs meeting and Cambridgeshire Public Service Board 11. Board Thematic Partnerships including the LEP and the Health and Well Being Board, commissioning task and finish groups 12. LGSS governance arrgts incl representation on SMT (Section 151 Officer)	4	4	16								
2	The quality, responsiveness and standard of LGSS Services fail to meet CCC requirements	1. LGSS resources available to support CCC are reduced as LGSS expands its customer base 2. Failure to manage LGSS service delivery to CCC	1. Support services to CCC are not provided in a timely, accurate and professional manner	CD CS&T	1. Joint Committee Structure incl CCC Cllr representation, LGSS Overview and Scrutiny Cttee, Chief Executive sits on LGSS Management Board  2. LGSS director representation on SMT to ensure LGSS meets current and future Council needs  3. LGSS Strategic Plan, Strategy Map and Improvement Activities identified 4. Programme Management arrangements in place to move forward workstreams 5. CCC performance management arrangements 6. LGSS performance management team 7. LGSS SLA's in place and regularly reviewed in detail 8. Corporate Director CS&T responsible for managing LGSS / CCC relationship	3	3	9	2. <del>In depth reviews of the remaining SLAs in the Council's contract with LGSS. Currently underway are:- OWD, Audit and Risk Management and Strategic Assets (including the ongoing IT review) for completion by March 2016.</del> In depth reviews of the SLAs in the Council's contract with LGSS. Further information required by SMT prior to sign off for Audit and Risk Management, Learning and Development and Strategic Assets	CD CS&T	May-15	Mar-16 May 16	G	Corporate Director, Customer Service and Transformation		
		1. Ineffective recruitment outcomes 2. Ineffective planning processes 3. Unattractive terms and conditions of employment. 4. High staff turnover 5. Lack of succession planning to capture experience and knowledge 6. Increasing demand for services 7. Lack of trained staff 8. National pressures on the recruitment of key staff	1. Failure to deliver effective services 2. Regulatory criticism/sanctions 3. Civil or criminal action 4. Reputational damage to the Council 5. Low morale, increased sickness levels		1. Annual business planning process identifies staffing resource requirements  2. Children and Adults Workforce Strategy and Development plans with focus on recruitment and retention  3. Robust performance management and development practices in place.  4. Flexible terms and conditions of employment				1. LGSS Management Board will review the workforce strategy as part of the Transformation Programme 2. Production of common training programme by OWD taken from service needs and compiled from PADP outcomes (annually) 3. Annual employee survey to feed into LGSS service improvement plans 4. Production of the County wide Organisational Workforce Development Programme	LGSS MB  LGSS  LGSS SAC&S  HoP	Jan-16  Sep-16  Nov-16  Jul-16	Mar-16 Jul 16    G G G G	LGSS Management Board  LGSS Service Assurance, Customers and Strategy  Head of People			

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Details of Risk				Owner	Key Controls/Mitigation	Residual Risk			Actions					Action Owner Acronyms explained	Comments
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3	The Council does not have appropriate staff resources with the right skills and experience to deliver the Council's priorities at a time of significant demand pressures			DoPTT	5. Appropriate employee support mechanisms in place through the health and well being and counselling service agenda.	3	4	12	5. Improved learning and development opportunities for all social care staff through the development of a virtual academy for social workers	HoS WFD	Apr-16	Jun-16	G	Head of Service Workforce Development	ASYE site is live but social worker site delayed due to anticipated new learning info. The Learning pathways have been agreed and Workforce Development is now in process of looking to add this information to the Learn together webpage
					7. Use of statistical data to shape activity relating to recruitment and retention				6. Establish process to enable social care staff to rotate within social care roles	R&R TFG	May-16		G	Social Work Recruitment and Retention Task and Finish Group	Possibly complete as a paper to outline the process has been submitted to Service Directors approval - waiting for update on outcome of paper
					8. Workforce Strategy and Development Plan which is reviewed by LGSS Management Board on a quarterly basis.				7. Create dashbaord to monitor recruitment and retention performance indicators to enable more robust monitoring	R&R TFG	Apr-16	Jul-16	G		Combining and collating data more complicated than first thought anticipating July
					9. Extensive range of qualifications and training available to social care staff to enhance capability and aid retention.				<del>4. Activeley promoting social care roles in Cambridgeshire as part of recruitment campaign by attending job fair in Birmingham hosted by Compass Group - will review success of attending job fair and roll out wider if appropriate.</del>	R&R TFG	Mar-16		G		
					10. Increased use of statistical data to shape activity realting to social care recruitment and retention.										
					11. ASYE programme ensures new social workers continue to develop their skills, knowledge and confidence.										
					12. Social care frontline managers support their own professional development through planning regular visits with frontline services.									ASYE - Assessment and Supported Year in Employment.	
4	The Council does not achieve best value from its procurement and contracts	1. ineffective procurement processes 2. Lack of awareness of procurement processes across the Council 3. Ineffective contract management processes 4. Untrained contract managers	1. Poor value for money 2. Legal challenge 3. Wasted time and effort in contractual disputes	DoLPG	1. Contract Procedure Rules and Procurement Best Practice Guidance and templates kept updated with changes in best practice	2	3	6	1. Audit reviews to provide assurance that individual managers have the appropriate skills and training	HIA	Mar-16	Mar-17	G	Head of Internal Audit	Included in the 2016/17 Audit Plan
					3. Procurement Training provided on a regular basis with differing levels targeted at specific audiences				2. Audit reviews to provide assurance on the effectiveness of contract management in selected contracts	HIA	Mar-16	Mar-17	G		Included in the 2016/17 Audit Plan
					4. Central Contract register maintained and access available to relevant Officers										
					5. Use of checklist (Summary Procurement Proposal) on all new procurement activity undertaken via central Procurement team. This includes a review of options to achieve optimal value and where feasible captures existing costs and new costs after the procurement.										
					6. Nursing and residential care purchased through central brokerage unit										
					7. Develop long term sustainable relationships with providers wherever appropriate (e.g. Home care contract)										
		1. Insufficient funding is obtained from a variety of sources, including growth funds, section 106 payments, community infrastructure levy and other planning contributions, to deliver required infrastructure . This is exacerbated by austerity measures and reduced government funding for local authorities  2. Significant reduction in school infrastructure funding in 2016/17 from £34m per annum to £4m	1. Key infrastructure, services and developments cannot be delivered, with consequent impacts on transport, economic, environmental, and social outcomes. This could also result in greater borrowing requirement to deliver essential infrastructure and services which is unsustainable.		1. Maximisation of developer contributions through Section 106 negotiations.				<del>7. Investigate the potential for use of Tax Increment Financing and other innovative forms of funding for infrastructure.</del>	Exec Director - ETE	Ongoing		G		
					2. Prudential borrowing strategy is in place.				9. Assist service areas define their infrastructure needs to be pulled together within onedocument for use - the Cambridgeshire Infrastructure Plan led by the Joint Strategic Planning Unit	HoTIPF	Spring-2015	Dec-15 Early-2016 May 16	G		
					3. Section 106 deferrals policy is in place.				10. Scope out potential for a more joined up approach to CIL and investment in infrastructure	HoTIPF	Spring-2015	Autmn-2015 Mar-16 Sep 16	G		
					4. External funding for infrastructure and services is continually sought including grant funding.				15. County Planning obligation strategy being developed for district's and CCC use.	HoGE	Dec-15	Apr-16 Jul 16	G	HoTIPF - Head of Transport	

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Details of Risk				Owner	Key Controls/Mitigation	Residual Risk			Actions					Action Owner Acronyms explained	Comments	
Risk No.	Risk Description	Trigger	Result			Probability	Impact	* Score	Description	Action Owner	Target Date	Revised Target Date	Action Status			
9	Failure to secure funding for infrastructure			ED ETE ED CFA	5. Maintain dialogue with Huntingdonshire District Council and East Cambridgeshire District Council where Community Infrastructure Levy is in place to secure CIL monies for County Projects.  6. Strategic development sites dealt with through S106 rather than CIL and S106. In dealing with sites through S106 alone, the County Council has direct involvement in negotiation and securing of developer contributions to mitigate the impact of a specific development.  7. County planning obligation strategy being developed for district's and CCC use in identifying community infrastructure needs.  8. Lobby with LGA over infrastructure deficit     9. On-going review, scrutiny and challenge of design and build costs to esnure maximum value for money.  10. Coordination of requirements across Partner organisations to secure more viable shared infrastructure.  11. Respond to District Council Local Plans and input to infrastructure policy at all stages of the Local Plan process.  12. Annual school capacity return to the Department of Education seeks to secure maximum levels of funding for basic need.  13. <b>Maintain</b> dialogue with Cambridge City Council and South Cambridgeshire District Council to input into Community Infrastructure Levy prior to adoption of the Local Plan (Adoption of CIL anticipated 2016)	4	4	16							ED ETE - Head of Transport Infrastructure Policy and Funding  HoGE - Head of Growth and Economy  HoS - Head of Strategy  SD S&C - Service Director, Strategy and Commissioning  ED CFA - Exec Director, Children, Families and Adults	



