

Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st December 2024

Section 1

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Internal Audit Activity

SECTION 6: Audit Forward Planning: 2024/25

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2024/25

ANNEX B: Outstanding Agreed Actions

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CCLT, with a summary of internal audit activity for the first three quarters of the 2024/25 financial year.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. 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.

2.2.2 However, controls are not always complied with, which in itself will 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 element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Compliance Assurance	Control Environment Assurance
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's 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 FINALISED ASSIGNMENTS

3.1 Since the last Internal Audit Progress Report in **October 2024**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Audit Title	Assurance			Actions Agreed			
			System	Compliance	Organisational	Essential	High	Med.	Low
1.	Finance & Resources	Establishment Control	Moderate	Good	Minor	0	0	2	4
2.	Place & Sustainability	Highways Grants Briefing Note	N/A	N/A	N/A	0	1	1	0
3.	Finance & Resources	Payroll 2023 – 4	Moderate	Moderate	Minor	0	2	9	1
4.	Adults, Health & Commissioning	Mosaic System (<i>delivered by TIAA</i>)	Good	Moderate	Moderate	0	0	5	2
5.	Children, Education & Families	Alderman Payne Schools Audit	Limited	Limited	N/A	N/A ¹			
6.	Children, Education & Families	Samuel Pepys School Audit	Moderate	Moderate	N/A	N/A			
7.	Children, Education & Families	St Annes School Audit	Limited	Limited	N/A	N/A			

¹ Individual recommendations within individual schools reports are not risk rated and are not followed up individually by Internal Audit. An action plan to respond to the audit findings is agreed with the school and presented to Governors. Thematic findings are then incorporated into the overarching schools audit report issued to the Director of Education, and recommendations within the overarching report are then risk rated and followed up by audit as usual.

No.	Directorate	Audit Title	Assurance	Actions Agreed			
8.	Finance & Resources	Contain Outbreak Management Fund (COMF)	Grant Certification provided.				
9.	Place & Sustainability	Case 150 - Investigation	Investigation Report.	0	1	3	0

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) issued as final since our last Progress Report in October 2024 would typically be provided in Section 4. However, there are no such finalised audits to report for this period. Summaries of investigation reports are provided in Section 9.

3.3 The following audit assignments have reached draft report stage, as set out below in Table 2:

Table 2: Draft Reports

No	Directorate	Assignment
1.	Children, Education & Families	In-house Foster Carers
2.	Place & Sustainability	Light Blue Fibre Ltd
3.	Finance & Resources	IT Security for Overseas Working
4.	Place & Sustainability	Street Lighting PFI Contract
5.	Children, Education & Families	Overall Schools Report
6.	Children, Education & Families	Castle Camps School Audit
7.	Children, Education & Families	Castle School Audit
8.	Children, Education & Families	Elton School Audit
9.	Children, Education & Families	Granta School Audit
10.	Children, Education & Families	Gt & Lt Shelford School Audit
11.	Children, Education & Families	Queens Federation School Audit
12.	Children, Education & Families	Trumpington School Audit
13.	Finance & Resources	Rental Income
15.	Finance & Resources	Treasury Management
16.	Finance & Resources	Investigation Case 151

3.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Annex A.

4 *SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE*

- 4.1 No audit reports with limited or no assurance ratings have been issued during this reporting period. Any future reports with such ratings will be summarised here for review and consideration.

5. INTERNAL AUDIT ACTIVITY

5.1 AUDIT PLAN PROGRESS 2024/5

5.1.1 Progress with delivery of the Audit Plan 2024/5 is provided at Annex A to this report.

5.2. SCHOOLS AUDITS

5.2.1 Since September, the Internal Audit team has been undertaking a programme of school finance audits. All ten schools in the sample have now been visited with draft reports issued in all cases, one of which has had a final report issued.

5.2.2 An overarching thematic schools audit report has also been issued in draft, bringing together these findings and making recommendations for the Council to improve its guidance to schools. This report also highlights areas of good practice identified through school visits which can be shared more widely.

