

**AUDIT AND ACCOUNTS COMMITTEE ACTION LOG FOR COMMITTEE MEETING 22<sup>nd</sup> SEPTEMBER**

<b><u>NO.</u></b>	<b><u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u></b>	<b><u>LEAD</u></b>	<b><u>PROGRESS / RESPONSE</u></b>
	<b>ACTIONS ARISING FROM THE MINUTES OF THE 25<sup>TH</sup> NOVEMBER MEETING 2014</b>		
1.	<p><b>MINUTE 99 INTERNAL AUDIT PROGRESS REPORT (INCLUDING PROGRESS OF IMPLEMENTATION OF MANAGEMENT ACTIONS) TO 31<sup>ST</sup> OCTOBER 2014</b></p> <p>a) Internal Audit Report on Safe Recruitment in Schools - Request from the Chairman for a written update on the number of responses received in relation to the reminders to the third of schools who had not completed the self-assessment audit. He advised that it would not be necessary to come back to Committee to present that information.</p> <p>Note: It was resolved unanimously at the 9<sup>th</sup> June meeting that</p> <p>i) a further update should be circulated to the Committee after the deadline of the end of the week (12<sup>th</sup> June) and an update included in the Minute Action Log for the next meeting in July.</p> <p>ii) A follow up report should be provided in due course in relation to what lessons had been learnt.</p>	<p><b>Service Director Keith Grimwade / internal Audit</b></p>	<p>An update was e-mailed to Members on 16<sup>th</sup> June confirming that the four outstanding schools had provided their returns.</p> <p>Due to concerns raised at the July 2015 meeting as set out in the Minutes, the Committee requested a further update to come to the September meeting. A report is included on the current agenda at Item 12.</p> <p><b>Action completed</b></p>

	<b>ACTIONS ARISING FROM THE MINUTES OF THE 17<sup>th</sup> MARCH MEETING 2014</b>		
<b>2.</b>	<b>MINUTE 120. INTERNAL AUDIT PROGRESS REPORT</b>		
a)	<p>Business Continuity – Moderate assurance provided.</p> <p>Personal Budgets for Children - Substantial Assurance provided</p> <p><b>Action: The Chairman requested details outside of the meeting on the follow up to be taken to ensure the actions were undertaken to address the minor issues which had been identified.</b></p>		<ul style="list-style-type: none"> <li>Business Continuity – Actions were progressing but had not been completed. An update was requested by Internal Audit on 24<sup>th</sup> April 2015 (note March 2015 had been the target date) (The above was to be followed up for the September meeting)</li> <li>Personal Budgets – The action was confirmed by management in May 2015 as having been implemented.</li> </ul>
<b>3.</b>	<b>MINUTE 127 - DRAFT AGENDA PLAN</b>		
a)	<p>Councillor Sales request for a review of the General Purposes Committee decision to grant a lease to an organisation to manage the land as a community sports facility on the March Estover Road Site.</p>		<p>The report is included on the current September Committee meeting as item 3.</p> <p><b>Action completed</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 9<sup>TH</sup> JUNE COMMITTEE MEETING</b>			
<b>4.</b>	<b>MINUTE 132 – MINUTES</b>		
	<p><b>Minute 118 3a) Home to School Transport</b></p> <p>An update was requested on the likely timetable for a final report at the next meeting. <b>Action: Democratic Services to check with Joseph Whelan.</b></p>	<b>RVS / JW</b>	<p>It was reported to the July meeting that the work had only recently started so there will not be a formal member report for some months. The budget position of home to school transport will continue to be reported through existing channels in Resources and Performance reports to both General Purposes Committee and Children and Young People</p>

			Committee. <b>Ongoing</b>
<b>5.</b>	<b>MINUTE 134 ANNUAL RISK MANAGEMENT REPORT</b>		
a)	Risk 1a) 'Failure to deliver a robust and secure Business Plan over the next five years' - <b>Action: There was a query of whether the word 'deliver' should in fact be changed to say 'produce'.</b> The officer would take this back and confirm.	<b>Dan Thorp/ Sue Norman</b>	Following discussion at the Corporate Risk Group on 4 <sup>th</sup> August 2015 this was added.  <b>Action completed</b>
b)			
	Risk 14 - <i>Increased demand for services arising from increased financial</i> and social pressure on individuals, families and communities. Action: Confirmation requested that in relation to the action crossed out titled 'New Child Poverty Strategy to be developed' that the Strategy had been developed and implemented (and was on the web). It was suggested including a date in future on the register document would avoid such queries.	<b>Dan Thorp/ Sue Norman</b>	Following discussion at the Corporate Risk Group on 4 <sup>th</sup> August 2015 it can be confirmed that the Strategy has been developed and is on the web and can be found at the following link.  <a href="#">Link to child poverty strategy 2014-17</a>  <b>Action completed</b>
c)	Risk Number 15 'Failure of the Council's arrangements for safeguarding vulnerable children and adults' key control / mitigation 28 – change required by the Care Act 2014 overseen by the Safeguarding Adults Board <b>Action: request for a date to be inserted.</b> (to clarify when the specific risk under the provision of the 2014 Act was introduced)	<b>Sue Norman</b>	This has been updated on the Corporate Risk Register.  28. Change to safeguarding required by the Care Act 2014 is 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 and will be reviewed and adapted as further national guidance becomes available.

