

AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: Thursday, 28th March 2019

Time: 2.00pm – 5.10 pm

Place: Kris Viersen Room, Shire Hall, Cambridge

Present: Councillors: I Bates (substituting for Councillor Hudson) N Kavanagh, M McGuire, T Rogers (Vice Chairman), M Shellens, (Chairman), and J Williams

Apologies: Councillors P Hudson and D Wells

156. DECLARATIONS OF INTEREST

None.

157. MINUTES

The minutes of the meetings held on 24th January 2019 were agreed as a correct record and signed by the Chairman.

Update requests / matters arising:

Page 26 - Action 3 - Chief Finance Officer to` review a random selection of legal documents – The Chairman confirmed he had spoken to the Chief Finance Officer who had also met with the Monitoring Officer regarding the measures that were to be put in place to enhance the checking procedures for the wording / accuracy of legal documents

Page 27 -Geographical Eligibility to Community Transport – Regarding the challenge at the previous meeting by Councillor Williams on the statement that South Cambridgeshire did not have a Community Transport provider, as he knew of two community transport providers for South Cambridgeshire and with regard to his understanding that a further one was being sought in the north, Internal Audit were asked to find out the progress. **Action: Mairead Claydon to liaise with Christine May.**

Other Community Transport issues raised were included in the report later on the agenda.

158. MINUTES ACTION LOG

Updates and issues raised included:

Item 1 Section 106 Six Monthly Update Report

Regarding the requirement to provide a six month update report to the

meeting or via e-mail on any un-spent Section 106 monies where the deadline for their spend had passed, as this had not been provided, an oral update was given at the meeting. This stated that the remaining balance on those contributions where the deadline had run out pre 2018-19 amounted to £68k. Officers were expecting to be able to use all of this funding in 2018-19. However as funding was not applied to projects until the end of the year, the Committee would be better receiving an update at the May Committee meeting on outstanding balances, once that process has happened.

In response to a question from the Chairman asking whether the developers would be contacted to confirm how the funding was to be used, the officers clarified that where the spend was actually incurred before the deadline then no, but she would check regarding whether officers would be contacting contractors regarding any amounts outstanding and the use to be made of them. **Action Eleanor Tod**

It was agreed that an update report should come back to the May Committee. **Action Tom Kelly**

Item 3 - Ely Bypass Project

Confirmation from Internal Audit that this was still scheduled to be presented to the May Committee meeting.

Item 15 - Minute 148 - Level of Outstanding Debt.

Regarding delays in the actions on the Debt report due to the previous Head of Debt and Income having left shortly after the meeting, the Chairman indicated that he had asked the Deputy Section 151 officer to arrange a meeting with the new postholder. **Action: Tom Kelly**

Item 6 - Objections to the Accounts

The Chairman expressed his continued concerns regarding BDO, the Council's previous External Auditors, still not having concluded their review of the outstanding objections from members of the public on the previous two year's Council Accounts. Mark Hodgson from Ernst Young the Council's current External Auditor confirmed that this could impact on their ability to provide a Value for Money opinion by July.

The Minute Action log was noted.

159. PETITION AND PUBLIC QUESTIONS

No Petitions or public questions were received.

160. CHILDREN'S SOCIAL CARE CASELOADS QUARTERLY UPDATE

This report provided an update of the children safeguarding, corporate parenting and disability caseloads in the Children's Social Care teams.

It was highlighted that the restructure of the previous Unit Model to the new Team Model of two teams working across the North and South of the County as detailed in the report meant that the information could not be compared to that provided in previous update reports. It was highlighted that staff preferred the new structure and in addition, some former staff who had left when the previous model was introduced, had now returned to the Council.

Key issues highlighted included:

- Existing staff were appointed to their roles in the new structure prior to November 2018 and received induction days to support their work in the new teams. For posts which remained vacant, recruitment was still continuing.
- There were currently 3 vacancies in the North with 66 workers in post and three appointments in the pipeline.
- The South Team was more of a challenge as there should be 75 posts, of which only 50 staff were currently permanent staff. When vacancies could not be recruited to, or whilst new recruits are awaited, the caseloads had to be shared amongst the teams, creating higher caseloads than the targets as shown in the report.
- A successful recruitment campaign had been undertaken with the Transformation Team and once pipeline starters were included, there was only expected to be three vacancies, although extra demand was still an issue. A recent Ofsted inspection had been impressed by the morale of staff in the Teams.

Issues raised included:

- Whether the recruitment issues could be compared with places such as Essex and North Hertfordshire? In reply Social Worker recruitment was a challenge nationally. The Council were working with consultants CPL regarding ways to improve staff retention and adopting best practice from other authorities. Measures included offering training and from September 2019, apprenticeships, as well as providing positive messages on the value of the jobs undertaken. In terms of what could be seen as being slow to offer apprenticeships, nationally, Children's Services had been the last to receive Government guidance and this had only taken place in the last six months.
- Whether the target caseloads shown were national standards or Cambridge standards? This reflected the targets taken from those social services departments classed as exceptional and were considered to be manageable caseloads.
- How did clients respond to the challenges of agency staff coming and going? This was accepted as an ongoing challenge, as the ideal was to have continuity of the same social worker for a child.
- Clarification was sought on the difference regarding the age groups served by the main teams highlighted

The following clarification was provided:

- Assessment only covered the initial phase and had an 8 week target
 - Children; pre-birth to 18
 - Adolescent 11-18
 - Looked After Children – up to 25
 - Care leavers 18-25.
- In response to questions asking for more detail regarding the successful international recruitment exercise, it was explained that the recruitment had been undertaken last May as a joint initiative with Peterborough City Council with social workers recruited from South Africa and Rumania. On their qualifications it was explained that the advertisements detailed the qualification standard required and that once they had received their induction and any pastoral support required (as they were new to the Country) they were then ready to work with cases on their own, which had been the position from October / November. No one had so far left from those recruited.