5.3. GRANT AUDITS

5.3.1 There were a number of grants received by the Council for use in 2023/24 which Internal Audit are required to sign off in the current financial year. This work involves reviewing the terms and conditions of each grant and undertaking sample testing to provide assurance that the grant funding has been spent in line with the terms and conditions. Once satisfactorily reviewed and signed off, a declaration is provided to the funding body. In 2024/25 Internal Audit have completed the following grant reviews: the Basic Needs Funding grant; the A14 Diversionary Corridor Grant; the Disabled Facilities Grant; the Contain Outbreak Management Fund (COMF); and ongoing assurance on the Supporting Families funding.

5.3.2 Internal Audit also provides assurance over expenditure made by Cambridgeshire County Council on behalf of the Cambridgeshire and Peterborough Combined Authority (CPCA). These reviews provide assurance to the CPCA that central government grants passed to the Council from the CPCA have been spent in accordance with the relevant terms and conditions. The CPCA can then place reliance on Internal Audit's work to support their returns to central government. In 2024/25, Internal Audit have completed the Pothole Fund and the Local Transport Capital Block Funding (LTCBF) grant reviews for the CPCA.

5.3.3 Our grant review programme also includes a review of the systems and controls in place to help ensure that grant expenditure is only spent on activities allowable under the grant conditions and that there are sufficient records in place to evidence this. Our review of the three highways related grants (the A14 grant, pothole fund and the LTCBF grant) identified there was no clear and consistently complied with

timesheet system in place to clearly evidence officer time and associated costs that had been charged to projects funded by the grants.

- 5.3.4 A recommendation was previously made in 2019 for Highways Services to implement a time recording system, and in 2023/24 Internal Audit noted the same issue while reviewing grants and made a further recommendation to implement such a system. A Highways Grants Briefing Note was issued to the service in September to reiterate these findings and recommendations that a system to record time spent needs to be implemented and that all relevant officers must complete timesheets. It also recommended that all such timesheets and supporting data/documentation should be retained in a central file in Finance. These recommendations have been agreed to by the relevant senior officers and the final briefing note has been issued.
- 5.3.5 Internal Audit will establish which grants received in 2024/25 require sign off via colleagues in Corporate Finance and other key contacts. Once done, we will contact the grant awarding body to confirm if sign off is still required – this is to check that the original terms and conditions have not been amended since the grant was awarded.

5.4. INTERNAL AUDIT RESOURCE & RECRUITMENT

- 5.4.1 Following our September report, there has been further progress in recruitment efforts. The Principal Auditor who joined the team at the end of October has settled in well. One of our existing Principal Auditors transitioned to a new role in the Council's Finance team at the end of December. To fill this vacancy, we conducted interviews with internal candidates, and an appointment has been made. The new Principal Auditor is expected to join the team in February.
- 5.4.2 For the Corporate Risk Manager role, the offer has been accepted, and the onboarding process is ongoing. These updates ensure we continue to have the necessary resources to meet our work demands effectively.

5.5 IMPLEMENTATION OF GLOBAL INTERNAL AUDIT STANDARDS

- 5.5.1 As previously advised, in January 2024 new Global Internal Audit Standards (GIAS) were issued by the Institute for Internal Auditors (IIA), which replace the previous standards in its International Professional Practice Framework.
- 5.5.2 The authority for determining standards applicable to internal audit in the UK public sector rests with the Relevant Internal Audit Standard Setters (RIASS), who are advised by the UK public sector Internal Audit Standards Advisory Board (IASAB). Since 2012 there has been a common set of standards (the UK Public Sector Internal Audit Standards, or PSIAS) which are based on standards developed by

the IIA and other mandatory material in the IIA's International Professional Practice Framework.