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15	Failure of the Council's arrangements for safeguarding vulnerable children and adults	<p>Children's Social Care:</p> <p>1. Children's social care case loads reach unsustainable levels as indicated by the unit case load tool</p> <p>2. More than 25% of children whose referral to social care occurred within 12 months of a previous referral</p> <p>3. Serious case review is triggered</p> <p>Adult Social Care (inc. OPMH):</p> <p>1. Care homes, supported living or home care agency suspended due to a SOVA (safeguarding of vulnerable adults) investigation</p> <p>2. Serious case review is triggered</p> <p>3. Outcomes of reported safeguarding concerns reveals negative practice</p>	<p>1. Harm to child or an adult receiving services from the Council</p> <p>2. Reputational damage to the Council</p>	ED CFA	<p>1. Multi-agency Safeguarding Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity</p> <p>2. Skilled and experienced safeguarding leads and their managers.</p> <p>3. Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions monitor and instil safeguarding procedures and practice.</p> <p>4. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Serious Case Reviews.</p> <p>5. Multi Agency Safeguarding Hub (MASH) supports timely, effective and comprehensive communication and decisions on how best to approach specific safeguarding situation between partners.</p> <p>6. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance</p> <p>7. Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process inform practice</p> <p>8. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission</p> <p>9. Joint protocols, practice standards and QA ensure appropriate joint management and case transfer between Children's Social Care and Enhanced and Preventative Services</p> <p>10. Coordinated work between Police, County Council and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the LSCB</p>	3	5	15	<p><b>1. Implement plan to integrate adult safeguarding into the Multi-agency Safeguarding Hub (MASH)</b></p> <p><b>2. Implementing new operational management arrangements across children's social care to ensure better management of resources and activity.</b></p> <p>3. Investigating referral arrangements to ensure most effective arrangements are in place to the MASH - proposals to be reviewed and next steps decided by CFA management team</p> <p>4. Implementation of changes to safeguarding as required by the Care Act 2014 overseen by the Safeguarding Adults Board and the Transforming Lives/Care Act programme Board. Implementation began April 2015 in line with legislation and current guidance has been reviewed to respond to Care Act requirements including making</p> <p><b>5. Implementing new QA process, including monthly reporting, of safeguarding of adults to ensure we are complying with legislation and delivering best practice.</b></p> <p><b>6. Work is ongoing on resolving issues with CCG over jointly funded packages of support (CHC, section 41 and section 117). Further action will be taken if back payments cannot be secured.</b></p>	<p>SD ASC</p> <p>SD CSC</p> <p>HoS FREDt</p> <p>SD ASC</p> <p>SD OPMH</p>	<p>Mar-16</p> <p>May-16</p> <p>May-16</p> <p>Apr-16</p> <p>May-16</p> <p>Sep-16</p>		<p>A</p> <p>G</p> <p>G</p> <p>G</p> <p>G</p> <p>G</p>	<p>Service Director Adult Social Care</p> <p>Service Director Children's Social Care</p> <p>Head of Service First Response and Emergency Duty Team</p>	<p>Staff are now been recruited (difficulty in recruitment is what caused delays and is reason for amber) and all will be in place mid March</p> <p>Complete for investigating referrals arrangements with education and are now moving to the health system</p> <p>In the process of bringing information and guidance into one document which has taken longer than anticipated due to bringing in the MASH and working with Peterborough</p>
20	Non compliance with legislative and regulatory requirements	<p>1. Staff unaware of changes to legislative/regulatory requirements</p> <p>2. Lack of staff training</p> <p>3. Lack of management review</p>	<p>1. Adverse reports from regulators</p> <p>2. Criminal or civil action against the Council</p> <p>3. Reputational damage</p>	CE	<p>1. LGSS legal team robust and up to date with appropriate legislation.</p> <p>2. LGSS legal team brief Corporate Leadership Team on legislative changes</p> <p>3. Service managers kept abreast of changes in legislation by the Monitoring Officer, Gov departments and professional bodies</p> <p>4. Monitoring Officer role</p> <p>5. Code of Corporate Governance</p> <p>6. Community impact assessments required for key decisions</p> <p>7. Business Planning process used to identify and address changes to legislative/regulatory requirements</p> <p>8. Constitutional delegation to Committees and SMT</p> <p>9. H&amp;S policy and processes</p> <p>10. Testing of retained learning</p>	2	4	8	<p><b>1. Developing information and advice provision (an inspection handbook)</b></p> <p><b>2. Develop an arrangement for disseminating legislative change to all directorates and services</b></p>	<p>HoS Strategy</p> <p>SD S&amp;C</p>	<p>Apr-16</p> <p>Apr-16</p>		<p>G</p> <p>G</p>	Service Director: Strategy and Commissioning	

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Risk No.	Risk Description	Trigger	Result	Owner		Probability	Impact	* Score	Description	Action Owner	Target Date	Revised Target Date	Action Status		
					11. Programme Boards for legislative change (e.g. Care Act Programme Board) 12. Training for frontline staff on new legislation 13. Involvement in regional and national networks in children's and adults services to ensure consistent practice where appropriate 14. CFA Strategy team support services with inspection preparation 15. Next Steps Board oversees preparation for Ofsted inspections of services for children in need of help and protection <b>16. Whistleblowing policy</b>  <b>17. Anti Fraud and Corruption Strategy incl Fraud Response Plan</b>										
21	Business Disruption	1. Loss of staff (large quantities or key staff) 2. Loss of premises (including temporary denial of access) 3. Loss of IT, equipment or data 4. Loss of a supplier 5. Loss of utilities or fuel 6. Flu Pandemic	1. Inability to deliver consistent and continuous services to vulnerable people 2. School closures at critical times impacting students' ability to achieve 3. Inability to fully meet legislative and statutory requirements 4. Increase in service demand 5. Inability to respond to citizens' request for services or information 6. Lasting reputational damage	CD CST	1. Corporate and service business continuity plans  2. Relationships with the Unions including agreed exemptions  3. Corporate communication channels  4. Multi-agency collaboration through the Cambridgeshire & Peterborough Local Resilience Forum (CPLRF)  5. First phase of IT resilience project including the increased alternative power/environment conditions in major machine rooms 6. Operational controls  7. Resilient Internet feed  8. Business continuity testing  9. CCC corporate BCP Group incl LGSS BC leads	3	4	12	3. Project to establish 2nd LGSS data centre for resilience/backup of all systems, in addition to Scott House facility.  13 Review of Corporate Business Continuity Plan.  14. Review of accommodation provision in business continuity plans with LGSS	DoIT   HoEP  HoEP	Mar-13   Jun-16  Jul-16	Dec-15 Dec-16          	<div>G</div> <div>G</div> <div>G</div>	DoIT - Director of Information Technology  HoEP - Head of Emergency Planning	The second LGSS data centre is in Northampton and this is finished and it is connected but much more work is needed before this becomes the live failover site for CCC. Much of the new hardware and systems is on order and/or being installed now but they will keep using Scott House for some time to come  They update the plan by the end of June on an annual basis
		1. Cambridgeshire Future Transport fails to deliver effective, efficient and responsive passenger transport services around Cambridgeshire	1. The accessibility needs of Cambridgeshire residents are not met, contributing to social exclusion, poor take up of employment and education opportunities, and reduced quality of life. 2. Failure to complete on time will mean business plan savings are not achieved.		1. A Governance group, including member representation from each of the districts, County, NHS, Cambridgeshire ACRE is in place to oversee the programme  2. The Cambridgeshire Future Transport programme board consisting of representatives from ETE, CFA and Comms  3. Strategic business case, Risks and Issues Log and programme is in place.				5. A14 Corridor, A1 Corridor/A14, Harston and Great Shelford:Tenders for services 400 and 401 are in the process of being awarded.  6. St Ives, Ramsey, Whittlesey, St Neots, Brampton, Isleham and Fordham: Tenders for services 21, 31, 46, 47 and 901-904 are in the process of being awarded.  7. Chatteris, March, Wisbech, Gorfield, Leverington, Melbourn, Bassingbourn: Tenders for services 9, 35, 46 and 390 are in the process of being awarded. Community led timetables for the remaining services continue to be developed.	HoPT  HoPT  HoPT	Oct-15  Sep-15  Oct-15	Jan-16 <del>May-16</del> July 16  Jan-16 <del>May-16</del> July 16  Jan-16 <del>May-16</del> July 16	<div>G</div> <div>G</div> <div>G</div>	HoPT - Head of Passenger Transport	

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22	The Cambridgeshire Future Transport programme fails to meet its objectives within the available budget			DoSD	4. Communications strategy has been developed.	3	3	9	8. Review of Commissioning. The CFT Member Steering Group has been renamed the Total Transport Member Steering Group. The Group is holding monthly meetings to take forward work on improving commissioning and integration of all forms of passenger transport. The next meeting will consider papers on Terms of Reference, Total Transport Pilot Proposal, Scheduling Software and	HoPT	Mar-17		G		
					5. Engagement strategy including stakeholder mapping has been developed.								G		
					6. Bi-weekly project team meetings.								G		
					7. Updates are provided monthly for Members via Key Issues.								G		
					8. Two year programme in place for the review of the commissioning of services.										
23	Major Fraud or Corruption	1. Non compliance with the internal control framework and lack of awareness of anti-fraud and corruption processes. 2. Increased personal financial pressures on individuals as a result of economic circumstances	1. Reputational damage 2. Financial loss	CE	1. Financial Procedure rules	2	3	6	3. Implement anti bribery policy	HIARM	Mar-14	Dec-15 Mar16	A	HIARM - Head of Internal Audit and Risk Management	
					2. Anti Fraud and Corruption Strategy incl Fraud Response Plan				4. Fraud awareness campaigns	HIARM	Dec-15	Aug-16	G		
					3. Whistle blowing policy										
					4. Codes of conduct										
					5. Internal control framework										
					6. Fraud detection work undertaken by Internal Audit										
					7. Awareness campaigns										
					8. Anti Money Laundering policy										
					9. Monitoring Officer/Democratic Services role										
					10. Publication of spend data in accordance with Transparency Agenda										
					11. New Counter Fraud Team established in LGSS										
		1. Failure to equip staff and managers with the training, skills, systems and tools to enable them to meet the statutory standards for information management. 2. Failure to ensure that information and data held in systems (electronic and paper) is accurate, up to date, comprehensive and fit for purpose to enable managers to make confident and informed decisions.	1. Adverse impact on Council's reputation. 2. Adverse impact on service delivery, as unable to make informed decisions. 3. Financial penalties. 4. Increase in complaints and enquiries by the ICO. 5. Decisions made by managers are not appropriate or timely.		1. Governance; SIRO, CIO, Corporate Information Management Team encompassing Information Management, Information Governance, Records Management, policies confirming responsibilities (see below) Data protection registration requirements				6. Roll out of EDRM to manage the information lifecycle (including information standards). Task and finish group established to drive forward greater awareness raising and training	IM	Mar-13	Apr-17	G	IM - Information Manager	
					2. Policies: Data Protection, Freedom of Information, Information Security Incidents, Mobile Devices, Code of conduct, Retention schedules, IT security related policies (computer use, email), Information Management Strategy				7. Updated Information Asset Register	IM	Apr-17		G		
					3. Procedures: FOI, Subject Access Request Handling, Records Management, service level operational procedures,				8. Mapping data flows	IM	Apr-17		G		
					4. Tools: Encrypted laptops and USB sticks, secure email and file transfer solutions, asset registers (USB sticks, encrypted laptops) device control				9. Develop implementation plan for new supplier of CFA Business Systems	HoS IM	Jun-16		G		
					5. Training and awareness: Data Protection, information security, information sharing, Freedom of Information and Environmental Information Requests				10. Agree an escalation policy should availability of CFA Business Systems go below SLA levels	HoS-IM	Apr-16		G		
					6. Advice: Information Management advice service (IM, IG, RM, security), Information Management addressed via the Gateway project				11. Implementation of CFA social care Business Systems on new rationalized platform	HoS IM	Mar-18		G		