Additional requests for information (**Action: Sarah-Jane Smedmor**) included:

- Providing the Chairman with details of the length of service distribution between the North and the South Teams
- Details of the number of part time workers employed in the teams
- Details of the number of apprenticeships.

It was agreed to note the report.

161. REVIEW OF CONSULTANCY POLICY

The updated Consultancy Policy was reviewed and endorsed by Strategic Management Team (SMT) on the 7th March. This report outlined the main changes made to the Policy, included as Appendix 1 to the report, which also incorporated some suggested by this Committee at an earlier meeting. It provided details of the Council's project management system Verto which would enable a centralised overview keeping records of each consultancy placement and also providing the information on the use and spend on consultants within each Directorate for regular overview by SMT and for inclusion in a quarterly report to this Committee.

The policy now:

- Provided a clear distinction between a consultant and an interim and their engagement routes. Final approval to engage a consultant required to be obtained from either the Deputy Chief Executive or the Director of Business Development and Improvement.
- Emphasised the requirement for payment to consultants to be linked to the achievement of agreed outcomes and that payment should be staged to ensure the largest proportion was allocated upon completion of the outcomes.

- Emphasised that contracts for consultancy must include expected costs for expenses and the proviso that no separate expenses would be paid.
- Required that for each consultancy arrangement there was to be a named officer at senior level to take responsibility for day-to-day procurement and management of the contracts and to ensure that the arrangement complied with the Policy and legislation, and that agreed outcomes in the contract were delivered.

Issues raised in discussion included:

- Providing confirmation that each Service Director would be responsible for their Directorate's consultancy spend.
- One Member highlighting that while there was reference to ex-employees whose employment had been terminated on the grounds of voluntary or compulsory redundancy not being re-employed by the Council as a consultant, there was no similar reference to retired employees being re-employed by the Council as a consultant in the Policy. This had been a particular cause of concern following a high profile example of this. In reply, Martin Cox confirmed that re-employment as a consultant following redundancy / retirement had always been challenged in the Council and this approach would continue.
- One Member asked what accountability there was post contract if the Council was not satisfied that the consultant had carried out the work required and what ways were available to show that the consultant had added value and been a positive benefit to the Council. In reply this would be achieved by the closer contract monitoring measures set out in the Policy and also the requirement to ensure the value was specified in the engagement contract so the expected benefits were established before the consultant was employed. The only post contract remedies would be if there had been a significant failure or legal risk from the work that had been carried out.
- Which areas of the Council utilised consultants the most? These were where there were time managed projects and capacity issues in house e.g. Highways projects where there was not the expertise in-house.
- Who filled for maternity / paternity cover? Paternity cover was not an issue as they were for shorter periods. For maternity cover directorates were encouraged to go through internal employment procedures in the first instance. Agencies were the next stage if vacancies could not be filled by internal staff.
- What happened if a consultant was required for a longer period than the original contract? The directorate involved would need to provide a valid business case.
- When would the monitoring commence? As the process was currently being worked through the expectation was that SMT would be able to receive the first report within six to eight weeks.

It was resolved:

- a) To note the content of the Updated Consultants Policy and the reporting

Arrangements, as detailed in the report.

b) That the Committee should receive quarterly monitoring reports.

162. ESTATES AND BUILDING MAINTENANCE INSPECTIONS

This report provided additional background information in respect of the Council's current approach to the inspection and maintenance of buildings within its assets portfolio and made recommendations to improve the processes involved going forward. The report received at the January Committee had been in response to the request for a report to include:

- A list all property assets.
- A list of all property inspections, with a summary of findings.
- A list of leased properties to include lease length, lease terms, repairing obligations and rent collection.

Not all the information required was available in time for the January report and as a consequence, a revised report was requested for the current meeting. This report provided more detail on Education arrangements and inspections and leases. It also reiterated that the current overview of responsibilities for property inspections and in some cases maintenance, was divided between Education, Property, Compliance, Strategic Assets and Accounts receivable.

Appendix 1 to the report contained a full list of the County Council Property Assets with a Confidential Appendix 2 providing lease information on rents and tenancy terms.

Further to a request for additional information at the Chairman's briefing meeting held earlier in the week:

- It was reported that there were 115 full academies which were responsible for their own repairs and 140 non academy schools also responsible for their own day to day repairs with the detail as set out in the report.
- The current debt outstanding figure stood at £105k.