- 5.5.3 The IASAB has now considered the content of the GIAS and has determined that it is applicable to the internal audit of UK public sector bodies, subject to some additional requirements and interpretations. The IASAB has developed an Application Note for the UK Public Sector, setting out the interpretations and requirements which will come into force from April 2025.
- 5.5.5 At the same time, the Chartered Institute of Public Finance and Accountancy (CIPFA) have released a draft Code of Practice for the Governance of Internal Audit in UK Local Government, to reflect the details of applying the GIAS within the internal audit of UK local government bodies.
- 5.5.6 Cambridgeshire County Council's Internal Audit team have already started the work of reviewing the new GIAS, the draft Application Note and the draft Code of Practice. The introduction of this new guidance will require a range of updates to existing Internal Audit processes and documentation at Cambridgeshire. The Internal Audit team will provide a further update on progress and planned developments in this area to the next meeting of the Audit & Accounts Committee.

5.6 ADVICE & GUIDANCE:

- 5.6.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:
- Supporting the Head of Finance Operations and Supplier Maintenance Team on the strengthening the supplier amendment process. The Supplier Maintenance Team has procured bank detail checking software and Internal Audit advice has considered the new processes that utilise this system.
 - Providing advice and support to colleagues in the Adults, Health & Commissioning Directorate on preparing reporting for the new Director's Assurance reporting process for Audit & Accounts Committee.
 - Provision of additional documentation to the Council's external auditors, KPMG, to support their audit of the Council's accounts.

6. **AUDIT FORWARD PLANNING: 2024/25**

6.1 Core audit work is progressing in line with the agreed Audit Plan 2024/25. Progress on work underway is detailed at Annex A to this report.

6.2 At Cambridgeshire County Council, Internal Audit has recognised that the Annual Internal Audit Plan essentially comprises two key elements:

The “Core” Audits: This is the part of the Plan which remains largely unchanged from year-to-year. It comprises key areas of assurance which are reviewed every year, such as Key Financial Systems, grant compliance audits, strategic risk management, and core governance reviews, as well as allowances of time for ongoing areas of work including reporting to the Audit Committee and senior management, and following-up on the implementation of agreed actions from previous audit reviews. However, it must be recognised that completion of these core audits alone would not give sufficient assurance to fully inform the Chief Audit Executive’s annual opinion.

The “Flexible” Audits: This is the part of the Plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. Equally, the broader themes within the flexible audits remain largely consistent; for example, each year it is expected that a significant resource would be directed towards the audit of contracts, although the specific contracts under review varies according to the risk assessment.

6.3 In practice, this means that the ‘core’ element of the Plan is set annually, while the ‘flexible’ element is presented as a series of rolling quarterly Audit Plans, based on current risk assessments. Quarterly risk assessments ensure that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of highest risk, and that the flexible plan is subject to regular challenge and comment by both CLT and the Audit and Accounts Committee.

6.4 In December 2024, the Internal Audit team conducted a review and refresh of the Internal Audit Plan 2024/25. This has included revising and updating current risk assessments to reflect the changing risk environment. Internal Audit has also undertaken an exercise to reconcile projected available productive time within the Audit team to the end of the financial year, against the Audit Plan to ensure that planned work reflects the actual resource available.

6.5 This has identified the need for a small reduction in planned audit days; however, at present taking forecasted future resource levels into account there are expected to be sufficient resources in the team to provide adequate coverage of the authority’s control environment. The Internal Audit team are currently on track to deliver an increased number of productive days for 2024/5, compared to 2023/4, providing job offers are taken up successfully following our recent rounds of recruitment.

- 6.5 Reductions in planned audit days have primarily come from deferring elements of the plan which are not critical to the annual assurance opinion. When deciding which audits may be deferred to the next financial year, the Head of Internal Audit considers the risk profile of the area under review, as well as the types of risk the audit will provide coverage over, and the directorate within the Council (where relevant). The aim is to maintain a balanced Audit Plan which provides coverage across a wide range of organisational risks and areas, which is focused on the areas of highest risk, and which is sufficient to enable an annual assurance opinion to be given across the Council’s control environment.
- 6.6 The proposed ‘flexible’ Internal Audit Plan for the next four quarters (Q4 2024/5 – Q3 2025/6) is set out below, showing the current risk profiling of Internal Audit reviews over the next year. This reflects the approach outlined above, and reflects new jobs proposed to commence in the period. Ongoing work is not included, as this is reflected in Annex A.