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24	A lack of Information Management and Data Accuracy and the risk of non compliance with the Data Protection Act			CD CST	7. Information asset catalogue/register - to catalogue all information assets which are managed by CCC	3	3	9																
					8. Information sharing protocols embedded internally and with partners																			
					9. Audit/QA of accountabilities process																			
					10. e-safety policy																			
					11. Assurance monitoring - The SIRO and Information Management Board will receive a report as part of the Information Risk Management work package highlight any information risks across CCC. Details of any IG Security Incidents will be included in the IG Annual Update report to Senior Management team/ members																			
					12. Mapping Flows of Personal Confidential Data - To adequately protect personal information, organisations need to know how the information is transferred into and out of the organisation, risk assess the transfer methods and consider the sensitivity of the information being transferred.																			
					13. Incident reporting - Damage resulting from potential and actual information security events should be minimised and lessons learnt from them. All information security incidents, suspected or observed, should be reported through the CCC Incident Reporting system and managed in line with the Incident Reporting Procedures and Integrated Risk Management Policy																			
					14. Intrusion or Perimeter Security including use of next generation hardware firewalls in several tiers, network traffic minotoring by Virgin Media Business, hardware appliances to check in bound mail traffic, spam filters and web content filtering on internet traffic and anti-virus software on the servers																			
					15. Local device protection including anti-virus on individual devices (sourced from a different supplier to the anti-virus software on the servers), Microsoft tools to restrict users ability to modify or install software and all mobile devices are encrypted																			
					16. Record all attempted attacks and have an established relationship with the local and regional cyber crime teams in the Police and have established links and information sharing with the national crime and intelligence agencies																			
					17. Individual Services Business Continuity Plans.																			
					18. LGSS IT Disaster Recovery Plan																			
					19. LGSS IT service resilience measures (backup data centre, network re-routing).																			
					20. Version upgrades to incorporate latest product functionality																			
					21. Training for CFA Business systems prior to use																			
					22. Information sharing agreement																			
					23. Backup systems for mobile working																			
					24. Back up systems for CFA Business Systems																			

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Risk No.	Risk Description	Trigger	Result			Probability	Impact	* Score	Description	Action Owner	Target Date	Revised Target Date	Action Status		
26	increasing manifestation of Busway defects			ED ETE	5. Independent Expert advice has been taken confirming that the defects are defects under the Contract and that a programme of preventative remedial action is required and will be cheaper overall and less disruptive in the long run than a reactive response. 6. Legal Advice has been taken confirming that the defects are defects under the contract and that the Council has a good case for recovering the cost of correction from the Contractor 7. Retention monies held under the contract have been withheld from the Contractor and used to meet defect correction and investigation costs. 8. Funds have been set aside from the Liquidated Damages withheld from the Contractor during construction, which are available to meet legal costs 9. General Purposes Committee have resolved to correct the defects and to commence legal action to recover the costs from the Contractor 10. Initially defects are being managed on a case by case basis until the contractual issues are resolved, minimising impact on the public.	2	5	10							
27	The pension fund has the potential to become materially under-funded	2. Contribution levels do not maintain the level of the fund 3. The longevity of scheme members increases 4. Government changes to pensions regulations 5. Volatility of financial markets 6. Change to tax threshold causing exceedingly high contribution 7. Shrinking workforce	1. Significant increases in revenue contributions to the Fund are necessary placing additional savings requirements on services	CFO	1. Governance arrangements including CCC Constitutional requirements and Pensions Committee including response to Hutton enquiry  2. Investment Panel work plan  3. Triennial valuation 4. Risk agreed across a number of fund managers  5. Fund managers performance reviewed on a regular basis by Pensions Committee 6. Opt in legislation  <b>7. Review investment manager performance quarterly</b>  <b>8. Ongoing monitoring of skills and knowledge of officers and those charged with governance</b>	3	5	15	<b>1. Updated Funding Strategy Statement to be agreed as part of the 2016 triennial valuation process setting out the funding approach for secure, tax rising scheme arrangements such as CCC</b> <b>2. A established approach to employer contributions to continue, recognising the secure nature of CCC and the long term nature of the pension liabilities</b> <b>3. Review strategic asset allocation as part of valuation process</b>	HoP  HoP  HoP	Dec-16  Mar-17  Mar-17			HoP - Head of Pensions	
29	Failure to address inequalities in the county continues	1. Impact of wider economic and social determinants, which may require mitigation through Council services. 2. Failure to target/promote services to disadvantaged or vulnerable populations, or in areas of deprivation, appropriately for local need.	1. Worsening inequalities between geographical areas and/or disadvantaged or vulnerable populations, including health, educational achievement, income.	CE	1. Council's business plan  2. Committee monitoring of indicators for outcomes in areas of deprivation (following full Council motion)  3. Joint Strategic Needs Assessment, Annual Public Health Report, and Joint Health and Wellbeing Strategy (Health inequalities)  4. Implementation of Health Committee Priority 'Health Inequalities' actions and targetting of Public Health programmes (health inequalities)  6. Child Poverty Strategy (income)  7. Targetted services e.g: Travellers Liaison, Traveller Health Team, Chronically excluded adults team etc. 9. Buy with confidence approved trader scheme.	3	4	12	1. Implementation of health inequalities aspects of Joint Health and Wellbeing Strategy  <b>2. Deliver actions in Accelerating Achievement and School Improvement Strategies</b>  <b>3. Develop and implement a combined schools improvement and accelerating achievement strategy for 2016-2018</b>	DoPH  SD L  SD IL	Dec-16  Aug-16  Sep-16		G A G	DoPH - Director of Public Health DoCFA - Director and Children, Families and Adults SD L - Service Director Learning	



## CORPORATE RISK REGISTER

Details of Risk					Key Controls/Mitigation	Residual Risk			Actions					Action Owner Acronyms explained	Comments
Risk No.	Risk Description	Trigger	Result	Owner		Probability	Impact	* Score	Description	Action Owner	Target Date	Revised Target Date	Action Status		
					10. Cambridgeshire Inequalities Charter 11. Wisbech 20:20 programme <b>12. Cambridgeshire 0-19 Education Organisation Plan</b> <b>13. Cambridgeshire Older People Strategy</b>										
30	Failure to deliver Waste savings / opportunities and achieve a balanced budget	Failure to: 1) deliver Household Recycling Service savings, 2) realise savings opportunities from waste contracts 3) manage operational risk of unforeseen contractual events	1.Savings not delivered and potential increased costs leading to significant budget pressures.	ED ETE	1. Strong contract management and close working with legal and procurement to reduce unforeseen costs where possible e.g. management of amount of waste going to landfill. Regular communication, exchange of information and decision-making at the Waste PFI Delivery Board. The Board provides focused management of issues, ensuring contract delivers as required.  2. The Waste PFI is in service delivery phase - the protection that is provided by the contract terms and conditions is in place.  3. Officers working closely with DEFRA, WIDP, Local Partnerships, WOSP and other local authorities  4. The contract documentation apportions some risks to the contractor, some to the authority and others are shared.  5. Clear control of the risk of services not being delivered to cost and quality by levying contractual deductions and controls if the contract fails or issues arise.  6. During the procurement process, the authority appointed a lead to negotiate risk apportionment. The results of the negotiation relating to financial risk are captured in the Payment Mechanism (schedule 26) and Project Agreement that form part of the legally binding contract documentation 7. Waste PFI contractor investigating contract for Refuse Derived Fuel (RDF) option for Compost Like Output (CLO).	3	5	15	<del>3. Continue close working with DEFRA, WIDP, WOSP and Local Partnerships on specific issues identified through initial financial and legal reviews to resolve legacy issues with contract</del>  <del>4. Implementation of revised governance arrangements for waste, and amendments to specific job descriptions and person specs</del> <b>5. Review revised contract management arrangements after 3 months of implementation.</b> <b>6. Deliver further contract management training if July review identifies a requirement.</b>  <b>7. Identify options for savings in collaboration with Amey and carry out trials where appropriate.</b> <b>8. Resolve legacy issues in the round with discussions on savings and opportunities.</b>	A&G  HoH&C  HoH&C  HoH&C  HoH&C  HoH&C	Mar-16  May-16  Jul-16  Sep-16  Aug-16  Aug-16		G  G  G  G  G  G	A&C - Assets and Commissioning	
31	Insufficient availability of affordable Looked After Children (LAC) placements	1. The number of children who are looked after is above the number identified in the LAC strategy action plan 2015-17 2. % LAC placed out of county and more than 20 miles from home as identified in CFA performance dashboard 3. The unit cost of placements for children in care is above targets identified in the LAC strategy action plan 2015 to 2017	1. Client dissatisfaction and increased risk of harm. 2. Reputational damage to the council. 3. Failure to meet statutory requirements. 4. Regulatory criticism. 5. Civil or criminal action against the Council	ED CFA	1. Regular monitoring of numbers, placements and length of time in placement by CFA management team and services to inform service priorities and planning  2. Maintain an effective range of preventative services across all age groups and service user groups  3. Looked After Children Strategy provides agreed outcomes and describes how CCC will support families to stay together and provide cost effective care when children cannot live safely with their families. 4. Community resilience strategy details CCC vision for resilient communities  5. CFA management team assess impacts and risks associated with managing down costs 6. Edge of care services work with families in crisis to enable children and young people to remain in their family unit	3	4	12	1. Family based care - review placements and look at creative options to reunify child with family and reduce cost  2. Reduce the number of external placements/ increase in-house fostering placements  3. Lowering the cost of the most expensive placements  4. Reducing the cost of external placements  5. Develop in county provision for disabled young people 6. Develop a dedicated policy for unaccompanied asylum seeker placements	HoS CD  HoS Corp Parenting a HoS CES  HoS CES  HoS CD  HoS FREDt	Apr-16  Jun-16  Jun-16  Apr-16  Sep-16  Apr-16		G  G  G  G  G  G	Head of Service Children's Disability  Head of Service for Corporate Parenting  Head of Commissioning Enhanced Services  Head of Service First Response and Emergency Duty Team	The LAC action plan will be updated at the LAC programme board at the end of May 2016, so won't be able to get new dates/updates until then so won't be ready in time for papers for A&A but should be able to get info for a verbal update

CORPORATE RISK REGISTER

Version Date: April 2016

Details of Risk				Owner	Key Controls/Mitigation	Residual Risk			Actions					Action Owner Acronyms explained	Comments
Risk No.	Risk Description	Trigger	Result			Probability	Impact	* Score	Description	Action Owner	Target Date	Revised Target Date	Action Status		
32	Insufficient availability of care services at affordable rates	1. Average number of ASC attributable bed-day delays per month is above national average (aged 18+) as identified by CFA performance dashboard 2. Delayed transfers of care from hospital attributable to adult social care as identified by CFA performance dashboard 3. Home care pending list	1. Client dissatisfaction and increased risk of harm and hospital admission 2. Increase in delayed discharges from hospital 3. Reputational damage to the Council	ED CFA	1. Data regularly updated and monitored to inform service priorities and planning 2. Maintain an effective range of preventative services across all age groups and service user groups 3. Community resilience strategy details CCC vision for resilient communities 4. Directorate and CFA Performance Board monitors performance of service provision 5. Coordinate procurement with the CCG to better control costs and ensure sufficient capacity in market 6. Use of the benchmark rate to control costs of care homes 7. Market shaping activity, including building and maintaining good relationships with providers, so we can support them if necessary 8. Capacity Overview Dashboard in place to capture market position 9. Residential and Nursing Care Project has been established as part of the wider Older People's Accommodation Programme looking to increase the number of affordable care homes beds at scale and pace.	5	3	15	1. <del>Develop a business case for Council owned Care Home</del> 2. <del>Delivering first phase of Early Help offer for Adults and OP</del> 3. <del>Retender the block purchase of care</del> 4. Retender the main home care contract	HoS Procurement SD-OP HoS Procurement HoS Procurement	Apr-16 Apr-16 May-16 Jul-16		G G G G	Service Director Older People	

SCORING MATRIX (see Risk Scoring worksheet for descriptors)

VERY HIGH (V)	5	10	15	20	25
HIGH (H)	4	8	12	16	20
MEDIUM (M)	3	6	9	12	15
LOW (L)	2	4	6	8	10
NEGLIGIBLE	1	2	3	4	5
IMPACT LIKELIHOOD	VERY RARE	UNLIKELY	POSSIBLE	LIKELY	VERY LIKELY

Risk Owners

CD CS&T - Sue Grace  
CE - Gillian Beasley  
DoPTT - Christine Reed  
DoLPG - Quentin Baker  
ED ETE - Graham Hughes  
ED CFA - Adrian Loades  
DoSD - Bob Menzies  
CFO - Chris Malyon





## **CAMBRIDGESHIRE COUNTY COUNCIL**

### **RISK MANAGEMENT POLICY**

#### **1. INTRODUCTION**

We want Cambridgeshire to be a great place to call home, and we will achieve this vision by focussing on delivering the outcomes that make the biggest difference for our communities.