Officers accepted that in collating the information for the report it was clear that the Council's current approach to property inspections and in some cases management, was fragmented. Although the Council operated a central estates and property function, some property responsibilities sat within operational services i.e. a number of rents and maintenance inspections of non-academy schools. The report highlighted a number of non-people related actions that could be amended with additional resource, to help create a single view of all property into a corporate asset base through the current K2 system (which required to be fully implemented).

While there was a rolling programme of condition surveys for non-schools, this had not been replicated for education properties. On the education side

comprehensive inspections had been carried out in 2012. Many schools had become Academy's since then and were responsible for their own maintenance. While non-academy schools were delegated the responsibility for the upkeep of the buildings within which they operated, as the Council still had a duty of care to the children, the report recommended formalising an inspection process. The information to be used to inform the allocation of a maintenance programme. In addition, the aim would be in future to centralise more of the income collection under the Property Team, to ensure greater transparency.

Questions / issues raised included:

- In reply to why K2 had been so slow to implement, it was explained that it had been purchased when Property Services was part of LGSS and when first implemented, was tailored towards Northamptonshire's needs and therefore did not meet the different requirements of Cambridgeshire. This had been compounded by both Council's property teams leaving LGSS in 2017. Cambridgeshire did not receive its own version of K2 until January 2018.
- With reference to the relevant appendix asking when the missing lease information would be provided, the proposals was to aim for full details to be available within three months. It was reported that good progress was currently being made and the lead officer had undertaken to provide the Chairman with updates on progress on a monthly basis.
Action: John Mac Millan.
- The Chairman asked that from the current inspection exercise had any areas of particular concern been discovered? In reply, Phil Hill Compliance Manager Property Services explained that after the Grenfell tower block fire tragedy there had been an audit of academies as the officer saw academies as being the greatest risk area. He highlighted fire risk assessments and boiler servicing as examples where there was no requirement for academies to undertake regular inspections / servicing.
- In reply to a question, 177 was the number of non-education buildings in Council ownership.
- Regarding the Devolved Formula Capital grant that schools received to maintain school buildings and undertake small repairs, a question was raised regarding whether the Education Funding Agency (EFA) and Department for Education checked how academies spent the grant. This was not an area within the Council's remit. It was explained that most local academies now bought into the Council compliance inspection services and for those, it was not expected that serious issues would be found. The Council provided safety compliance training for both head-teachers and their school governors.
- One Member expressed surprise that 91% of schools still contained asbestos. He had assumed it would have been removed years ago as a serious health hazard. It was explained that most asbestos was not dangerous if it was undisturbed. Asbestos in schools was formally checked twice a year. The Council were currently rated by a recent

EFA survey to be in the top 10 Councils for the management of asbestos.

- Regarding the responsibility the Council had with regard to the 125 year leases of school buildings to academies, details were provided of the three frameworks in place to support schools and their commercial activities as detailed in section 5 of the report (pages 68-69). While contracts for repairs were let, compliance and ensuring best value was obtained, was still a Council responsibility.
- A question raised for an answer outside the meeting was whether the Council's Farms Estate building inspections programme could be incorporated into the other non-farms inspection programme rather than employing outside contractors. *(Post meeting clarification note: The majority of maintenance responsibility rests with tenants. The inspections are carried out by in house surveyors and the opportunity is also taken to gather intelligence on the tenant's aspirations and discuss business development which been an important factor in the progress of the Farms Estate).*

For greater clarity on the inspections process and to ensure regular inspections for all properties within the Council's responsibility, officers recommended a change of wording to recommendation 3 which was accepted by the Committee and is included in the agreed recommendations below.

It was resolved:

- (1) To note the contents of this report;
- (2) Support the commissioning of non-intrusive condition surveys to be undertaken for all maintained nursery, primary and secondary schools in Cambridgeshire and Peterborough, and for the Cambridgeshire element to be funded from the Councils 2019/20 maintenance allocation from the Department for Education;
- (3) That the above survey become baselined as an operational activity and be commissioned so that all schools were reviewed on a rolling basis of 5 years in addition to Cambridgeshire County Council's non-school property assets, which were already inspected on a rolling five year basis and that annual reports were made to inform Audit and Accounts Committee.
- (4) That a report was prepared for both Commercial and Investment (C&I) and Children and Young People's (CYP) Committees) that evaluated the option of bringing the property management functions for both schools and non-school assets together into a single delivery model;
- (5) That the on-going merger of schools property data (paragraph 7.3 of the report) into the Council's corporate property database, K2, was undertaken as a priority and was then maintained as an on-going basis by a single service (recommendation 4 refers);

- (6) That a further report be presented setting out a proposal for integrating how property related income was recognised within the accounts of the Authority and how this could be managed more effectively.

163. STATEMENT OF ACCOUNTS PROCESS UPDATE

This report provided an update on progress of the planning for the 2018-19 Closure of Accounts and production of the Cambridgeshire Council Statement of Accounts under the following headings:

- Property Valuations
- ERP Gold Statement of Accounts Production
- Data Analytics
- External Audit

In discussion issues and questions raised included:

- Paragraph 2.2.2 Page 127 an update was requested regarding the reference to the 50 adjustments required and the work to resolve the remaining £276k. In reply this had now all been reconciled.
- Paragraph 2.3.2 in respect of the number of selected samples by the external auditors referenced in the report, the Chairman asked how this compared to previous years. In reply it was explained it was higher as it related to a new finance system. On an update to the figure given in the report that 25% of the evidence documentation having been provided at the time the report had been written, this had now risen to 85%.
- In reply to a question from the Chairman on how EY the External Auditors felt the process was going, Mark Hodgson the lead was pleased with the ongoing dialogue with the Council's finance officers and comfortable with the current progress position.