Table 5: Proposed ‘Flexible’ Internal Audit Plan (Next Four Quarters)

Audit	Directorate	Category	Days	Why
Proposed Flexible Internal Audit Plan for Q4 24/25:			120	
Business Planning	Strategy & Partnerships	Governance	30	Review of governance, compliance, management and monitoring, and benefits realisation.
Response to Health & Safety Incidents	Place & Sustainability	Safeguarding	20	Review the policies and processes in place to identify, report and respond to health and safety incidents including how management obtains assurance that risks are addressed effectively
Projects Assurance (Non-Capital)	Strategy & Partnerships	Project Management & Change	20	Review of a sample of key projects focusing on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Project Framework & Projects Assurance.
LDP Pooled Budget Disaggregation (Projects Assurance)	Adults	Project Management & Change	15	Review of the programme to disaggregate the pooled budget with health for the Learning Disability Partnership, to provide assurance over governance and programme management

				especially financial management and business continuity.
Dedicated Schools Grant (DSG) Safety Valve (Projects Assurance)	Children's	Project Management & Change	15	Embedded assurance review of the Council's response to the DSG Safety Valve agreement including a review of progress with implementing planned actions and programme management. This review will follow up on the findings of the previous audit in 2023/24.
Implementation of Ofsted Inspection Action Plan	Children's	Safeguarding	20	Review to provide assurance over the implementation of key actions arising from the Ofsted ILACS review in March 2024, to verify that plans to address key findings are in place and are being actively implemented and monitored.
Proposed Flexible Internal Audit Plan for Q1 25/26:			170	
Social and Education Transport Services	Children's	Procurement & Commissioning	20	Review of the Council's social and education transport services covering how services are planned and commissioned and the monitoring frameworks in place to ensure that suppliers deliver in line with the Council's requirements.
Projects Assurance (Capital)	Place & Sustainability	Project Management & Change	40	Review of a sample of key projects focusing on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Capital Project Governance.
Care Agency Contract Monitoring	Adults	Safeguarding	30	Review of the arrangements for monitoring care agencies who contract with the Council, with a focus on how the Council monitors agencies for compliance with safeguarding and health and safety requirements, as well as considering supplier resilience and continuity.
Quality Assurance in Adult Social Care	Adults	Safeguarding	20	Review of quality assurance arrangements in Adults; effective quality assurance is key to

				ensuring that key safeguarding risks are mitigated through appropriate monitoring of practice.
High Cost Placements (Childrens)	Children's	Value For Money	20	Review of high-cost external placements in Children's with a focus on residential and out-of-county placements to provide assurance that placements are made in line with policy and achieve value for money while safeguarding service users.
Change Programme	Strategy & Partnerships	Project Management & Change	20	Review of the implementation of new change governance structures both centrally and throughout the Council's directorates.
Connecting Cambridgeshire Superfast Broadband	Place & Sustainability	Project Management & Change	20	Review of this key contract with an annual value of £7.5m and the wider governance of the Connecting Cambridgeshire programme.
Proposed Flexible Internal Audit Plan for Q2 25/26:			145	
Contract Management - Integrated Sexual Health and Contraception Service	Public Health	Procurement & Commissioning	20	Review of this major contract with an estimated annual value of £4.1m
IT & Digital Strategy & Service Planning	Finance & Resources	Business Continuity	20	Review of service planning within ITDS following the process of decoupling from PCC, with a focus on 'second line of defence' arrangements around cyber and data security, and the front door programme and customer services.
Greater Cambridge Partnership Arrangements	CCC	Governance	20	Review of Cambridgeshire County Council's relationship with the Greater Cambridge Partnership, with a focus on both governance and provision of professional and administrative support.
High Cost Placements (Adults)	Adults	Value For Money	20	Review of high-cost care packages and Direct Payments in Adults to provide assurance that arrangements are made in line with policy and achieve