			<b>Action completed</b>
d)	<p>Risk Number 16 – ‘Lack of capacity to resource future demand for services in respect of children and adults’ – <b>Action:</b> It was suggested that under Key Control / mitigation – 1. ‘Regular audits of assessment process and the use of trend data to identify children’s needs’ <b>this also needed to reference adults.</b></p> <p>Lack of staff training / the use of agency staff was raised as an issue - <b>Action: it was suggested that robust induction knowledge and verification should be added as a key control.</b></p> <p><b>Action: A number of the strategies had March 2016 as the target date. It was recommended that key milestones should be added for the September meeting to be able to check on progress.</b></p>	<b>Sue Norman</b>	<p>Risk 14 and 16 have been combined into a new risk and went to SMT on 17/08/15.</p> <p>These suggested actions have been included in the new combined risk.</p> <p><b>Action completed</b></p>
e)	<p>Major Fraud or Corruption – The Chairman challenged the wording of trigger 2 as he personally did not consider the current economic climate resulted in major fraud / corruption. <b>Action: to consider any response to this comment</b></p>	<b>Sue Norman</b>	<p>This has been changed with the existing wording been deleted and changed to read “economic circumstances”.</p> <p><b>Action completed</b></p>
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<b>6.</b>	<b>MINUTE ASSURANCE FRAMEWORK UPDATE</b>		
	<p>The Chairman was concerned regarding whether all foreseeable risks were currently covered and whether there were any gaps / or whether risks were being shown at the right level. <b>Action: There was a request to provide an update report on any areas that the new Head of Internal of Audit identified might be gaps requiring further assurance work.</b></p>	<b>Neil Hunter</b>	<p>This has been included in the Internal Audit Progress Report on the current agenda.</p> <p><b>Action completed</b></p>

7.	<b>MINUTE 139. INTEGRATED RESOURCES AND PERFORMANCE REPORT</b>		
a)	Making reference to the tables in paragraphs 4.2, 4.3, 4.4 and 4.5, several of the figures showed considerable increases from the original estimate of children and adult clients compared with the final number. This poor forecasting record had been a recurring theme for a number of years and the Chairman questioned how they were carried out. <b>Action: He suggested that this was an area for review by Internal Audit.</b>	Neil Hunter	<b>Head of Internal Audit will discuss with Executive Director and will provide an oral update at the September meeting.</b>
b)	Page 11 Performance targets - Corporate Priority titled 'Developing our economy' fourth indicator reading 'the proportion of pupils attending Cambridgeshire as schools judged good or outstanding by Ofsted' - the Chairman suggested that this was misleading, as it included two sets of activity relating to Secondary and Primary schools in the same indicator. In addition it also needed to differentiate between academy and non-academy schools, as the former were distorting the figures in a negative way. In response it was indicated that the presentation of the indicator was required by the Department for Education (DFE) / Ofsted in the current format but that General Purposes Committee had asked for a breakdown by the different types of schools. <b>Action: Authors of the information should be asked to make a further split between not only the types of school, but also between Academy and Non Academy schools.</b>		<p>At the July Committee it was reported that General Purposes Committee have discussed and agreed a new set of corporate indicators for 2015/16, which they will monitor as part of the monthly IR&amp;PR.</p> <p>This new set did not include "The proportion of pupils attending Cambridgeshire schools judged good or outstanding by Ofsted" indicator.</p> <p>In discussion at the July meeting there was a request to investigate whether Children and Young People's (C&amp;YP) Committee included a similar indicator, as this Committee would wish to seek assurance that monitoring was undertaken to identify those schools not working effectively.</p> <p>An e-mail response to the Committee dated 27<sup>th</sup> July indicated that C&amp;YP Committee now considered and monitored an updated set of performance indicators which separately reports on the proportion of pupils attending Cambridgeshire (1) Primary, (2) Secondary, and (3) Special schools, judged good or outstanding by Ofsted. It is not proposed to separate out academies</p>

			because Committee is concerned with all Children in Cambridgeshire schools.  <b>Action completed</b>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 14<sup>th</sup> JULY COMMITTEE MEETING</b>			
<b>8.</b>	<b>MINUTE 144. ACTION LOG FROM MINUTES</b>		
	<b>1) Minute 120 17<sup>th</sup> March Meeting Internal Audit Progress Report - Business Continuity – Moderate Assurance provided</b>  <b>An update on the outstanding actions would be provided at the September meeting.</b>	<b>N Hunter / S Norman</b>	Included in the report on the agenda.
	<b>2)Minute 134 Annual Risk Management Report</b>  In relation to all the ongoing actions due to be discussed at the Corporate Risk Group on 4 <sup>th</sup> August and reported back to the September Committee meeting <b>there was a request that the Director: Customer Service and Transformation should be invited to attend and present the updates as she was the Corporate Risk owner.Action</b>	<b>Rob Sander-son</b>	An e-mail was sent to Sue Grace following the meeting passing on this request and an electronic diary invite sent last week.
	<b>3) 9d) Minute 136 Annual Governance Statement</b>  Customer Feedback Questionnaires – Regarding the questionnaire the Chairman suggested officers should consider including a question “What do we do that you think we ought to do again?” <b>Action</b>	<b>N Hunter / S Norman S</b>	The questionnaire is currently being reviewed.