The report was noted.

164. TRANSFORMATION FUND MONITORING REPORT QUARTER 3 2018-19

This report outlining progress in delivering the projects for which transformation funding had been approved at the end of the third quarter of the current financial year of which three, were still showing as red, the same as in the previous quarter. Regarding the 'Dedicated Social Work and Commissioning Capacity Learning Disability' Project this was still expected to make the projected savings and was more a matter of phasing.

Issues raised included:

- With regard to the financial RAG (Red, Amber, Green) rating, a blue

- rating shown, was as a result of the expected savings having accrued quicker than forecast. *(Note: at the Chairman's briefing it was suggested that a note to explain this should be included in future reports)*
- In reply to how many new projects beyond the 13 shown were in the pipeline, it was explained that there were 4.
- In respect of the table in 3.1 and those projects not showing savings at the current time, these would be populated in the fourth and final quarter and related to the phasing of the savings.
- In reply to a question regarding whether any projects had resulted in reductions in staffing, the officer confirmed that none of the proposals had resulted in reduced staff at the current time

it was resolved:

To note the report.

165. BREXIT IMPACT ASSESSMENT AND RESILIENCE PLANNING

This report provided both an update on the preparations for Brexit since the last report presented on 24 January 2019 and included responses to questions raised at that meeting. At the time of writing the report, the UK was set to leave the European Union (EU) on 29 March 2019. By the time of the meeting, due to the deadlock in the UK Parliament over the Prime Minister's deal, an extension had been sought from the European Parliament, with the details of that exit still unknown. It was explained that officers were working on the basis of a 'no deal' worst scenario exit looking forward to the next six months.

The report highlighted:

- Work being undertaken by the Brexit Taskforce which was meeting monthly who had set up Task and Finish Action Groups to ensure delivery of agreed mitigations focussing on: workforce engagement; community and councillor engagement; hate crime mitigation and data sharing implications. The work involved 35 members of staff.
- That despite mitigation for many of the risks, the scores had not reduced, reflecting that there was no change in the level of their likelihood as the nature of the UK's exit remained unclear.
- Details of the Communications Strategy and Plan and Community Engagement Strategy focussing on: promoting the EU Settlement Scheme; targeted work with EU citizen employees and identifying Looked After Children (LAC) and other vulnerable people who were EU citizens.
- Details of the communications being undertaken internally through the monthly Members Newsletter and the Staff Weekly Newsletter.
- That priority was being given to encouraging affected members of the Council's workforce to apply for Settled Status as soon as possible.

- The work being undertaken with the Local Government Association and the Strategic Migration Partnership.
- Work being undertaken with other councils in the eastern region including sending a weekly update to the East of England Local Government Association (EELGA), who then collated the information to provide a weekly update to Government and the issues drawn to their attention.
- The work being undertaken in conjunction with the Local Resilience Forum.

In discussion other issues raised included:

- Whether the Brexit Taskforce was meeting frequently enough. In reply it was explained that this was being supplemented by the work being undertaken by the Task and Finish Groups.
- Settlement Status issues currently applied to approximately seventy 'Looked after Children'.
- Health staff colleagues, were fully involved with the health based task groups, including sharing information regarding access to the supply of drugs / medicines and the impact of fuel shortages on health. Fuel shortages were not currently seen as a significant risk.
- Schools were not presently highlighting any significant risks that only applied to them.
- Highlighting that during the current week the Government had launched its National Marketing Campaign on the Settlement Scheme.
- The Chairman suggested that he was not receiving the Staff Weekly newsletter which it was said was sent to all Members. As other Members of the Committee confirmed they were receiving theirs, he queried whether it was a result of his e-mail address not being a Council e-mail address. *(Post meeting note: Communications checked on the distribution list and were able to confirm that both the Members briefing and Staff briefing were being sent to the Chairman's personal e-mail address)*
- Asking whether Officers were confident that all EU Regulations would be transferred to UK Law in time, in the correct format. The answer was no, as this was beyond the Council's remit.
- Whether there was a default position regarding directives that no longer applied e.g. some environmental directives. Again the answer was no as it depended on the details of the exit from the EU and whether it was a 'No Deal' or Transitional Deal.
- Asking whether lobbying was taking place to remove the £30k threshold to be able to apply for 'Settled Status' as so many EU Council employees were below it. It was explained that the £30k threshold was separate from those EU citizens wishing to apply for Settled Status and that this threshold applied to Post Brexit Migration Policy, but confirming that a great deal of lobbying was being undertaken by various organisations to seek those below it being given the same employment protection rights.