				value for money while safeguarding service users.
Early Years Entitlements Funding	Children's	Value For Money	20	To provide assurance that robust and efficient processes are in place to ensure payments to Early Years providers are timely and accurate and there are appropriate controls in place to reduce the risk of fraud.
ICT disaster recovery	Finance & Resources	ICT and Information Governance	20	Review of ICT disaster recovery planning and testing.
Integrated Care System Arrangements	CCC	Governance	25	Review of the Council's relationship with the Integrated Care System including the Integrated Care Board and Partnership, considering the effectiveness of governance arrangements in place.
Proposed Flexible Internal Audit Plan for Q3 25/26:			160	
Contract Price Variations	Finance & Resources	Procurement & Commissioning	20	Sample testing for compliance with the Council's guidelines for agreeing price variations in contracts, to provide assurance that cost increases are controlled appropriately
Governance of Lead Authorities Arrangements	Finance & Resources	Governance	20	Review of the governance arrangements to manage the Lead Authorities arrangements including ERP.
Modern Day Slavery Act	CCC	Governance	20	Review of the Council's compliance with its obligations to tackle modern day slavery.
Fleet Management	Place & Sustainability	Value For Money	20	Review of the Council's fleet management processes to consider assurance over compliance with key health and safety controls, how value for money is achieved and how climate change considerations are being addressed.
Minimum Revenue Provision	Finance & Resources	Financial Governance	20	Review of the calculation of the Council's Minimum Revenue Provision (MRP) to provide assurance that this is in line with statutory guidance. N.B. if an external MRP review is commissioned then this will be removed from the Audit Plan

Contract Management Policies & Compliance	Finance & Resources	Procurement & Commissioning	20	This would review contract management guidance and training available to managers in the organisation, and implementation of contract management processes.
Prevent Duty	CCC	Governance	20	Review of the Council's compliance with its obligations to deliver the Prevent duty within the Counter-Terrorism and Security Act 2015 (CTSA 2015).
Emergency Planning	Strategy & Partnerships	Business Continuity	20	Review to provide assurance over the Council's emergency planning and incident response arrangements. This will focus on external emergency planning / C1 Civil Contingencies response to incidents, considering compliance with emergency planning requirements including the role of on-call council directors and the training provided for senior leaders.

6.7 This programme of work is indicative only, and is subject to change to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas.

7. FOLLOW UP OF AGREED AUDIT ACTIONS

7.1 OVERVIEW OF FOLLOW UPS

7.1.1 The outstanding management actions from Internal Audit reports as at 31st December 2024 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

7.1.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate comparator position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		Category 'High' recommendations		Category 'Medium' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Implemented	3 (2)	1.16% (0.94%)	41 (28)	15.83% (13.15%)	134 (104)	51.74% (48.83%)	178 (134)	68.73% (62.91%)
Actions due within last 3 months, but not implemented	0 (1)	0.00% (0.47%)	3 (2)	1.16% (0.94%)	19 (11)	7.34% (5.16%)	22 (14)	8.49% (6.57%)
Actions due over 3 months ago, but not implemented	2 (2)	0.78% (0.94%)	14 (13)	5.441% (6.10%)	32 (32)	12.36% (15.02%)	48 (47)	18.53% (33.07%)
Actions due over 12 months ago, but not implemented	0 (0)	0.00% (0.00%)	1 (3)	0.39% (1.41%)	10 (15)	3.86% (7.04%)	11 (18)	4.2565% (8.45%)
Totals	5		59		195		259	

7.1.4 There are currently 81 management actions outstanding, compared to 79 in the last reporting period. This change includes 19 recommendations becoming due for implementation in December 2024. Further detail on outstanding actions is provided at Annex B.

7.1.5 Table 8 below shows the number of overdue recommendations in each directorate.

Table 8: Overdue Actions By Directorate

Directorate		Outstanding recommendations
Children's		25
Adults, Health and Commissioning		4
Place and Sustainability		19
Finance and Resources Directorate	<i>Key Financial Systems</i>	3
	<i>Other</i>	22
Strategy and Partnerships		8

7.2 KEY UPDATES

Overdue 'Essential' Recommendations:

7.2.1 There are two 'essential' recommendations that are overdue, compared to 3 as at the last reporting cycle. This follows the implementation of the essential recommendation from the Schools Capital Programme audit, which required the service to ensure that the Design and Build Framework was signed by an appropriate representative of the council and each of the building firms appointed to the framework. Internal Audit has seen the contract documents for each lot containing signatures of all relevant contractors and Council representative.