We are a large, complex organisation and we need to ensure the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis. We take a long-term and strategic view of how the Council needs to transform over the next five years of our Business Plan, and beyond.

There are many factors which might prevent the Council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks we might face. This approach is a fundamental element of the Council's Code of Corporate Governance.

The Risk Management Policy is fully supported by the Council, the Chief Executive and the Strategic Management Team who are accountable for the effective management of risk within the Council. On a daily basis all officers of the Council have a responsibility to recognise and manage risk in accordance with this Policy.

The Accounts and Audit Regulations 2003 state:

- The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(Additionally, the Civil Contingencies Act 2004 places a statutory duty on local authorities to establish business continuity management (BCM) arrangements to ensure that they can continue to deliver business critical services if business disruption occurs. The Emergency Planning Camweb site [Emergency planning - CamWeb](#) details the Council's approach to business continuity management which is a key aspect of effective risk management)

## **2. WHAT IS RISK?**

The Council's definition of risk is:

**"Factors, events or circumstances that may prevent or detract from the achievement of the Council's corporate and service plan priorities".**

## **3. RISK MANAGEMENT OBJECTIVE**

The Council will operate an effective system of risk management which will seek to ensure that risks which might prevent the Council achieving its plans are identified and managed on a timely basis in a proportionate manner.

## **4. RISK MANAGEMENT PRINCIPLES**

- The risk management process should be consistent across the Council, clear and straightforward and result in timely information that helps informed decision making;
- Risk management should operate within a culture of transparency and openness where risk identification and risk escalation, as appropriate, are encouraged;
- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment;
- The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing, i.e. the concept of proportionality;
- Risk management should be embedded in everyday business processes;
- Officers of the Council should be aware of and operate the Council's risk management approach where appropriate;
- Councillors should be aware of the Council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with members being involved in the identification of risk on an annual basis;

## **5. APPETITE FOR RISK**

As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced based on the experience and expertise of its senior managers. However the Council has defined the maximum level of residual risk which it is prepared to accept as a maximum risk score of 15 as per the Scoring Matrix attached at Appendix A. The matrix itself is supported by descriptors, over 5 elements,

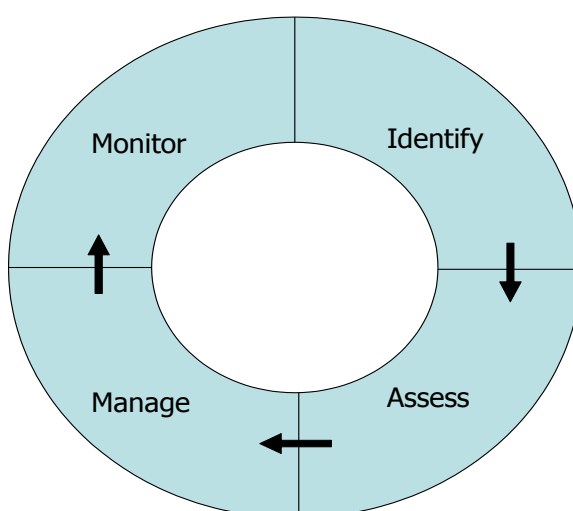
for the impact element of the risk (Appendix B). The impact score selected will be the highest score for any of the descriptor elements.

## 6. BENEFITS OF RISK MANAGEMENT

- Risk management alerts councillors and officers to the key risks which might prevent the achievement of the Council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that councillors and officers are fully aware of any key risk issues associated with proposals being considered.
- Risk management leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- Risk management provides assurance to councillors and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.

## 7 RISK MANAGEMENT APPROACH

The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council:



The detailed stages of the Council's risk management approach are recorded in the Risk Management Procedure document which was approved by the Strategic Management Team in November 2014, which provides managers with detailed guidance on the application of the risk management process.

The Procedure document can be located on Camweb at

[Risk Management | sharepoint.lgss.local](#)

Additionally individual business processes, such as decision making, project management will provide guidance on the management of risk within those processes.

## **8 RISK ESCALATION PROCESS**

From time to time a risk within directorate risk registers may need to be escalated for inclusion into the corporate risk register. A risk may need to be escalated if:

- The risk remains red after all available mitigations have been implemented, and;
- The risk is deemed to be a significant risk to the organisation as a whole

To escalate a risk to the corporate risk register: first the relevant directorate management team must agree that the risk meets the escalation criteria above and recommend it goes forward to be included within the corporate risk register. The relevant risk will then be taken to the corporate risk group for challenge, should the group agree to the escalation the risk will be taken to SMT and Audit and Accounts Committee for final approval and then added to the corporate risk register.

A risk may be de-escalated from the corporate risk register to directorate risk registers if SMT and Audit and Accounts Committee deem the risk can be managed within directorates risk register. Directorate Management teams can challenge whether a risk should be deescalated to the directorate risk register but it is the responsibility of SMT and Audit and Accounts Committee to make the final decision regarding risks within the corporate risk register.

## **9 AWARENESS AND DEVELOPMENT**

The Council recognises that the effectiveness of its risk management approach will be dependant upon the degree of knowledge of the approach and its application by officers and councillors.

The Council is committed to ensuring that all councillors, officers and partners where appropriate, have sufficient knowledge of the Council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through formal training programmes, risk workshops, briefings and internal communication channels.

## **10 CONCLUSION**

The Council will face risks to the achievement of its plans. Compliance with the risk management approach detailed in this Policy should ensure that the key risks faced are recognised and effective measures are taken to manage them in accordance with the defined risk appetite.

## RISK MANAGEMENT SCORING MATRIX

VERY HIGH	5	10	15	20	25
HIGH	4	8	12	16	20
MEDIUM	3	6	9	12	15
LOW	2	4	6	8	10
NEGLIGIBLE	1	2	3	4	5
<div>IMPACT</div> <div>LIKELIHOOD</div>	VERY RARE	UNLIKELY	POSSIBLE	LIKELY	VERY LIKELY

- Red: excess of Council's risk appetite  
action needed to redress, quarterly monitoring
- Amber: likely to cause the Council some difficulties  
quarterly monitoring
- Green: monitor as necessary

## IMPACT DESCRIPTORS

## Appendix B

The following descriptors are designed to assist the scoring of the impact of a risk:

	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
<b>Legal and Regulatory</b>	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges
<b>Financial</b>	<£0.5m	<£1m	<£5m	<£10m	>£10m
<b>Service provision</b>	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
<b>People and Safeguarding</b>	No injuries	Low level of minor injuries	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the Council has a responsibility	Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the Council has a responsibility	Death of an employee or individual for whom the Council has a responsibility or serious mistreatment or abuse resulting in criminal charges
<b>Reputation</b>	No reputational impact	Minimal negative local media reporting	Significant negative front page reports/editorial comment in the local media	Sustained negative coverage in local media or negative reporting in the national media	Significant and sustained local opposition to the Council's policies and/or sustained negative media reporting in national media

Please note – these descriptors are a guide and there may be exceptions depending on the type of risk.



4. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Serious Case Reviews.	Good	
5. Multi Agency Safeguarding Hub (MASH) supports timely, effective and comprehensive communication and decisions on how best to approach specific safeguarding situation between partners.	Good	
6. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance	Good	
7. Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process to inform practice	Good	
8. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission	Good	
9. Joint protocols, practice standards and QA ensure appropriate joint management and case transfer between Children's Social Care and Enhanced and Preventative Services	Good	

**Risk Path:** Cambridgeshire County Council/Training Register/Milton Keynes Council

**Risk Category:**



**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING  
31ST MARCH 2016**

*To:* **Audit & Accounts Committee**

*Date:* **7<sup>th</sup> June 2016**

*From:* **Chief Finance Officer**

*Electoral  
division(s):* **All**

*Forward Plan ref:* **N/A** *Key decision:* **Yes**

*Purpose:* **To present financial and performance information to assess progress  
in delivering the Council's Business Plan.**

*Recommendations:* **The Committee is asked to:**

**Note that the General Purposes Committee on 31<sup>st</sup> May is asked  
to:**

- a) Analyse resources and performance information and note the  
remedial action currently being taken and considers if any further  
remedial action is required.**
- b) Approve the increase of £0.7m to the Prudential Borrowing  
requirement in 2015/16 to bridge the funding gap caused by the  
delayed capital contribution in relation to the Isle of Ely Primary  
scheme (section 6.5).**
- c) Approve that the £367,880 additional Education Services Grant  
(ESG) received in 2015/16 is transferred to the General Fund  
(section 7.1).**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Chris Malyon	Name:	Councillor S Count
Post:	Chief Finance Officer	Chairman:	General Purposes Committee
Email:	<a href="mailto:Chris.Malyon@cambridgeshire.gov.uk">Chris.Malyon@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Steve.Count@cambridgeshire.gov.uk">Steve.Count@cambridgeshire.gov.uk</a>
Tel:	01223 699796	Tel:	01223 699173

## 1. PURPOSE

- 1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

## 2. OVERVIEW

- 2.1 The following table provides a snapshot of the Authority's forecast performance at year end by value, RAG (Red, Amber, Green) status and direction of travel (DoT).

Area	Measure	Forecast Year End Position (Feb)	Forecast Year End Position (Mar)	Current Status	DoT (up is improving)
Revenue Budget	Variance (£m)	-£6.3m	-£6.5m	Green	↑
Basket Key Performance Indicators	Number at target (%)	39% (7 of 18)	56% (10 of 18) <sup>1</sup>	Amber	↑
Capital Programme	Variance (£m)	-£57.7m	-£59.6m	Amber	↓
Balance Sheet Health	Net borrowing activity (£m)	£382m	£348m	Green	↑

<sup>1</sup> The number of performance indicators on target reflects the current position.