- A Member raised concerns regarding the continued supply in post Brexit of gluten free food products to schools, as he understood hardly any were manufactured in the UK. It was explained that this was included as part of supplies mitigation measures being planned at a national level. Both health partners and highways agencies through the Resilience Forum were looking at the broad activity of transport issues and the supply of food to schools, and this included the supply of gluten free products. Another Member commented that formal diagnosis of people who believed that they were gluten intolerant showed only 4% tested positive as being celiac. He suggested that Public Health might need to have a role in supporting schools regarding helping establish those pupils with a diagnosed medical condition.
- There was a request for future update reports to provide details of the cost to the Council of the 30 plus staff involved in Brexit work and the impact it was having on their other areas of work and whether it could be contained in the 2018-19 Government burden funding money provided of £87,500. Currently it was not clear what further burden funding monies would be received from Central Government, and whether the current allocation would be enough to cover the costs.
(Post meeting note: A Government e-mail confirms the County Council will receive £175K across the two financial years 2018/19 and 2019/20 equating to £87,500 for each of the years. The same e-mail also states that they are holding back other funds to be deployed either for ports issues, resilience planning or other specific local issues as required, so there could be further funding).
- The External Auditor, Mark Hodgson confirmed he was not aware of any areas the current Action Plan was deficient in, nor any other areas that should be included.
- In terms of the FAQs (Frequently asked Questions), on the Council website, the intention was to provide a link each time and to include new ones at the top of the document. **Action: Christine Birchall**

It was resolved:

To note the report.

166. CAMBRIDGESHIRE COUNTY COUNCIL EXTERNAL AUDIT PLAN YEAR ENDED 31ST MARCH 2019

Ernst and Young, the Council's new independent external auditors, presented their proposed audit plan in respect of the Cambridgeshire Statement of Accounts for the year ended 31st March 2019 setting out how their approach and the scope of the Audit in accordance with their statutory and Audit Code of Practice requirements. Associate Partner Mark Hodgson orally presented the Plan which:

- Summarised their initial assessment of the key risks driving the development of an effective audit for the Council and outlined their planned audit strategy in response to those risks as set out on pages 157-158 of the agenda (pages 5 and 6 of the original report).
- Explained that materiality had been set at £17.65 million, representing 1.8% of the prior year's gross expenditure on provision of services plus financing and investment expenditure. Performance materiality had been set at £8.82 million, representing 50% of materiality. The intention would be to report all uncorrected misstatements relating to the primary statements greater than £0.88 million. Other misstatements identified would be communicated to the extent that they merited the attention of the Committee.
- Provided the details around Value for Money Risks. Regarding 'Value for Money' the work was to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- The fees for planned work was set out in Appendix A of the report including details of those areas where further work might be required.

The timetable for completion by 31st July, was currently on track, although as referred to earlier, the issues of BDO completing their work on the objections to previous year's accounts and the 2017/18 Value for Money Conclusion did have implications for being able to complete the Value for Money opinion by this deadline. Depending on the findings reported by BDO in relation to this work, EY would need to assess the issues and risks which might lead to additional audit procedures which would have further fee implications.

Issues raised / explanations provided included:

- As 'This Land Limited' was a subsidiary of the Council, to obtain the full accounts, their accounts required to be consolidated with the Council accounts to form the Council's Group Accounts.
- Explanation regarding Property Plant and Equipment – Valuation of land and Buildings – this was carried out by looking at the values at 31st March 2018 and again at 31st March 2019 date undertaking audit work to understand the changes to the values.
- Regarding incorrect capitalisation of revenue expenditure, this was to ensure no manipulation of the accounts was being undertaken.
- Regarding ERP Gold and the possibility of information not appropriately transferred from the old financial system it was reported that seven live coded differences had been identified in the balance sheet with individual line items being up to £43m, but these had now all been resolved.
- All secondary schools had transferred to academy status. While there were still a considerable number of maintained primary schools, any further conversions during the period were unlikely to break the

materiality threshold. It was explained that was why they were assessed as being an inherent risk and not a significant risk.

- Page 179 explanation of what RSM stood for – This was another Audit Firm.

The report was noted.

167. CAMBRIDGESHIRE PENSION FUND EXTERNAL AUDIT PLAN YEAR ENDED 31ST MARCH 2019

This report presented Ernst & Young's Audit Plan for the Cambridgeshire Pension Fund's Statement of Accounts for the year ended 31 March 2019, setting out identified audit risks, expected materiality levels, the scope of their audit and the planned delivery of the audit process. Associate Partner Mark Hodgson again orally presented the plan.

Page 207 (page 5 of the original report) of the accompanying report identified the key risks and areas of auditor focus, and page 9 of the original report details the Auditor's planned approach to these risk areas.

Page 15 of the report appendix sets out the planned materiality levels for the audit, which were planned to be as follows:

Audit Area	Materiality
Net Assets	£2.9bn
Planning Materiality	£29.69m
Performance Materiality	£14.8m
Audit Differences	£1.4m

Page 23 of the appendix set out the proposed timeline for delivery of the audit.

Significant risks highlighted included the Pension Fund having an unusual investment in both Cambridge and Counties Bank and Cambridge Building Society.