7.2.2 The first overdue essential recommendation is from the DSG Safety Valve Review and relates to the implementation of SMART targets, prioritisation of actions, and reporting against targets and expected benefits to demonstrate how planned actions will achieve expected outcomes. The service has reported that they consider that the recommendation has been implemented. At the time of writing, evidence to demonstrate implementation has not been provided to Audit to enable the action to be closed. Internal Audit have written to the service to confirm that the action will remain open until sufficient evidence is provided to Internal Audit for review and to assess if the risk is sufficiently mitigated to close the recommendation. Internal Audit will meet with the service to discuss the closure of this recommendation once evidence has been provided and reviewed. The following summary updates were provided by the service:

- The service has confirmed that a weekly data task and finish group are monitoring the progress of clearing data quality issues and working with working with the Policy & Insights team to create a data dashboard and suite of reports within Power BI. In addition, a business case has been developed for additional data quality officers to complete the scope of work and to support with the migration and implementation of a new system. The Service Director of Education has oversight of the data

requirements to include in the data dashboard and this will be used to support reporting to the Inclusion Change Board on service performance targets including statutory timescales.

- As part of the Inclusion for All programme, 6 workstrands will have an action plan with clearly defined SMART targets/KPIs which will be reported against. Each of the 6 workstrands will have a high level project plan with key milestones and interdependencies identified and monitored together with individual workstrand risk registers.
- The Safety Valve Agreement has been updated and was submitted to the DFE on October 31st. This revised agreement has reshaped the action plan for the service and focuses on reducing high-cost independent placements and supporting children to remain in mainstream provision. A revised target date of April 2025 has been provided by the service.

7.2.4 The second overdue essential recommendation is from the Interims and Agency Workers audit and became overdue at the end of July. It relates to ensuring there is a shareholder agreement, shareholder board, and overarching corporate contract to govern the council's relationship with OPUS People Services. The Service has confirmed that the initial Services Agreement in place from January 2017 was extended by a Deed of Variation agreed at Strategy and Resources Committee for the period 8th January 2022 until 8th January 2027. The Deed of Variation whilst approved was never sealed but has now been sent for sealing to Pathfinder Legal. Discussions regarding the future of this arrangement will need to start in 2025 and any future arrangements will take on board the recommendations in the audit report.

7.2.5 The service has reported that the establishment of an organisation wide shareholder board has been addressed via agreement that this role will be held by Assets and Procurement Committee. An annual progress report for Opus will be scheduled for committee in early 2025. A revised target date has not been provided for this reporting cycle but the revised target date from the previous cycle was 31 January 2025.

Other Overdue Recommendations:

7.2.6 There are 11 recommendations currently overdue by 12 months or more, compared to 18 as at the last reporting cycle. One of these is a 'high', compared to three as at the last point of reporting. Two high level recommendations from the Transparency Code audit were closed. These related to the introduction of an Information Management Strategy and identifying the key Officers responsible for ensuring that the Transparency Code data is published in line with requirements. Three further "medium" recommendations from the Transparency Code and Freedom of Information audits have also been closed. These actions were all

dependent on the approval of draft policies by the new Information Management Board (IMB) which has now occurred.

- 7.2.3 61 of the outstanding actions are medium level recommendations, with 10 of these being overdue by 12 months or more. Two of these relate to the IT Incident & Problem Management audit. These were delayed due to the split from Peterborough City council, but it is expected these can be closed once the service provides supporting evidence. Two relate to the Insurance Fund Audit and two to the In-House Fostering service audits.