- 2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year end underspend of £6.5m (-1.8%), which is an increase of £0.1m since last month. See section 3 for details.
- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2015/16. There are 20 indicators in the Council's new basket, with data currently being available for 18 of these. Of these 18 indicators, 10 are on target. See section 5 for details.
- The Capital Programme is showing a forecast year end underspend of £59.6m (-29.0%), which is an increase of £1.8m since last month. The majority of the increase is due to further slippage within ETE's capital programme. See section 6 for details.
- Balance Sheet Health; The original forecast net borrowing position for 31<sup>st</sup> March 2016, as set out in the Treasury Management Strategy Statement (TMSS) is £453m. This projection has now fallen to £348m, down by £34m from last month. This is largely as a result of changes in the assumptions around the net expenditure profile of the capital

programme and changes in expected cash flows since the Business Plan was produced in February 2015. See section 8 for details.

### 3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

#### Key to abbreviations

ETE – Economy, Transport and Environment  
 CFA – Children, Families and Adults  
 CS Financing – Corporate Services Financing  
 DoT – Direction of Travel (up arrow means the position has improved since last month)

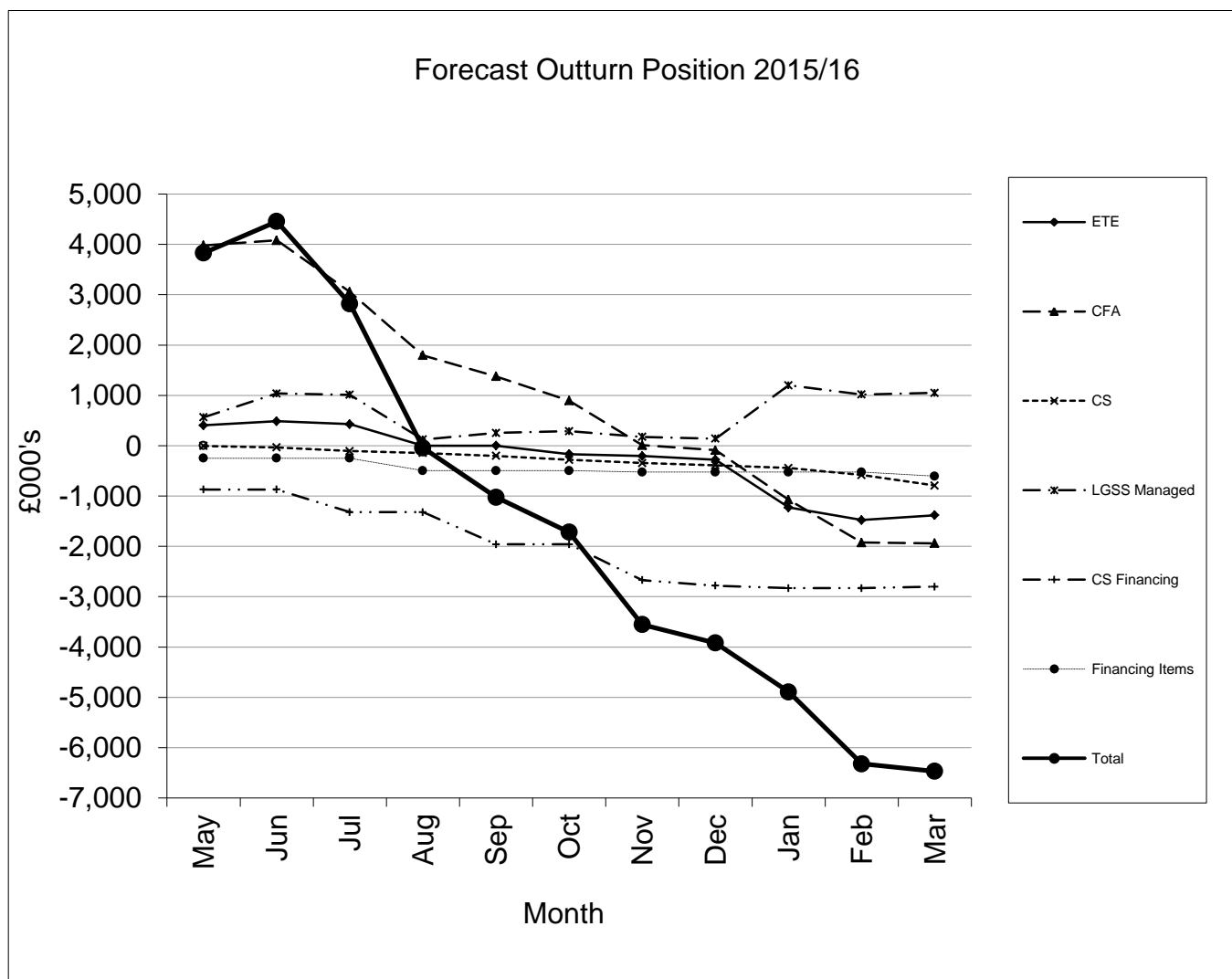
Original Budget as per BP <sup>1</sup> £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Feb) £000	Forecast Variance - Outturn (Mar) £000	Forecast Variance - Outturn (Mar) %	Current Status	DoT
63,308	ETE <sup>2</sup>	65,373	-1,477	-1,380	-2.1%	Green	↓
244,270	CFA	245,600	-1,924	-1,940	-0.8%	Green	↑
0	Public Health	0	0	0	0.0%	Green	↔
5,672	Corporate Services	7,083	-583	-792	-112%	Green	↑
9,145	LGSS Managed	7,566	1,017	1,050	13.9%	Amber	↓
35,460	CS Financing <sup>3</sup>	35,460	-2,830	-2,800	-8.0%	Green	↓
<b>357,855</b>	<b>Service Net Spending</b>	<b>361,082</b>	<b>-5,798</b>	<b>-5,862</b>	<b>-1.6%</b>	<b>Green</b>	<b>↑</b>
2,165	Financing Items	-1,322	-523	-607	-45.9%	Green	↑
<b>360,020</b>	<b>Net Spending</b>	<b>359,760 <sup>4</sup></b>	<b>-6,321</b>	<b>-6,469</b>	<b>-1.8%</b>	<b>Green</b>	<b>↑</b>
<b>Memorandum Items:</b>							
9,864	LGSS Operational	10,124	0	0	0.0%	Green	↔
<b>369,884</b>	<b>Total Net Spending 2015/16</b>	<b>369,884</b>					

<sup>1</sup> The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

<sup>2</sup> ETE includes Winter Maintenance and the Waste PFI Contract, where specific arrangements for under / overspends exist. Excluding these the underlying forecast outturn position for ETE is a £1.1m underspend.

<sup>3</sup> The forecast variance outturn does not include the £9.7m budget saving in 2015/16 following the change in Minimum Revenue Provision (MPR) policy, which was approved by Council on 16 February 2016.

<sup>4</sup> For budget virements between Services throughout the year, please see [Appendix 1](#).



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** £1.380m (-2.1%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [ETE Finance & Performance Report](#).

3.2.2 **Children, Families and Adults:** £1.940m (-0.8%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CFA Finance & Performance Report](#).

3.2.3 **Public Health:** a balanced budget is forecast at year end.

	£m	%
<ul style="list-style-type: none"> <li>The outturn forecast has improved from last month by £538k, from a £410k adverse variance to a £128k favourable variance.</li> </ul>		
Savings/underspends have been higher than anticipated in the in-year savings plan in the Health Improvement area:	-0.128	(-0%)
<ul style="list-style-type: none"> <li>In the Stop Smoking Service savings were planned at £295k, but £473k is now forecast to be realised. This reflects reduced</li> </ul>		

- medication costs, reduced payments to pharmacies and GPs and a reduction in expenditure on marketing and promotion.
- In the Sexual Health STI testing and treatment budgets, savings were planned at £170k, but have been overachieved with the forecast underspend now £206k.

In addition, the Public Health Directorate staffing budget is now predicting an underspend of £261k, against a savings target of £150k.

As the Public Health grant is ringfenced, any under/over spend is transferred into an earmarked Public Health reserve at year end, creating a balanced budget position for 2015/16.

- For full and previously reported details go to the [PH Finance & Performance Report](#).

3.2.4 **Corporate Services:** £0.792m (-11.2%) underspend is forecast at year end.

- |  | £m     | %     |
|--|--------|-------|
| • <b>Digital Strategy</b> – the forecast underspend has increased by £144k this month, which is due to slippage on projects that will now be completed in 2016/17. | -0.320 | (-0%) |
- For full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.5 **LGSS Managed:** £1.050m (13.9%) overspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.6 **CS Financing:** £2.800m (-7.9%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.7 **LGSS Operational:** a balanced budget is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

**Note:** exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.

## 4. KEY ACTIVITY DATA

- 4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [CFA Finance & Performance Report](#) (section 2.5).

## 5. PERFORMANCE TARGETS

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment	ETE	High	30/09/15	%	80.9	80.3 (2015/16 target)	Green	↑
	Additional jobs created	ETE	High	30/09/14	Number	14,000	3,500 (2015/16 target)	Green	↑
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others	ETE	Low	31/08/15	%	Most deprived areas (top 10%) = 11.7% Others = 5%  Gap of 6.7 percentage points	Most deprived areas (top 10%) ≤12  Gap of <7.2 percentage points *	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA	High	29/02/16	%	95.6	96.0	Amber	↓
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	29/02/16	%	3.3	3.6	Green	↔
	The proportion pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA	High	29/02/16	%	78	75	Green	↑
	The proportion pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA	High	29/02/16	%	49.4	75	Red	↑

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
	The proportion pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA	High	29/02/16	%	92.9	75	Green	↔
Helping people live independent and healthy lives	Percentage of closed Family Worker cases demonstrating progression	CFA	High	29/02/16	%	75.7	80	Amber	↓
	The proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into re-ablement / rehabilitation services	CFA	High	2014/15	%	69.8	TBC – <i>new definition for 15/16</i>	TBC	TBC
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	29/02/16	%	54.9	57	Amber	↓
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	31/01/16	Number	469	406.3 per month (4,874.5 per year)	Red	↓
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	31/01/16	Number	123	94	Red	↓
	Healthy life expectancy at birth (males)	Public Health	High	2012-2014	Years	66.1	N/A – Contextual indicator	Green (compared with England)	↓ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2012-2014	Years	67.6	N/A – Contextual indicator	Green (compared with England)	↑ (compared

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
									<i>with previous year)</i>
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q3 2015)	Years	2.6	N/A – Contextual indicator	N/A – Contextual indicator	↔
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA	Low	29/02/16	Rate per 10,000	45.6	32.8 to 38.5	Red	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA	High	29/02/16	%	78	80	Amber	↑
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	CCC	High	01/01/16 to 31/03/16	%	76.1	75	Green	↑
	The average number of days lost to sickness per full-time equivalent staff member	CCC	Low	31/03/16	Days (12 month rolling average)	6.09	7.8	Green	↑

\* 'Out of work' benefits claimants - narrowing the gap between the most deprived areas (top 10%) and others – the target of ≤12% is for the most deprived areas (top 10%). At 6.7 percentage points the gap is the same as last quarter, but is narrower than the baseline (in May 2014) of 7.2 percentage points.