Issues raised included:

- Page 208 Audit Risks - Pension Liability Assumptions – a query was raised regarding why the discount rate was not referenced. It was clarified that the discount rate was part of the pension liability considerations.
- Regarding concerns on the scrutiny arrangements being undertaken in respect of the investments into the Access Pool. It was explained that this was covered by two custodian reports from Kent and Essex, under the jurisdiction of the ACCESS Joint Committee. Pension Fund investments within the Poll would be subject to audit in the same way as any other investment manager. The Vice Chairman still had concerns regarding the independence of this arrangement in terms of good governance. **Action: It was agreed Tracy Pegram would**

contact relevant officers and would clarify the Fund's responsibility to audit arrangements for ACCESS to the Vice Chairman in writing (who was also Chairman of the Pension Fund Committee and Pension Fund Investment Sub Committee).

The report was noted.

168. USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

This report highlighted the Council's ability to undertake directed surveillance for the purpose of a specific investigation or operation and the restrictions around its use. The use of RIPA was to ensure that any covert activity undertaken by the Council was necessary and proportionate because of the impact on an individual's right to a private life under Article 8 of the Human Rights Act. The report provided the detail of its use and the approval processes involved.

Responsibility for the oversight of RIPA previously sat with the Constitution and Ethics Committee who at its meeting of 28th February 2019 recommended that it would be best served by the Audit and Accounts Committee. This change was agreed by full Council on 19th March 2019.

The report provided the Committee with an overview of:

- RIPA and the usage of the powers.
- The results of the inspection by the Investigatory Powers Commissioner's Office (IPCO) in November 2018 (who provided independent oversight of the use of investigatory powers to assess compliance, provide guidance and assurance that the powers were being used appropriately and in line with the legislation and codes of practice).
- The draft joint policy for both Peterborough City Council and Cambridgeshire County Council had been produced as a separate appendix. The Chairman and Committee were happy to accept it but as they had only seen it at short notice due to an error at the publication stage, reserved the right to suggest changes outside of the meeting in consultation with the Director of Law and Governance and Monitoring Officer LGSS.
- Details of the one covert operation that had been carried out and the four applications made for communications data.

The Investigatory Powers Commissioner's Office ("IPCO") Inspector's report had considered each council's own policies alongside the proposed joint policy. The inspection had been very positive as detailed in section 5.5 of the report. He found that Peterborough City Council had a clearly written and robust policy alongside an easy access guide with a good reporting structure and officers with strong experience and knowledge of RIPA matters. With regard to Cambridgeshire County Council, as a result of staffing changes, the corresponding structure and knowledge was no longer present and in addition, its policy required updating. The Inspector had concluded that the

adoption of an updated joint version of the Peterborough policy and structure used across both Councils would enable the necessary rigour and oversight to be in place at both Councils. Peterborough City Council had signed off the Policy at a meeting earlier in the week.

Those areas that required improvement (detailed in paragraphs 5.6, 5.7 and 5.8) formed the basis of the report's single recommendation which was to review the draft policy based on those issues highlighted and, with the minor changes proposed, would provide a well written, meaningful and compliant policy. The proposed changes were highlighted in section 6 of the report.

In order to assist the Committee in its duties to receive information on the use of RIPA and review the policy on an annual basis, it was proposed to provide training prior to the Committee's 11 June 2019 meeting.

On the Policy document page 8 'Basic Determination of RIPA' it was suggested for added clarity that there should be a reference to adding 'no' at each stage and to state no further action would be taken.

It was resolved:

1. To note a report into the usage of RIPA powers by Cambridgeshire County Council in the last 12 months.
2. To note the outcome of the inspection of Cambridgeshire County Council by the Investigatory Powers Commissioner's Office (IPCO).
3. To agree the revised joint Peterborough and Cambridgeshire RIPA Policy.

169. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF DECEMBER 2018

Members received a report that presented financial and business information to assess progress in delivering the Council's Business Plan as presented to General Purposes Committee (GPC) who had agreed the recommendations set out on the front page of the report.

Issues raised:

- The Chairman still had issues with the information included with the performance indicator pie charts and would speak further to officers outside of the meeting.
- Page 254 Number of Services supported by Key Care Budgets – it was highlighted that several of the lines had text references stating that the trend had stayed the same when in fact the two sets of numbers shown for April 2018 and January 2019 had either increased or decreased. The Officer explained that the trend description summarised the overall trend, and even if there were small variations which were against the

trend, the overall trend might remain the same. When there were more data points that suggested the trend was changing compared to the April baseline, the descriptor was updated.

- The Vice-Chairman made reference to having not recently seen details on the progress in respect of the provision of new care homes to alleviate the issues of Delayed Transfers of Care (referred to as 'bed blocking'). The Acting Head of Business Intelligence indicated that there had been reports on these issues to the January Adults Committee and he would provide links to them following the meeting.