8.0 *RISK MANAGEMENT*

8.1 The Internal Audit & Risk Management team continues to facilitate and support the effective implementation of risk management practice across the organisation. Since the previous update on the Corporate Risk Register which was brought to the Committee in October 2024, the following work has been undertaken by the team:

- Facilitating a meeting of the Corporate Risk Group on the 19th November, bringing together colleagues engaged in risk management across the organisation. This included a presentation on assessing and managing health and safety risk, delivered by colleagues from the corporate Health & Safety team.
- Facilitating a meeting of the CLT Risk & Assurance Group on the 21st November to review and challenge the Corporate Risk Register. This included a session to assess Cambridgeshire's risk management practice against relevant elements of the national Best Value Standards and Intervention guidance published earlier in 2024.
- A meeting with colleagues engaged in risk management at Peterborough City Council and the Cambridgeshire & Peterborough Combined Authority (CPCA) on 26th November, to share current practice across the three organisations, discuss the risk management frameworks in place and upcoming planned changes.
- Work continues to develop corporate Risk Management eLearning which will be available to all CCC colleagues. In November and December 2024 the draft eLearning has tested by members of the Internal Audit team and further updates made. It is planned to launch the new eLearning modules in early 2025.

9 FRAUD AND CORRUPTION UPDATE

9.1 WHISTLEBLOWING & FRAUD INVESTIGATIONS 2024/25

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 7. As at the 31st December 2024, Internal Audit has received 25 whistleblowing referrals in the 2024/25 financial year, similar to the number of referrals received by the same point in 2023/24 (23 cases). There are 3 open cases which have been carried forward from 2023/24.

Table 9. Current Internal Audit Whistleblowing & Investigations Caseload

Open Cases From 2023/24 Carried Forward		Open	Closed	Total
Fraud and Theft	Council Officer Fraud	1	0	1
	Direct Payments	1	0	1
Governance	Internal Governance Issue	1	0	1
Total		3	0	3
All Cases Reported in 2024/25 To Date		Open	Closed	Total
Fraud and Theft	Council Officer Fraud	2	1	3
	Third Party Fraud	2	3	5
	Theft	1	0	1
	Direct Payments	2	0	2
	Money Laundering	0	1	1
Grievance/Bullying	Conduct/Grievance	1	2	3
Governance	Internal Governance Issue	4	2	6
	Breach of Contract	1	0	1
Safeguarding and Health & Safety	Safeguarding	0	1	1
External issues	Not related to CCC	0	2	2
Total		13	12	25

9.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.3 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Internal Governance (5 open cases)** – Internal Audit are currently investigating five cases relating to internal governance concerns. Internal Audit have initiated audit reviews of all five situations.
- **Council Officer Fraud (3 open case)** – Internal Audit is currently investigating three cases of alleged fraud involving someone working for CCC.
- **Third Party Fraud (2 open cases)** – Internal Audit is currently investigating two cases of alleged fraud against the Council by third parties. These cases are being investigated by Internal Audit, including reviews of the control environment where appropriate.
- **Conduct/Grievance (1 open case)** – Internal Audit is currently investigating a case linked to employee conduct, in conjunction with HR colleagues. Preliminary advice has been provided in this case.
- **Theft (1 open case)** – Internal Audit is currently undertaking one investigation in relation to concerns of theft. A draft report has been issued in relation to this case recommending improvements to the control environment.
- **Direct Payments (3 open cases)** – Internal Audit is reviewing three allegations of potential misuse of Direct Payments. These include concerns over eligibility, monitoring, and compliance with policies. Where necessary, investigations are being conducted in conjunction with Adult Social Care colleagues.
- **Breach of Contract (1 open case)** – Internal Audit is currently undertaking one allegation of a breach of contract. This investigation is in its initial fact-finding stage.

9.2 WHISTLEBLOWING CASES CLOSED

9.2.1 The following cases have been closed by Internal Audit since the last reporting date. Summaries of the reasons for closure are outlined below.

9.2.2 *Case 150 – Disposal of Road Planings*

Internal Audit reviewed a concern raised regarding the disposal of road planings from the A10 Milton interchange project and identified some governance and compliance gaps in how decisions around the disposal were taken and recorded. Key issues included a lack of documentation of decisions and approvals, the absence of formal agreements with landowners, and insufficient adherence to corporate policies for resource management, as well as areas where the application of existing policy was not clear.