	<b>9) Minute 139 Integrated Resources and Performance Report</b>		
	<p>Making reference to the tables in paragraphs 4.2, 4.3, 4.4 and 4.5, several of the budget figures showed considerable increases from the original estimate of children and adult clients compared with the final number. This poor forecasting record had been a recurring theme for a number of years and the Chairman questioned how they were carried out. <b>Action previously agreed: this was an area for review by Internal Audit.</b> It was orally reported that this was still an action for Head of Internal Audit to discuss with the Executive Director.</p>	<b>N Hunter</b>	<b>An oral update will be provided at the meeting.</b>
	<p><b>10)</b> In relation to information the Chairman had requested in advance of the June meeting on activity data in relation to the above tables, an oral update was provided which was included as appendix 1 to the Minutes for that meeting. There was concern that providing a snap shot of a day appeared to be a waste of resources. <b>The request to review this approach to see if there was a better way of presenting the information, was still ongoing.</b></p>	<b>RS contact T Barden for update</b>	<p>Officers have responded indicating that snapshot data is useful for Members as it shows the ask of the market at any given time – i.e. we might have 1500 people in residential beds over a year but only 200 at any given time – so the size of the market is 200 beds, not 1500 – but it does need to have some context provided by the overall yearly figure too to be most useful).</p> <p>Providing a snap shot on a day is a helpful way for the service committees to review the number of placements or packages provided at the current time, especially given the constantly changing cohort of clients receiving a service. Service committees value this information.</p>

	<p><b>11. Page 11 Performance targets - Corporate Priority titled ‘Developing our economy’ fourth indicator reading ‘the proportion of pupils attending Cambridgeshire as schools judged good or outstanding by Ofsted’</b> - the Chairman had suggested at the June meeting that this was misleading, as it included two sets of activity relating to Secondary and Primary schools in the same indicator. In addition, he suggested it also needed to differentiate between Academy and Non-Academy schools, as the former was distorting the figures in a negative way. The action was that officers be asked to consider providing a further breakdown between, not only the types of school by pupil age group, but also between Academy and Non-Academy schools.</p>	<p><b>RVS contact S Heywood</b></p>	<p>The response in the July report indicated that General Purposes Committee had discussed and agreed a new set of indicators that now no longer included any measure on the proportion of pupils attending schools judged good or outstanding by Ofsted. In discussion there was a request to investigate whether Children and Young People’s (CY&amp;P) Committee included a similar indicator, as this Committee would wish to seek assurance that monitoring was undertaken to identify those schools not working effectively.</p> <p>A response was provided on 29<sup>th</sup> July which stated C&amp;YP Committee now consider and monitor an updated set of performance indicators which separately reports on the proportion of pupils attending Cambridgeshire (1) Primary, (2) Secondary, and (3) Special schools, judged good or outstanding by Ofsted.</p> <p>It was not proposed to separate out academies because Committee is concerned with all Children in Cambridgeshire schools.</p> <p><b>Action completed</b></p>
	<p><b>12. Page 13 Customer Complaints – ETE –</b></p> <p>The Committee requested that ETE officers be asked the question of whether all street lighting complaints were included in the system and if not, the reasons.</p>	<p><b>RS contact G Amis</b></p>	<p>A response was provided to the Committee on 17<sup>th</sup> July which made clear that with the new complaints recording system this is no longer possible as the current system does not allow the recording of complaints by subject. Tessa Adams indicated that the data for street lighting complaints that ETE received directly was provided up until 26 March 2015, which was when the old customer feedback system (with categories) ended. A response to a freedom of Information request was included as an appendix</p>