Action: Tom Barden

- Page 254 Public Engagement - request for an explanation on the large increases in all categories between April 2018 and January 2019. This was a result of planned activity to improve communications by moving enquiries from the previous first contact points in children's centres to the Contact Centre and had therefore been a successful exercise. One of the increasing trends was public engagement via the website.
- The Chairman and Vice-Chairman again expressed their concerns regarding the inadequacy as they saw it of the Budget planning for Looked after Children (LAC) with the Chairman making reference to having been told at the September Committee that the number of LAC were not expected to continue to increase. While it was accepted that the budget was not rising at the same rate as the additional number of children, due to reductions in the cost of placements, what was missing was trend information to help understand the position over a period of time. Officers were requested to provide information outside of the meeting of the trends over the last five years in terms of the number of looked after children, the original budget set and the actual expenditure at year end. **Action: Acting Head of Business Intelligence Tom Barden / Deputy Section 151 Officer Tom Kelly**
- In respect of obtaining a better understanding of the pressures around LACS and other social worker issues, the Democratic Services officer suggested that the Chairman might wish to visit one of his local social worker offices. This was accepted as a helpful suggestion. **Action: Democratic Services to liaise with Children's Services to arrange a visit.**
- Page 258 SEN Placements – The Chairman asked for additional information outside of the meeting regarding the increased contribution of partners which had resulted in a decrease of £0.268m on the position previously reported. **Action: Ellie Tod Group Accountant, Corporate Finance.**
- Page 260 – Paragraph 3.2.7 Commercial and Investment - with regard to why the LGSS Law dividend had not been received and would not be received for a further two years, more detail would be provided to the Chairman by the Director of Law and Governance outside of the

meeting. **Action: F Mc Millan Joint Director of Law and Governance.** It was highlighted that the Service was providing good value even without the dividend.

- Page 262 – ‘Thoughts of Others Ltd’ Debt Write Off request – The Chairman queried whether the Council should have been more aware of the financial difficulties of the company. The report explained that all payments to the provider were stopped as soon as the Council was made aware of the business failure. In addition as orally reported, measures were now in place to ensure a similar situation would not happen in the future e.g. money being paid in advance. It was reported that the young person had now been placed with a different provider.
- Page 263 Capital Programme there was a request for an explanation regarding some of the large variances with particular reference being made to the -£17,651,000 showing for C and I. In reply the majority related to housing investment and commercial investment activity not being undertaken as quickly as had been anticipated, but was expected to be progressed in due course.
- Page 266 - more information was requested outside of the meeting on the reasons regarding the need for a revised scope for Wisbech Secondary School and why this had led to the delays in the original, anticipated schedule. **Action: Ellie Tod Group Accountant Corporate Finance.**
- Page 272 Net Borrowing Graph – There was a request that as the Committee was only entitled to receive hard copy agendas in black and white and as it was difficult to distinguish in this format, a different symbol should be used to highlight the main points on the lines. **Action: Ellie Tod Group Accountant Corporate Finance to organise the change.**
- Page 273 – Proposed revision to loan to VIVA Arts and Community Group (Soham Mill) - request for additional information on the change to the loan. Originally funding had been obtained from both the Council and a private sector lender, but the Group was seeking to switch to the Council who were offering more favourable terms.
- Page 277 Appendix 2 Reserves and Provisions – County Fund balance- asking why the balance which at 31st January 2019 was showing £15,960,000 was reducing to £12,522,000 by 31st March. This was to help offset the expected budget deficit of £3.2m at year end.
- Councillor Kavanagh made reference to housing support grants being taken away, making particular reference to the proposed closure of Whitworth House asking why it was not in the report and where this was shown in the Budget? Officers would take this query away and respond in writing. **Action: Ellie Tod Group Accountant Corporate Finance.**

The report was noted.

170. DRAFT INTERNAL AUDIT PLAN 2019-20

This report outlined the proposed 2019-20 Internal Audit Plan as set out at Appendix 1 to the report following its review by Strategic Management Team at its meeting on 7th March 2019.

Pie charts in 1.6.1, 1.6.2 and 1.6.3 providing a breakdown of total days by Assurance, Audit theme and Audit Plan coverage to the Corporate Risk Register.

As always the plan was flexible and would change during the year to react to new challenges which would require resources to be switched. The total number of audit days had changed from 1550 to 1750 to take account of the Chief Finance officer's request for more audit days to be spent on contract audits. (200 more in that area)

Issues raised / clarifications provided included:

- Asking that in times of organisation volatility how did the Council assess if newly employed officers received full appropriate training in terms of knowing where to access policies on Camweb e.g. Whistleblowing Policy, Health and Safety, Training etc? In reply Internal Audit explained that they had no planned reviews of the induction process itself but did conduct reviews of key policies and procedures. These reviews would check whether key policies were covered as part of the induction process and the officer compliance and make recommendations to improve awareness if required.
- Page 285 'Anti-Fraud and Corruption' reading "..... the assurance block includes an allocation of days for pro-active fraud strategy work" an explanation was requested on what this work involved. This included:
 - Using intelligence and good practice from other fraud organisations (e.g. Anti-Fraud Network) to ensure work was undertaken to check controls were in place in areas where known frauds had been detected by other anti-fraud bodies.
 - Using such intelligence to look to detect fraud rather than just reacting to it from referrals etc. One way of reducing fraud when discussing invoice fraud was to emphasis the requirement not to issue retrospective orders.
- The pie charts on 286-288 did not indicate the changes in allocations from the previous year which would have been a useful addition e.g. included in brackets.
- Page 293 - Contract Management Policy and Guidance – this was in relation to ensuring the policy was in place. An update on Procurement

Compliance and EU Procurement Regulations would be provided in the Internal Audit Progress Report to the July meeting.