The investigation led to several recommended actions being agreed with the service, including developing clear policies to distinguish between routine maintenance and surface changes; ensuring documentation of approval processes; strengthening stakeholder communication and consultation protocols; and establishing a comprehensive work policy covering risk assessments, resource allocation, and legally binding agreements. These recommendations are being implemented to enhance governance and mitigate future risks.

9.2.3 *Case 169 Fictitious Life Insurance Policies*

Internal Audit received a report that a national insurance company had identified that another Council's bank details had been used to register fraudulent insurance policies. No funds had been lost at the point the fraud was identified and the information circulated, but a review was undertaken at CCC to provide assurance that the risk of this happening with Cambridgeshire's information was low.

9.2.4 *Case 167 Officer Conduct/Grievance*

Internal Audit received a report via the corporate whistleblowing service relating to concerns about an individual's manager. As such, the nature of the concerns did not constitute a whistleblowing under the Council's Whistleblowing Policy, and the individual was referred to raise the concerns under the Resolving Workplace Concerns Policy. The Internal Audit team also offered to support the individual in raising their concerns with HR under the relevant policy, although this offer was not taken up.

9.2.5 *Case 169 External Issue*

Internal Audit received a request for advice in relation to a fraud issue from another organisation. This issue was unrelated to CCC, but Internal Audit referred the organisation to the relevant authority to obtain the information, and the case was closed on this basis.

9.3 NATIONAL FRAUD INITIATIVE (NFI)

9.3.1 The NFI is a statutory exercise led by the Cabinet Office, which compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud. The NFI works on a two-yearly cycle, and data matches which indicate a possibility of fraud in Cambridgeshire are returned to the Local Authority for investigation.

9.3.2 A new NFI exercise commenced data collection in October 2024, all data submissions were uploaded by Internal Audit to the national online portal before the deadline of 25th October. Adult Social Care datasets are not being collected in the first round of data matching this year, and the NFI anticipate that Adult social

Care datasets will be collected and matched as part of a later supplementary exercise.

9.3.3 Matches are being released from the first round of data matching from the 20th December 2024.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2023/24 KEY FINANCIAL SYSTEMS AUDITS

- 10.1.1 The 2023/4 audit report on the Payroll system was issued as final on the 13th January, following an extended period of review of the draft report by the Payroll service.
- 10.1.2 The assurance opinions in the Payroll audit are moderate for the system design and compliance with key controls, which is equivalent to the assurance given in the 2022/23 audit. The review did not identify any fundamental control issues in relation to the starter and leaver processes, or the overall payment file process. System improvements recommended are focussed on expanding the implementation of quality assurance checks across different processes within the payroll service, to ensure that all key processes are double-checked to reduce the risk of error or fraud.
- 10.1.3 Some issues were identified with the effectiveness of control account reconciliations, and the service has agreed to update the procedures covering the reconciliation process to address this. Overall, the balance of aged unreconciled items has improved from previous years.

10.2 2024/25 KEY FINANCIAL SYSTEMS AUDITS

- 10.2.1 A paper on the approach and scope for the 2024/5 audits of key financial systems via the Lead Authority model was taken to the Lead Authority Board and approved on the 23rd October. It has been agreed that the Cambridgeshire Internal Audit Team will undertake the Payroll and Debt Recovery shared service audits to commence in January 2025, with the Accounts Payable and Income Processing audits to be undertaken by the West Northamptonshire and North Northamptonshire teams.
- 10.2.2 The Cambridgeshire Internal Audit service recommended that a new and more comprehensive approach to the auditing of Cambridgeshire and Northamptonshire pension funds should be developed with greater input from the pensions service. This was agreed by the Lead Authority Board and work on this has commenced, and is being led by Cambridgeshire's Head of Internal Audit in conjunction with the Head of Pensions. The approach currently being developed will be finalised in March/April, with audit work to commence in quarter 1 of 2025/26. Further updates will be brought to the Committee in due course.