		<p>which did give an approximation of the numbers involved up to that date. This provided the following information:</p> <p><i>The table below shows the figures for the total number of enquiries to Balfour Beatty for each year since the PFI contract started. Please note that the contract started on the 1st July 2011, so the 2011 figures cover a 6 month period. The 2015 figures go up to 31st May 2015 and therefore cover a 5 month period.</i></p> <p><i>In addition, please see below the total number of complaints to Cambridgeshire County Council Assets and commissioning (covering both waste and street-lighting) up to 26 March 2015:</i></p> <p><i>1 July 2011 – 31 December 2011: 0</i>  <i>1 Jan 2012 – 31 December 2012: 0</i>  <i>1 Jan 2013 – 31 December 2013: 9</i>  <i>1 Jan 2014 – 31 December 2014: 34</i>  <i>1 Jan 2015 – 26 March 2015: 8</i></p> <p><i>2. Can you please list number of complaints by street names?</i></p> <p><i>It will not be possible to provide these details as identifying street names would involve manual checking of every contact received. Identifying the relevant street names would take approximately 30 seconds of officer time to locate, extract and review each of the 7213 contacts received over this period, equating to over 60 hours of officer time. As such, your request is refused on the grounds that it would take over 18 hours of officer time to provide you with this information.</i></p> <p>In reply to concerns that the number of street lighting complaints may be understated, as was already alluded to at the meeting, it was confirmed that the general principle has been that the Council only record</p>
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			<p>complaints on the CCC complaints system that CCC need to deal with directly. The Council pass any complaints on that are for third parties to deal with directly themselves. If Councillors are receiving complaints directly, they should ensure that the complaints they receive are dealt with via the CCC complaints system and then they can be dealt with by the appropriate officer.</p> <p><b>Action Completed</b></p>
9.	<b>MINUTE 145. LGSS DRAFT STATEMENT OF ACCOUNTS</b>		
	<p><b>1) There was a request that the Committee should be sent the 2015/16 LGSS Business Plan.</b></p>	<p><b>Iain Jenkins (IJ)</b></p>	<p>The Business Plan is was provided in an e-mail dated 16<sup>th</sup> July with a note indicating The LGSS Business Plan was available on the website at the following link:</p> <p><a href="http://www.lgss.co.uk/AboutUs/Documents/PDF%20Documents/LGSS%20Five%20Year%20Strategic%20Business%20Plan%20final%20version.pdf">http://www.lgss.co.uk/AboutUs/Documents/PDF%20Documents/LGSS%20Five%20Year%20Strategic%20Business%20Plan%20final%20version.pdf</a></p>
	<p><b>2) Page 21 Note 7 Explanation was sought on the end of year debtor position of which ‘other local authorities’ was showing debt of over £3m As there was concerns that the figure still appeared to be a large one, the Committee asked for assurance regarding the procedures in place to follow up on late payers / outstanding debtors</b></p>		<p>In relation to point assurance required on the processes for following up on debtors, it was indicated that LGSS debtors invoices are formally raised through either the NCC or the CCC Accounts Receivable systems (as LGSS is not a separate entity). Therefore any outstanding debts or late payers will be chased by either the NCC or CCC Debt Recovery teams so will be subject to the same debt recovery and collection procedures as the rest the Council’s debt.</p>

			A response was provided to the Committee from Iain Jenkins on an e-mail dated 29 <sup>th</sup> July which also provided a briefing paper around how the LGSS accounts were compiled, and in particular with the regards to the prior year restatement of the debtors balances. which has been included in Appendix 1:
	<b>3) There was a request for Table 8 Page 21 Short terms creditors and receipts to be looked at again, as currently it did not add up and also for explanation to be provided in the note for some of the large increases between 2013-14 and 2014-15.</b>		Officers had looked again and realised that they had made a casting error when transferring the figures across into the accounts. The total for the Short Term Creditors Table was correct, but the split on the lines above was wrong. This will be corrected before the final accounts are published and the correct table included for reference purposes is included as appendix 1 to this log.
	<p><b>4) Note 16 Prior Period Adjustment</b></p> <p>It was indicated that as LGSS continued to refine its processes during the year the debtors balance had been reviewed and was found to contain some debtors of the host authorities, which had been included in error and subsequently removed. The Chairman drew particular attention to the last line reading: "The effect of this restatement to the 2013-14 published accounts is as follows: Debtors -£1,430k Cash +£1430k".</p> <p>The Chairman highlighted that he did not understand how if £1.4 m was taken out of debtors the effect was an increase in cash balances equating to +£1,430k. Although explanation was provided, it was still difficult to understand, especially as it was also indicated that there had been no compensating adjustment to the Cambridgeshire County Council (CCC)</p>		<p>In relation to some of the queries raised at the meeting The Chairman raised with the Director of Finance outside of the meeting his concerns about Note 16 to the LGSS draft accounts, Prior Period Adjustment which stated <i>inter alia</i>, that "The debtors balance as at March 2014 .... was found to contain some debtors of the host authorities. These have been removed. The effect is... Cash +£1,430k".</p> <p>He explained</p> <p>a) that he had asked for clarification, in non-technical terms, as to how this came about .</p> <p>b) In spite of their efforts to explain at the meeting, he still do not follow how the reduction in debtors leads to an increase in cash balances.</p>