- Some of the specific audits were not auditing outcomes but checking the monitoring arrangements / procedures, compliance with legislation etc. e.g. In respect of fire safety checks internal Audit would audit the governance arrangements in place to ensure that buildings the Council was responsible for had up to date fire safety certificates.
- Page 299 querying the allocation of days for the Information Technology Audit Plan and whether this allocation was too high. The Chief Internal Auditor responded that good governance and the audit of the control of IT systems was essential.
- Whether any days had so far been taken out of the Plan as a result of other pressures. Reply: no.
- With an increase of 200 audit days a question was raised on whether there were the staff resources available to achieve this. The response was yes, as additional staffing resources had been agreed, including the funding of a principal auditor post. A member of the Committee asked where the money had come from to fund this post and who had agreed it, requesting that the information be provided in writing outside of the meeting. **Action: Chief Internal Auditor to liaise with the Chief Finance Officer and provide this information to Cllr Bates and copy in the rest of Committee.**

It was resolved:

To approve the allocations as set out in the proposed 2019-20 Audit Plan.

171. COMMUNITY TRANSPORT ACTION PLAN UPDATE

This report provided the Committee with an update on progress with the Community Transport Action Plan (included at Appendix 1) since the previous update at the January Committee. Of the 11 actions which had not been completed at the time of the previous meeting:

- 2 were ongoing actions, with no expected end date (18%)
- 4 actions had now been marked as completed (36%)
- 5 remained in progress (45%)

The report included within it the 'External Officer Review of (FOI) Freedom of Information Requests' report undertaken by the Data Protection Officer at Peterborough City Council with the full report included at Appendix 2 and the Action Plan to address issues provided as Appendix 3. Action Plan updates would be included as part of future Community Transport Plan update reports.

Questions raised included:

- Whether actions had been taken by departments to ensure the relevant people involved on the contracts side were following the rules? It was

explained that actions around services, contract procedures and grants would be part of the update reports to the Committee.

- With reference to 'Review of Public Funding' paragraph 3.2 page 305 and the text on the PKF report reading "This report had now been finalised and shared with senior management and the Chairman and Vice Chairman of the Audit and Accounts Committee. Negotiations with F(ACT) and H(ACT) regarding the repayment of excess funding have now commenced" Councillor McGuire requested that the whole Committee should now see the report. The Chief Internal Auditor explained that the negotiations were ongoing, making reference to the delegation agreed at the last meeting that details of the negotiations should remain confidential. Any agreed settlement would be reported back to the Committee.
- With reference to Action Log Item 30 – 'Any money to be reclaimed in respect of state aid or otherwise' and the note text reading "PKF have produced a draft report looking at calculating any competitive advantage conferred on FH&E through previous grant awards. The report and supporting analysis is being discussed by senior management at a meeting on 15th January" the Vice Chairman indicated that he had not seen any supporting analysis. Internal Audit undertook to look into this and responds to him outside of the meeting.

Action M Claydon

It was resolved:

To note the progress with the Action Plan.

172. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit progress report details of the main areas of audit coverage for the period 1st January to 28th February and the key control issues that had arisen.

Table 1 in Section 1 titled 'Finalised Assignments' set out the completed audit assignments with table 2 the audit assignments that had reached draft stage. Further to a query regarding the text in 1.2 second sentences reading "This excludes individual schools audits which are reported collectively once all reviews had been finalised" this had been included in error and should have been deleted.

Section 2 listed brief details of Current Internal Audit fraud and corruption investigations.

Section 3 set out the implementation of management actions with table 4 summarising those outstanding.

Section 4 - the summaries of completed audits with satisfactory or less assurance – one report on Accuracy of Account Coding on the Financial Ledger – limited assurance provided with details of the agreed actions to address the risks around incorrect use of account codes.

Section 5 'Other Audit Activity' updated the Committee on:

- the delivery of the Audit Plan.
- progress on the development of the new Project Assurance Framework.
- progress on the key financial systems reviews for which the one on the administration of the Pension Fund had been completed and a substantial assurance award given.
- The review undertaken on how price and quality were considered when the Council evaluated tenders and the subsequent financial impact of the considerations. The audit report had provided good assurance but had identified some recommended actions to further strengthen the Council's control environment. Internal Audit had also provided recommendations to the updated review of Contract Procedure Rules.

Annex A on pages 377 to 380 detailed the summary of progress against the 2018-19 Audit Plan.

Annex B on pages 381-387 set out the detail of the outstanding recommendations. The Chairman asked if ERP Gold had contributed to any of them. Yes ERP Gold had contributed to a number of the delays, however ERP Gold could not be seen as the sole cause of any delays.

It was resolved:

To note the report.

173. FORWARD AGENDA PLAN

The Committee received its forward agenda plan for noting to be updated for changes agreed earlier in the meeting.

Due to the size of the current agenda there was a request that officers should consider whether there should be additional committee meetings scheduled in the year. **Action: Internal Audit / Democratic Services**

174. CHANGE OF DATE FOR THE JULY MEETING

Agreed to move the date of the July meeting from the 30th July and moving it back to the 29th July.

175. DATE OF NEXT MEETING 28TH MAY 2019

CHAIRMAN
28TH May 2019