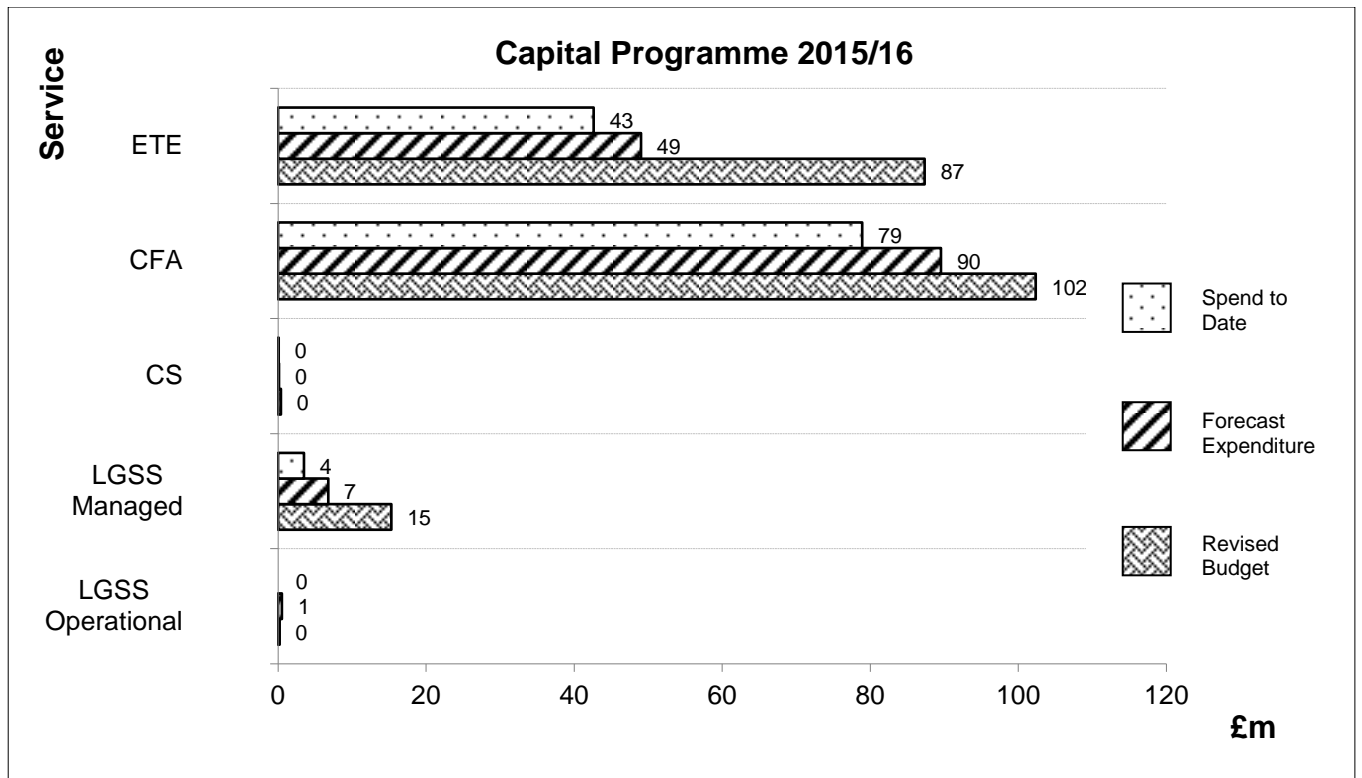
5.2 Key exceptions: there are no exceptions to report this month; for full and previously reported details go to the respective Service Finance & Performance Report:

- [ETE Finance & Performance Report](#)
- [CFA Finance & Performance Report](#)
- [PH Finance & Performance Report](#)
- [CS & LGSS Finance & Performance Report](#)

## 6. CAPITAL PROGRAMME

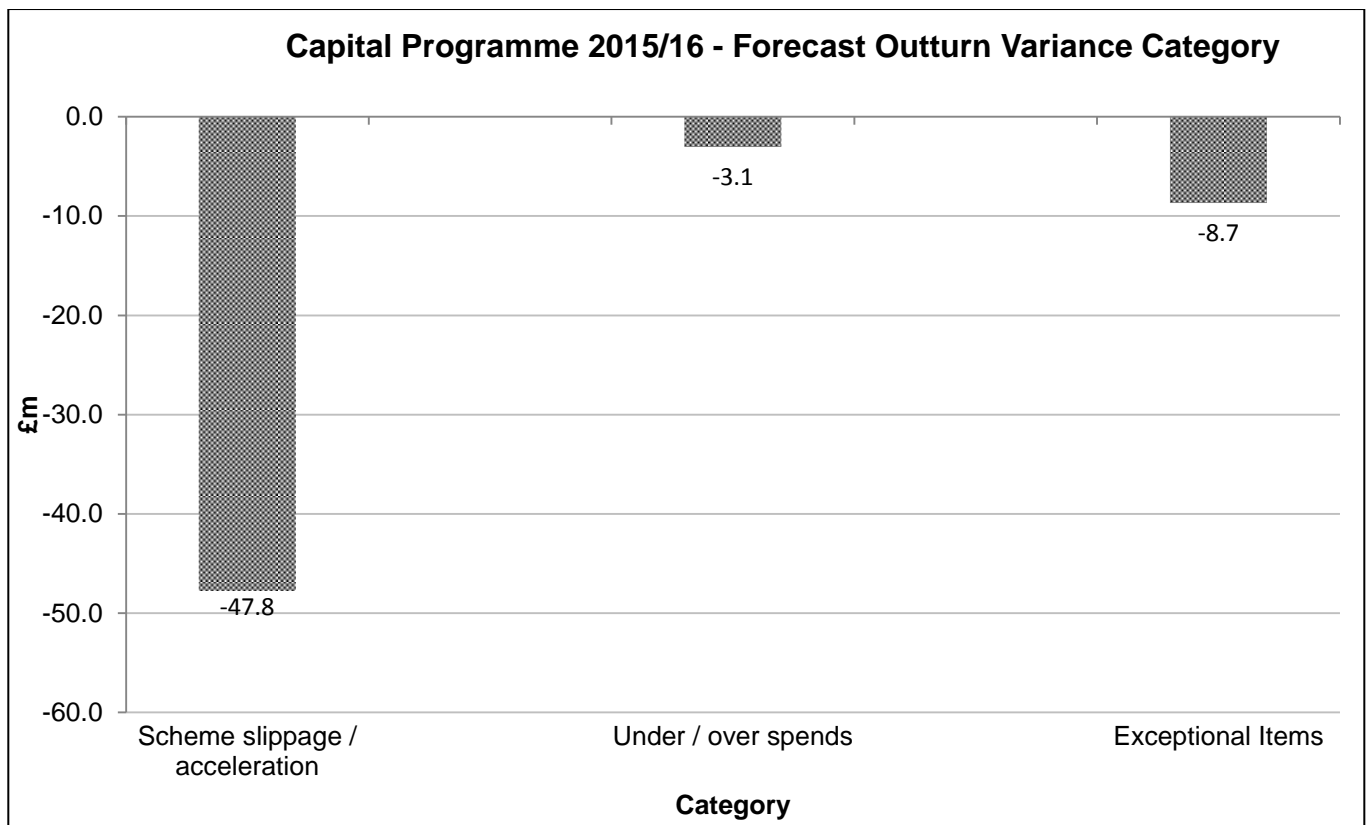
6.1 A summary of capital financial performance by service is shown below:

2015/16						TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Service	Revised Budget for 2015/16 £000	Forecast Variance - Outturn (Feb) £000	Forecast Variance - Outturn (Mar) £000	Forecast Variance - Outturn (Mar) %	Total Scheme Revised Budget (Mar) £000	Total Scheme Forecast Variance (Mar) £000
102,192	ETE	87,369	-36,575	-38,323	-43.9%	517,813	0
104,854	CFA	102,358	-13,665	-12,773	-12.5%	569,429	4,809
300	Corporate Services	386	-251	-251	-65.0%	640	0
11,385	LGSS Managed	15,331	-7,248	-8,545	-55.7%	81,452	-9,281
-	LGSS Operational	209	0	331	158.4%	600	0
<b>218,731</b>	<b>Total Spending</b>	<b>205,653</b>	<b>-57,739</b>	<b>-59,561</b>	<b>-29.0%</b>	<b>1,169,934</b>	<b>-4,471</b>



**Note:** The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted.

The following graph provides an indication of the cause for the 2015/16 capital forecast outturn variance:



**Note:** The 'Exceptional Items' category could include, for example, post Business Plan (BP) amendments.

6.2 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.5m or greater are identified below.

6.2.1 **Economy, Transport and Environment:** £38.3m (-43.9%) underspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> <li>• <b>Delivering the Transport Strategy Aims</b> – the forecast underspend has increased by £0.7m this month. This is mainly due to: <ul style="list-style-type: none"> <li>○ Tenison Road, Cambridge - Traffic Calming – a delay has occurred with this scheme due to the unexpected presence of a shallow water main, which is now being replaced by Cambridge Water, delaying the start of works to 18<sup>th</sup> April 2016. This has resulted in an in-year underspend of £0.5m.</li> <li>○ B1040 Hollow Lane, Ramsey – initial delay was related to landowner issues. This was resolved but then there was a delay in planning permission so the scheme will finish in 2016/17. This has resulted in an in-year underspend of £0.1m.</li> </ul> </li> <li>• <b>Operating the Network</b> – the forecast underspend has increased by £0.6m this month. This is due to underspends on a number of smaller schemes (up to 100) materialising at year end, where some schemes have been combined to reduce costs, and other schemes have cost less than originally expected.</li> </ul>	-2.7	(-66%)
	-1.3	(-8%)

The funding available as a result of these underspends will be reallocated within the ETE capital programme in 2015/16 to reduce the prudential borrowing requirement.

- For full and previously reported details go to the [ETE Finance & Performance Report](#).