	<p>cash figures. <b>There was a request for a fuller explanatory note on how the cash sum had been calculated to be provided outside of the meeting.</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	<p>c) t his third, and most troubling, query arose when the meeting was told that there had been no compensating adjustment to the CCC cash (and presumably debtor) figures.</p> <p>As a holding response the Chief Finance Officer responded to explain “that the LGSS accounts are a little out of the ordinary in the sense that the organisation does not exist and therefore the accounts are therefore a notional extract and amalgamation of the detail held in the two host authorities. As LGSS does not hold its own cash accounts I suspect that the sum included on the balance sheet is a ‘balancing’ figure. Therefore the removal of debtor accounts contained within the LGSS codes will automatically change the cash figure in these notional set of accounts. As there is no physical cash exchange between LGSS and the relevant host authority there is no impact on the host authority cash position. The two host authority accounts have already been reconciled to the physical cash held within their respective bank accounts but because the LGSS are notional this probably wasn’t recognised at the time. As the accounts highlight this is only the second year that we have produced a set of accounts for LGSS and therefore we are still refining a number of these processes.</p> <p>This explanation was confirmed by LGSS Finance Officers involved with the preparation of the LGSS Accounts.</p>
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	<ul style="list-style-type: none"> <li>• Officer remuneration – <b>Providing the exact reasons why the number of officers receiving over £50k had increased from 39 to 44 between 2013-14 and 14-15 when the business had not grown in relation to the expectations of the previous year’s Business Plan.</b></li> <li>•</li> </ul>	<p><b>In response it was explained that the Accounts</b> were required to disclose the number of staff receiving remuneration over £50k per annum. In 13-14 there were 39 members of staff and in 14-15 there were 44. These are split into different bandings. (It’s the table at the top of page 26 in the draft LGSS accounts).</p> <table> <tr> <th>2013-14 Total</th><th>Pay Band</th><th>2014-15 Total</th></tr> <tr><td>8</td><td>£50,000 - £54,999</td><td>9</td></tr> <tr><td>6</td><td>£55,000 - £59,999</td><td>8</td></tr> <tr><td>6</td><td>£60,000 - £64,999</td><td>3</td></tr> <tr><td>5</td><td>£65,000 - £69,999</td><td>4</td></tr> <tr><td>2</td><td>£70,000 - £74,999</td><td>2</td></tr> <tr><td>1</td><td>£75,000 - £79,999</td><td>5</td></tr> <tr><td>2</td><td>£80,000 - £84,999</td><td>3</td></tr> <tr><td>2</td><td>£85,000 - £89,999</td><td>4</td></tr> <tr><td>2</td><td>£90,000 - £94,999</td><td>0</td></tr> <tr><td>2</td><td>£95,000 - £99,999</td><td>2</td></tr> <tr><td>1</td><td>£110,000 - £114,999</td><td>1</td></tr> <tr><td>1</td><td>£115,000 - £119,999</td><td>1</td></tr> <tr><td>0</td><td>£120,000 - £124,999</td><td>1</td></tr> <tr><td>1</td><td>£125,000 - £129,999</td><td>0</td></tr> <tr><td>0</td><td>£130,000 - £134,999</td><td>1</td></tr> <tr><td><b>39</b></td><td><b>Totals</b></td><td><b>44</b></td></tr> </table>	2013-14 Total	Pay Band	2014-15 Total	8	£50,000 - £54,999	9	6	£55,000 - £59,999	8	6	£60,000 - £64,999	3	5	£65,000 - £69,999	4	2	£70,000 - £74,999	2	1	£75,000 - £79,999	5	2	£80,000 - £84,999	3	2	£85,000 - £89,999	4	2	£90,000 - £94,999	0	2	£95,000 - £99,999	2	1	£110,000 - £114,999	1	1	£115,000 - £119,999	1	0	£120,000 - £124,999	1	1	£125,000 - £129,999	0	0	£130,000 - £134,999	1	<b>39</b>	<b>Totals</b>	<b>44</b>
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		<p>There are several reasons that contribute to the movement between years as follows:</p> <ul style="list-style-type: none"> <li>• There are 30 members of staff who feature on both year's listings. 18 of these 30 are shown at a higher pay banding in the disclosure in the accounts in 14-15 compared to 13-14. As LGSS staff are formally employed through either CCC or NCC they are affected by pay awards or changes in conditions issued by either authority. There was a pay award issued by both CCC and NCC in 14-15 and this, combined with people moving up incremental spinal points, has pushed several people up into the next pay banding on the disclosure note.</li> <li>• There are 9 staff who feature on the 13-14 listing who don't feature in 14-15. 6 of these have left. 1 is no longer paid through a LGSS budget so is no longer featured. And 2 are now marginally below the £50k threshold so are no longer included.</li> <li>• There are 14 new staff who feature in 14-15 but not in 13-14. Of these 4 are new appointments. Where these replace people who have left (as per the second bullet point) the new staff are on the same or lower spinal point than the person they replaced so feature in a lower pay banding in the disclosure in the accounts. The remainder are people who were below the £50k threshold in 13-14 who are now included as they receive over £50k in 14-15, generally due to the pay award as outlined above, or changes in their roles.</li> <li>• It's also worth noting that vacant posts are not</li> </ul>
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			included in either year, and only permanent staff are shown.
	<ul style="list-style-type: none"> <li>The Committee requested that it should be provided with a copy of the KPMG External Audit letter referred to at the top of page 39.</li> </ul>		This was provided in the e-mail to members dated 16 <sup>th</sup> July.
10.	146. DRAFT STATEMENT OF ACCOUNTS 2014/15		
	<ul style="list-style-type: none"> <li>Page 115 - reference to John Dryden House required a postcode added. <b>Action</b></li> </ul>	Paul Tysoe / R Perry	text has been added
	<ul style="list-style-type: none"> <li>Page 121 - With reference to the Cambridge and Counties Bank, officers highlighted that its valuation had increased from £14m to £17.2m. The Chairman pointed out that this was inconsistent with the valuation / text shown on this page and needed to be consistent. <b>Action</b></li> </ul>	P Tysoe/ R Perry	The action to ensure that the valuation method was described consistently on pages 118 and 121 has been done.
	<ul style="list-style-type: none"> <li>Page 125 16a) table titled 'reconciliation of movements in investments and derivatives' – it was highlighted that there was an asset line missing which would be rectified in the final version. <b>Action</b></li> <li>Under title 'Interest Rate Risk Sensitivity Analysis' reference to "BPS movement" needed explanation. <b>Action</b></li> <li>Page 139 – With reference to a deficit of £728m highlighted in the 2013 Actuarial Valuation (compared to £555m in 2010) it was suggested that this should be highlighted as a significant figure. <b>Action</b></li> </ul>	P Tysoe / R Perry  P Tysoe / R Perry  P Tysoe / R Perry	completed  completed  Text has yet to be added

	<ul style="list-style-type: none"> <li>Page 142 - Table 24 Additional Voluntary Contributions Highlighting the fall in the market value for Equitable Life in the two years a more detailed explanation was requested to be provided. <b>Action</b></li> </ul>	<b>P Tysoe / R Perry</b>	Text has been added
	<ul style="list-style-type: none"> <li>Page 8 in relation to text under the heading '2 Capital spending and financing' and the £80.8m of the revised capital budget unspent at year-end, it was agreed that <b>reference should be made to the proportion of this represented by the Science Park Station. Action</b></li> <li><b>Page 22</b> – with reference to nearly £4m being taken out of earmarked reserves, <b>there was a request to provide the Chairman with details outside of the meeting. Action:</b></li> <li>Page 31 – There was a request for clarification on if there were any other vehicles and plant other than Waste Private Finance Initiative (PFI) as this was the only reference shown. It was indicated that other plant / vehicles were not recognised in the Accounts. <b>The wording would be looked at in this section and the next section titled 'Non Current Assets held for sale'. Action</b></li> <li>Page 60 Assets held for sale – <b>need to check from this table what they represented and why they were included in these categories. Action</b></li> <li>Page 69 – <b>A note was required for Fees charges and other services</b> as there was a huge difference in the figures shown between 2013-14 and 2014-15 <b>Action</b></li> </ul>	<p><b>C Yates (CY)</b></p> <p><b>CY</b></p> <p><b>CY</b></p> <p><b>CY</b></p> <p><b>CY</b></p>	<p>The following comments were provided in an e-mail from Chris Yates on 17<sup>th</sup> August</p> <p>To be amended in the final version.</p> <p>This was to be provided to the Chairman ahead of the September meeting.</p> <p>The wording was to be clarified in the final version.</p> <p>The table was to be restated in the final version.</p> <p>The table in note 23 had already been re-worked since submitting the draft accounts to Committee. The updated table will be included in the final version in September.</p>
	<ul style="list-style-type: none"> <li>Page 78 under table headed 'Capital Grants receipts in</li> </ul>	<b>CY</b>	The table was to be checked to see if this includes CIL



	<p>advance' - query about why Section 106 payments was included, but nothing included for CIL. <b>Action</b></p> <ul style="list-style-type: none"> <li>Page 90 - part of the Council's obligation should be set out as a statement <b>Action</b></li> <li>Page 92 – the term 'projected unit credit' should be explained. Request to check 1 April 2014 date regarding estimates on the latest full evaluation of the scheme.<b>Action</b></li> <li>Page 93 - first table - it was suggested that a figure of 4.6% rate of increase in salaries in 2013-14 and 4.3% in 2014/15 was something that should be challenged or an explanation provided. <b>Action</b></li> </ul> <p>Page 97 – first line detailing the authorised limit for 2014/15 and the next line detailing the operational boundary figure. <b>It was suggested that there should be a third figure - total debt £382mAction</b></p>	<p><b>CY</b></p> <p><b>CY</b></p> <p><b>CY</b></p> <p><b>CY</b></p>	<p>and the narrative was to be updated accordingly for the final version.</p> <p>officers did not consider any significant change was required but a check would be made of the narrative ahead of the final version.</p> <p>Terminology was to be simplified / amended and the date checked for the final version.</p> <p>No change was required here as the narrative below the table explained that this was an actuarial assumption and not a real life value.</p> <p>this was to be added to the final version.</p>
<b>11.</b>	<b>MINUTE 147.CODE OF CORPORATE GOVERNANCE</b>		
	<p>The main issue raised was to challenge where the evidence was to support the information provided in the column header 'How Cambridgeshire County Council Achieves the Principle' as the response to each of the 'Supporting Principle' statements. In reply, the Head of Internal Audit indicated that to provide an audit comment against each statement would be a substantial workload for his officers. He therefore proposed a selective approach to provide the Committee with greater assurance that the statements were more than just aspirations. This proposal was accepted on the basis that a further report should come back with options. <b>Action</b></p>	<b>Neil Hunter</b>	<b>Oral update to be provided.</b>

12.	<b>MINUTE 148. INTERNAL AUDIT REPORT TO 30<sup>TH</sup> JUNE 2015</b>		
	<p><b>1) the joint review on ways to improve the compliance of schools undertaking recruitment to ensure they took account of Council safeguarding policies required to be brought forward and presented to the September meeting</b></p> <p><b>The Chairman indicated he would also speak to the lead officer to ask what immediate action could be taken.</b></p>	<p><b>RS to contact KG</b></p> <p><b>Cllr Shellens</b></p>	<p>Keith Grimwade has provided the information for the update provided in report 12 on the current agenda.</p>
	<p>2) The Chairman suggested another issue for review was in relation to testing whether the Council was a transparent authority. He suggested that <b>the Committee should be provided with a summary of the 12 monthly spend of the authority showing the percentage of payments that were published as part of the payments over £500</b> required to be published on the Council website.</p>	<p><b>Ian Smith</b></p>	<p>A response from Ian Smith dated 22<sup>nd</sup> July provided a table with the information set out as appendix 2 to this Log.</p>

## **Sources of figures for LGSS accounts**

LGSS is not a separate legal entity, but operated through a joint committee agreement governed by NCC and CCC.