6.2.2 **Children, Families and Adults:** £12.8m (-12.5%) underspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> <li>• <b>Secondary Schools - Demographic Pressures</b> – the forecast underspend has decreased by £1.0m this month. This is mainly due to: <ul style="list-style-type: none"> <li>○ Hampton Garden Secondary (North Cambridgeshire Secondary Provision) – there has been £1.5m accelerated spend on this scheme in 2015/16. Agreement has been reached that CCC will pay Peterborough City Council a contribution towards the land on which the school is sited.</li> </ul> </li> </ul>	-1.0	(-12%)
<p>This is partly offset by:</p> <ul style="list-style-type: none"> <li>○ Littleport Secondary &amp; Special – there has been further slippage of £0.6m this month as the contractor is still carrying out ground works, infrastructure and site set up;</li> </ul>		

work has not commenced on the building. As such, spend is lower than originally forecast.

- For full and previously reported details go to the [CFA Finance & Performance Report](#).

6.2.3 **Corporate Services:** £0.3m (-65.0%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.2.4 **LGSS Managed:** £8.8m (-55.7%) underspend is forecast at year end.

- |  | £m   | %       |
|--|------|---------|
| <ul style="list-style-type: none"> <li>• <b>Effective Property Asset Management (EPAM) - Renewable Energy Soham</b> – due to contractor delays this project will now commence in 2016/17 and therefore the scheme is reporting an underspend of £0.2m in 2015/16.</li> </ul> | -0.2 | (-100%) |
| <ul style="list-style-type: none"> <li>• For full and previously reported details go to the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul>   |      |         |

6.2.5 **LGSS Operational:** £0.3m (158%) overspend is forecast at year end.

- |   | £m   | %      |
|---|------|--------|
| <ul style="list-style-type: none"> <li>• <b>Next Generation ERP</b> – this in-year overspend is due to the rephasing of CCC's share of costs for the implementation of the Next Generation ERP amounting to £0.5m, and is partly offset by a predicted underspend of £0.2m on the R12 Convergence scheme. This will not affect the total scheme cost of the Next Generation ERP project.</li> </ul> | +0.5 | (100%) |
| <ul style="list-style-type: none"> <li>• For full and previously reported details go to the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul>  |      |        |

6.3 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.5m or greater are identified below:

6.3.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the [ETE Finance & Performance Report](#).

6.3.2 **Children, Families and Adults:** £4.8m (1%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CFA Finance & Performance Report](#).

6.3.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.3.4 **LGSS Managed:** £9.3m (-11.4%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.3.5 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.4 A breakdown of the changes to funding has been identified in the table below:

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding <sup>1</sup> £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	38.2	4.3	-17.5	1.5	<b>26.5</b>	25.2	-1.3
Basic Need Grant	4.9	1.5	0.0	0.0	<b>6.4</b>	6.4	0.0
Capital Maintenance Grant	6.3	0.0	0.0	-1.2	<b>5.1</b>	5.1	0.0
Devolved Formula Capital	1.1	1.1	0.0	0.0	<b>2.2</b>	1.6	-0.7
Specific Grants	11.5	2.4	0.0	2.1	<b>16.0</b>	6.0	-10.0
Section 106 Contributions & Community Infrastructure Levy (CIL)	35.8	-1.2	-16.2	0.1	<b>18.5</b>	12.3	-6.2
Capital Receipts	4.5	0.0	0.0	0.0	<b>4.5</b>	4.7	0.2
Other Contributions	29.6	0.7	-0.7	-19.5	<b>10.1</b>	2.5	-7.5
Prudential Borrowing	86.8	19.5	4.0	5.9	<b>116.2</b>	82.2	-34.0
<b>Total</b>	<b>218.7</b>	<b>28.4</b>	<b>-30.4</b>	<b>-11.1</b>	<b>205.7</b>	<b>146.1</b>	<b>-59.6</b>

<sup>1</sup> Reflects the difference between the anticipated 2014/15 year end position, as incorporated within the 2015/16 Business Plan, and the actual 2014/15 year end position.

## 6.5 Key funding changes (of greater than £0.5m):

Funding	Service	Amount (£m)	Reason for Change
Revised Phasing (Other Contributions)	CFA	-0.7	Isle of Ely Primary – capital contributions of £0.7m have been delayed. A tariff agreement was set up with the landowner to cover the infrastructure funded by CCC, which would have been the responsibility of the developers. This would usually be part of the S106 obligation, however, the school was needed before any development as CCC was part funding the school to cover existing basic need in Ely. The landowner is therefore required to repay the tariff when parcels of the land are sold for development, which is taking longer than expected, although negotiations are ongoing. Additional (repayable) Prudential Borrowing will be required in 2015/16 to bridge this funding gap (see below note).
Revised Phasing (Prudential Borrowing)	CFA	0.7	<b>GPC is asked to approve the increase of £0.7m to the Prudential Borrowing requirement in 2015/16</b> - to bridge the funding gap caused by the delayed capital contribution in relation to the Isle of Ely Primary scheme (see above note).

For previously reported key funding changes go to the respective Service Finance & Performance Report (appendix 6):

- [ETE Finance & Performance Report](#)
- [CFA Finance & Performance Report](#)
- [CS & LGSS Finance & Performance Report](#)

## 7. GRANT ALLOCATIONS 2015/16

- 7.1 Where there has been a material change in 2015/16's grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require SMT discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

### Education Services Grant

The ESG is an unringfenced grant, which is allocated to local authorities and academies on a per-pupil basis that takes account of school type (mainstream/high needs) and

status (academy/maintained). Funding will therefore reduce for local authorities if a school convert to academies.

Based on the expected number of academy conversions during 2015/16 a figure of £4,735,117 was budgeted for the ESG during the Business Planning (BP) process. However, due to slower academy conversions than originally expected during 2015/16, the total ESG received is £5,102,997, resulting in an additional £367,880. This position is an increase of £102,997 from the forecast reported in May 2015.

**It is proposed that the additional funding of £367,880 is treated as a general resource and taken to the General Fund, which the General Purposes Committee is asked to approve.** This is shown in the “Financing Items” section of this report.

- 7.2 The below grant is deemed to be a non-material change and is for information purposes only:

#### Business Rates Reconciliation Grant 2015/16

Government has committed to reimburse authorities for any loss of income incurred under the business rates retention scheme, which is as a result of tax changes announced at fiscal events. The amount payable is based on actual costs as captured at year end via local authority business rates outturn returns.

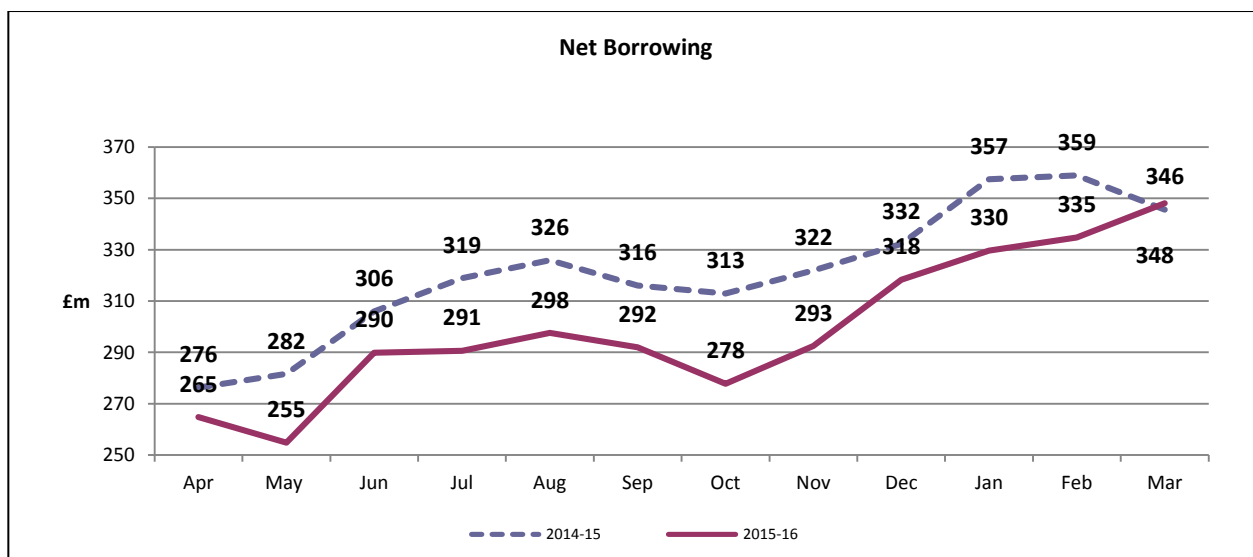
In 2015/16 CCC has received an additional £7,690 of grant funding that was not budgeted for. This funding will be treated as a general resource and is therefore shown in the “Financing Items” section of this report.

## **8. BALANCE SHEET**

- 8.1 A more detailed analysis of balance sheet health issues is included below:

Measure	Year End Target	Actual as at the end of March
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.7m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.0m
Invoices paid by due date (or sooner)	97.5%	99.8%

- 8.2 The graph below shows net borrowing (borrowing less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of March were £10.0m and gross borrowing was £358.1m, giving a net borrowing position of £348.1m.



8.3 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).

8.4 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).

## 9. ALIGNMENT WITH CORPORATE PRIORITIES

### 9.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 9.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 9.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 10. SIGNIFICANT IMPLICATIONS

### 10.1 Resource Implications

This report provides the latest resources and performance information for the Council and so has a direct impact.

### 10.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

### 10.3 Equality and Diversity Implications



There are no significant implications within this category.

#### **10.4 Engagement and Consultation Implications**

No public engagement or consultation is required for the purpose of this report.

#### **10.5 Localism and Local Member Involvement**

There are no significant implications within this category.

#### **10.6 Public Health Implications**

There are no significant implications within this category.