As it is not a separate entity it does not have a separate accounting system or ledger. Therefore the figures needed to produce the LGSS accounts are a subset contained within the figures of NCC or CCC.

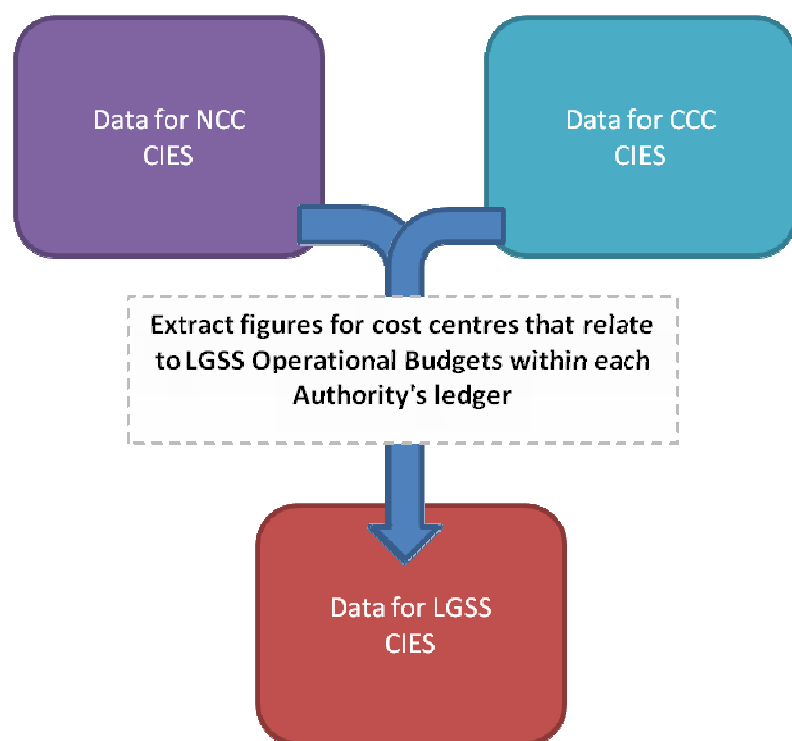
This document is to explain how the relevant figures are compiled.

### **Comprehensive Income and Expenditure Statement (CIES)**

The CIES comprises LGSS Operational Budgets only.

There are specific cost centres within the NCC and CCC general ledgers that correspond to these budgets.

Therefore the LGSS CIES is constructed by extracting the relevant subsets from the CCC and NCC CIES's that relate to LGSS Operational Budgets and combining them.



## **Reserves**

There is one main LGSS reserve (the LGSS Operational Reserve) plus some small earmarked reserves.

Therefore these are the only reserves shown within the LGSS accounts.

Reserves are held 50:50 between the NCC and CCC balance sheets and drawn down throughout the year from either side. At the end of the financial year the annual position of LGSS is assessed across the LGSS budgets and an equalisation process takes place to split 50:50 between NCC and CCC.

The LGSS MIRS reflects the combined movement to/from reserves across LGSS.

## **Balance Sheet**

The LGSS balance sheet is much reduced in terms of content, compared to the NCC and CCC balance sheets. For example there are no fixed assets included on the LGSS balance sheet as these are owned by either NCC or CCC directly.

The LGSS balance sheet contains only the following items:

LGSS Reserves - as described above

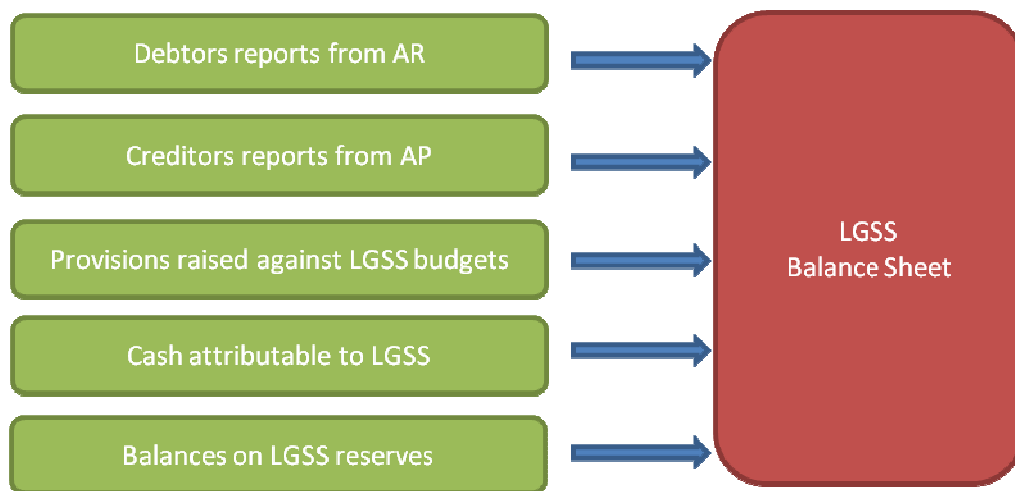
Provisions - Any provisions attributable to LGSS budgets.

Creditors - Any balances as at 31st March, which are due from LGSS budgets. These are extracted from reports from the Accounts Payable system.

Debtors - Any balances as at 31st March, which are due to LGSS budgets. These are extracted from reports from the Accounts Receivable system.

Debtors/Creditors figures have to be extracted from a service perspective due to there not being a separate balance sheet code for LGSS debtors/creditors, as they are part of the NCC/CCC figures. This is therefore the only way to identify LGSS debtors/creditors.

Cash - LGSS does not have its own bank account, with transactions going through the bank accounts of CCC/NCC. Therefore this figure represents the notional cash balance within the authority's accounts that is attributable to LGSS activity. This figure is derived taking into account the other figures on the balance sheet and LGSS activity during the year. There is no physical cash transfer between the host authorities and LGSS, as LGSS is not a separate entity.



### **Cash Flow statement**

Produced by calculating the movement in balance sheet items between the prior year and the current year.

### **Prior Year adjustment**

When the 2014-15 LGSS accounts were being compiled an issue was found in the aged debt report.

The report identified a directorate against each invoice. However it was found that the directorate flagged (Directorate Label) against each invoice was the directorate of the member of staff who had raised the invoice, rather than the ledger code against which it had been posted. Therefore where LGSS staff had raised invoices on behalf of other departments these invoices were being flagged as being 'LGSS invoices' within the aged debt report.

For example where Finance Business Partner staff supporting Adult Social Care had raised invoices on behalf of the Social Care directorate these invoices were wrongly being identified as being 'LGSS invoices' and were therefore being included within the LGSS figures incorrectly. Once these were identified they were removed from the figures so that they were not included in the 14-15 totals on the LGSS balance sheet.

As a similar report was used last year the 13-14 debtor figures were revisited and it was found that £1,430k of non-LGSS invoices had been included in the 13-14 debtor figures incorrectly.

The 13-14 debtors figure was reduced by this figure.

As the cash figure within the 13-14 balance sheet had been calculated based upon a debtors figure that was incorrect the cash figures also had to be restated. The 13-14 Cash Flow Statement has also been restated accordingly.

The debtors which had been included on the 13-14 balance sheet in error had been raised against non-LGSS revenue codes. Therefore they did not feature in the figures used to compile the 13-14 LGSS CIES as the CIES figures are derived from the NCC / CCC CIES as described above. Therefore the 13-14 LGSS CIES did not require restating.

No contra prior year restatement was required in either the NCC or CCC statement of accounts.

As outlined above, there is no physical cash exchange between the host authorities and LGSS, so there is no impact on the cash position of either host authority.

The debtors and cash figures in each authority's accounts were correct, and agreed back to their bank statements and control totals.

Although the cash figure within the LGSS accounts has been restated this does not mean that there was more cash discovered. The total overall cash figure across the two authorities is unchanged. The question is how much of this cash (and how much of the overall debtors balance) is due to LGSS activity and should therefore be included within the LGSS accounts.

The issue in 13-14 occurred in identifying how much of the debtors and cash figures in the host authorities' accounts was attributable to LGSS activity.

The figure for debtors due to LGSS activity within NCC was identified at £1,430k higher than it should have been, as set out above. As the cash figure was derived from the other figures this was also misstated so has been corrected with a prior period adjustment.

## LGSS Accounts

### Corrected Table 8 Page 21 Short terms creditors and receipts

<b>2013-14</b>	<b>2014-15</b>
<b>£000</b>	<b>£000</b>
(7) Central Government Bodies	(210)
(447) Other Local Authorities	<b>(2,209)</b>
(11) NHS Bodies	(239)
(3,083) Other Entities and Individuals	(1,075)
<b>(3,548) Total</b>	<b>(3,733)</b>

## APPENDIX2

Summary of the 12 monthly spend of the authority showing the percentage of payments that were published as part of the payments over £500 required to be published on the Council website.

Month	Total Payment Value	Value over £500	% of Payments Published
May-15	£52,234,133	£42,013,294	80%
Apr-15	£53,549,666	£46,150,023	86%
Mar-15	£56,000,943	£49,957,695	89%
Feb-15	£46,322,388	£39,793,808	86%
Jan-15	£43,489,425	£36,692,612	84%
Dec-14	£61,675,244	£54,719,693	89%
Nov-14	£47,903,042	£42,235,308	88%
Oct-14	£53,092,564	£42,627,703	80%
Sep-14	£43,374,068	£39,459,736	91%
Aug-14	£56,118,087	£47,261,895	84%
Jul-14	£52,650,955	£47,978,079	91%
Jun-14	£50,924,007	£42,697,323	84%
<b>TOTAL</b>	<b>£617,334,521</b>	<b>£531,587,170</b>	<b>86%</b>