<b>APPENDIX 1 – transfers between Services throughout the year</b> (only virements of £1k and above (total value) are shown below)									
	<b>CFA</b>	<b>Public Health</b>	<b>ETE</b>	<b>CS Financing</b>	<b>Corporate Services</b>	<b>LGSS Managed</b>	<b>LGSS Operational</b>	<b>Financing Items</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening Cash Limits as per Business Plan	244,270	0	63,308	35,460	5,672	9,145	9,864		2,165
Green Spaces budget from CS to ETE			11		-11				
Scrutiny Members Training budget to Members Allowances 15/16						15	-15		
City Deal budget from ETE to LGSS Managed			-717			717			
ETE Operational Savings – LEP subscription			50						-50
Green Spaces staff budget from CS to ETE			43		-43				
Travellers Support budget from CS to ETE			51		-51				
Allocation of Supporting Disadvantaged Children in Early Years Grant and SEND Preparation for Employment Grant to CFA	63								-63
Microsoft Support Extension - Windows 2003						33			-33
Reablement to LGSS Operational	-34						34		
Mobile Phone Centralisation	-286		-55		-3	372	-28		
Reversal of Mobile Phone Centralisation for pooled budgets in 2015/16	17					-17			
CS Operational Savings – various					602				-602
Property budget for 9 Fern Court from CFA to LGSS Mgd.	-7					7			
Allocation of Staying Put Implementation Grant to CFA (Qtr 1)	27								-27
City Deal funding 2015/16						200			-200
Transfer from CFA to Finance for Adults Accountant post	-30						30		
ETE Operational Savings – various			388						-388
Independent Living Fund (ILF) - 1st half year instalment	519								-519
LGSS Operational Savings – K2							36		-36
Independent Living Fund (ILF) – Qtr 3	259								-259
ETE Operational Savings – Business Planning savings			75						-75

Transfer of legal budget to LGSS Law									202		-202
CFA Mobile Phone Centralisation reversal	6							-6			
Allocation of Staying Put Implementation Grant to CFA (Qtrs 2 & 3)	54										-54
ETE Operational Savings – Park & Ride			200								-200
ETE Operational Savings – various			745								-745
ETE Operational Savings – various			18								-18
Annual Insurance 15/16	454		1,528					-1,982			
Independent Living Fund (ILF) – Qtr 4	259										-259
ETE Operational Savings – Project support for Library review			51								-51
ETE Operational Savings – Sawston temporary library			20								-20
Allocation of Staying Put Implementation Grant to CFA (Qtr 4)	27										-27
<b>Current budget</b>	<b>245,600</b>	<b>0</b>	<b>65,716</b>		<b>35,460</b>		<b>6,166</b>	<b>8,483</b>		<b>10,124</b>	<b>-1,665</b>
<i>Rounding</i>	2	-	-		-		-	-1		1	-2

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2015 <sup>1</sup>	2015-16		Forecast Year End Balance at 2015-16	Notes
		Movements in 2015-16	Balance at 31 Mar 16		
	£000s	£000s	£000s	£000s	
<b>General Reserves</b>					
- County Fund Balance	16,002	25	16,027	18,664	
- Services					
1 CFA	0	0	0	1,940	Includes Service Forecast Outturn (FO) position.
2 PH	952	0	952	1,080	
3 ETE	3,369	-1,662	1,707	3,150	Includes Service FO position.
4 CS	1,020	-603	417	1,209	Includes Service FO position.
5 LGSS Operational	1,003	-36	967	497	Includes Service FO position.
Subtotal	22,346	-2,276	20,070	26,540	
<b>Earmarked</b>					
- Specific Reserves					
6 Insurance	2,578	0	2,578	2,578	
Subtotal	2,578	0	2,578	2,578	
<b>Equipment Reserves</b>					
7 CFA	744	159	903	744	
8 ETE	893	-278	615	597	
9 CS	50	0	50	50	
10 LGSS Managed	642	0	642	167	
Subtotal	2,329	-119	2,210	1,558	
<b>Other Earmarked Funds</b>					
11 CFA	7,533	-2,433	5,100	3,949	Includes liquidated damages in respect of the Guided Busway.
12 PH	2,081	-61	2,020	1,300	
13 ETE	7,404	-1,177	6,227	5,939	
14 CS	527	-55	472	579	
15 LGSS Managed	198	214	412	233	
16 LGSS Operational	130	0	130	0	
17 Corporate	63	-63	0	0	
Subtotal	17,936	-3,575	14,361	12,000	
<b>SUB TOTAL</b>	<b>45,188</b>	<b>-5,970</b>	<b>39,219</b>	<b>42,676</b>	
<b>Capital Reserves</b>					
- Services					
18 CFA	6,272	12,252	18,524	2,364	Section 106 and CIL balances.
19 ETE	15,897	42,884	58,781	26,370	
20 LGSS Managed	481	4,422	4,903	422	
21 Corporate	33,547	16,998	50,545	38,228	
<b>SUB TOTAL</b>	<b>56,197</b>	<b>76,556</b>	<b>132,753</b>	<b>67,384</b>	
<b>GRAND TOTAL</b>	<b>101,385</b>	<b>70,587</b>	<b>171,972</b>	<b>110,061</b>	

<sup>1</sup> Opening balances at 31<sup>st</sup> March 2015 have been adjusted, where applicable, following the external audit sign-off of the 2014/15 Statement of Accounts.

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Description	Balance at 31 March 2015 <sup>1</sup>	2015-16		Forecast Year End Balance at 2015-16	Notes
		Movements in 2015-16	Balance at 31 Mar 16		
	£000s	£000s	£000s	£000s	
<b><u>Short Term Provisions</u></b>					
ETE	669	0	669	0	
ICS	1,005	-5	1,000	950	
LGSS Managed	4,460	0	4,460	4,629	
subtotal	6,134	-5	6,129	5,579	
<b><u>Long Term Provisions</u></b>					
LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
<b>GRAND TOTAL</b>	<b>9,747</b>	<b>-5</b>	<b>9,742</b>	<b>9,192</b>	

<sup>1</sup> Opening balances at 31<sup>st</sup> March 2015 have been adjusted, where applicable, following the external audit sign-off of the 2014/15 Statement of Accounts. This relates to net nil adjustments between short/long term provisions.



## **AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN**

<b>MEETING DATE REPORT DEADLINES AND REPORT TITLES</b>	<b>Frequency of report</b>	<b>Corporate/Service Director /external officer responsible</b>	<b>Report author</b>
<b>12<sup>th</sup> JULY 2016</b>			
<b>Deadline for reports to be with Democratic Services – Mid-day Tuesday 28<sup>TH</sup> JUNE</b>			
<b>Training Session on Risk to be held at 12 noon Room 128</b>	One off		C Malyon/ N Hunter / S Norman
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Workforce Strategy and Model Update	each meeting until Strategy in place	Head of HR	M Cox
Draft Statement of Accounts: 2015-16	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Chris Malyon / Iain Jenkins

LGSS Draft Accounts (for information only)	Annual	Deputy S151 Officer. LGSS	Jon Lee /Iain Jenkins Head of Finance (Deputy S151 Officer) LGSS
Code of Corporate Governance - updated document	Annual	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Cambridge Library Enterprise Centre Review (CLEC) Update on Action Plan Progress to date	Each meeting until completion	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress)  <i>Relevant officers to attend the Committee to be invited by Neil Hunter where management actions have gone beyond the next agreed target date</i>	Each meeting except June as this is too close to the July meeting	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Audit and Accounts Committee Training Plan	Once a year	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
<b>20<sup>th</sup> SEPTEMBER 2016</b> <b>Deadline for reports to be with Democratic Services:</b> <b>Mid-day Tuesday 6<sup>th</sup> September</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson



Safe Recruitment in Schools Update	regular update	Children and Young People	Keith Grimwade /
Accounts:	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Chris Malyon /Iain Jenkins
<ul style="list-style-type: none"> <li>Revised Statement of Accounts</li> <li>ISA 260 Report and Letter of Representation and ISA 260 Report – Pension Fund (to include the approach to be undertaken to identify value for money)</li> </ul>		External Audit BDO LLP	Lisa Clampin, Zoe Thompson and Barry Pryke Lisa Clampin, Zoe Thompson and Barry Pryke

LGSS Accounts	Annual	Deputy S151 Officer. LGSS	Jon Lee / Iain Jenkins Head of Finance (Deputy S151 Officer) LGSS
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update)	Each meeting	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Risk Updates Report	Regular	Director, Customer Services and Transformation	Sue Grace / Sue Norman

<b>22<sup>nd</sup> NOVEMBER 2016</b> <b>Deadline for reports to be with Democratic Services:</b> <b>Mid-day Tuesday 8<sup>TH</sup> NOVEMBER 2016</b>			
Minutes and Minutes Log Update	Each meeting	<i>Democratic Services</i>	Rob Sanderson
Safe Recruitment in Schools Update	regular update	<i>Children and Young People</i>	Keith Grimwade /

Workforce Strategy and Model Update Report	One off	<i>Human Resources – Head of People</i>	Martin Cox /Janet Maulder
Integrated Resources and Performance Report	Each Cycle would always be one that had already been through General Purposes Committee	Chief Finance Officer	C Malyon / Rebecca Bartram
External Audit - Annual Audit Letter 2015/16 Audit	Annual	External Audit	BDO
The Council's Assurance Framework: Update on Assurances Received	twice a year – (November June)	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit

**24<sup>th</sup> JANUARY 2017**  
**Deadline for reports to be with Democratic Services:**  
**Mid-day 102<sup>th</sup> January 2017**

<b>Minute Log</b>	Each meeting	Democratic Services	Rob Sanderson
Integrated Resources and Performance Report	Each Cycle would always be one that had already been through General Purposes Committee	Chief Finance Officer	C Malyon / Rebecca Bartram
Internal Audit Progress Report (Including Progress of	Each meeting	LGSS Head of Internal	Duncan Wilkinson

Implementation of Management Actions and Internal Audit Plan Update)  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>		Audit	LGSS Head of Internal Audit
Risk Updates Report		Director, Customer Services and Transformation	Sue Grace / N Hunter
<b>21<sup>st</sup> March 2017</b> <b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 7<sup>TH</sup> March 2017</b>			
Cambridgeshire County Council External Audit Plan 2016-17 to include cover sheet with recommendations on what Auditors wish the Audit and Accounts Committee to agree	Annual Report to March meeting	BDO LLP	Lisa Clampin, Zoe Thompson and Barry Pryke
The Council's Assurance Framework: Update on Assurances Received	twice a year – (November / March)	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Internal Audit Plan 2017/18	Annual to the March meeting	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Risk Updates Report		Director, Customer Services and Transformation	Sue Grace
Internal Audit Progress Report (Including Progress of	Each meeting	LGSS Head of Internal	Duncan Wilkinson

Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by N Hunter where management actions have gone beyond the next agreed target date</i>		Audit	LGSS Head of Internal Audit
Integrated Resources and Performance Report	Each Cycle would always be one that had already been through General Purposes Committee	Chief Finance Officer	C Malyon / Rebecca Bartram
<b>JUNE 2017</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Draft Annual Governance Statement	Annual	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Cambridge Library Enterprise Centre Review (CLEC) Update on Action Plan Progress to date	Each meeting until completion	Interim Head of Internal Audit	Neil Hunter
Annual Risk Management Report	Annual	Director, Customer Services and Transformation	Sue Grace / Neil Hunter
Annual Internal Audit Report (to be reported on to Council in October)	Annual	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
The Council's Assurance Framework: Update on Assurances	twice a year –	LGSS Head of Internal	Duncan Wilkinson

Received	(November / June)	Audit	LGSS Head of Internal Audit
Review of Terms of Reference	Once a year	Interim Head of Internal Audit	N Hunter
Integrated Resources and Performance Report	Each Cycle would always be one that had already been through General Purposes Committee	Chief Finance Officer	C Malyon / Rebecca Bartram

### Notes

Risk Management Update reports to March, June, September and January.  
The June report will also be the Annual Risk Management Report

2016/17 cycle will be:

- Jan, following SMT November review of corp risk
- March, following SMT February
- June following SMT May review
- September, following SMT August review

Integrated Resources and Performance Report every cycle except July as the meeting is too near the June meeting and General Purposes Committee is later in July.

To be rescheduled

