

**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** Thursday, 28<sup>th</sup> May 2019

**Time:** 2.00pm – 3.50 pm

**Place:** Kris Viersen Room, Shire Hall, Cambridge

**Present:** Councillors: J French (substituting for Councillor Wells) M McGuire, T Rogers (Vice Chairman), M Shellens, (Chairman), and J Williams

**Apologies:** Councillors P Hudson, N Kavanagh, and D Wells

**176. DECLARATIONS OF INTEREST – none**

**177. MINUTES**

The minutes of the meeting held on 28<sup>th</sup> March 2019 were agreed as a correct record and signed by the Chairman.

Update requests from discussion of the minutes:

**From the January Minutes**

- **Page 5 – Action 3 Chief Finance Officer to review random selection of documents** – In reply to a question from the Chairman, it was confirmed (as set out in the minute action log to the last meeting) that this action had been completed with discussions having taken place between the Section 151 Officer and the Monitoring Officer. The Monitoring Officer, Fiona McMillan explaining that the issues of document inaccuracy previously identified had been in respect of Legal documents drafted by an outside contractor. Additional guidance had been given to them and measures put in place to ensure that in future, their documents were reviewed internally through a spot check process.
- **Page 5 - Geographical Eligibility to Community Transport** – The response was set out in Minute Action Log. Councillor Williams confirmed he was in continued dialogue with the relevant officers.

**From the March Minutes**

- **Pages 6-7 Minute 160 – Children’s Social Care Caseload Quarterly Update** – The Chairman asked that he be provided with an update on how recruitment of social workers was progressing in the North of the County. **Action: Democratic Services to inform Sarah-Jane Smedmor**

- **Page 11) Minute 162 - Estates and Building Maintenance Inspections**
  - 1) The Chairman queried the figure of 177 for the number of non-education building in Council ownership and asked that this be double checked. **Action: Democratic Services/ John Mac Millan**
  - 2) **Page 13 - Agreed resolution 6** - The Chairman asked what was the timescale for the report to Commercial and Investment Committee to receive the proposal for integrating property related income within the accounts. **Action Democratic Services to ask John Mac Millan**
- **Page 13 - Minute 163 Statement of Accounts Process Update –** The Chairman explained that for two reports, BREXIT and the above, he had agreed, in line with the request of the Committee to reduce the number of reports and size of the agenda, to receive the latest updates as e-mailed briefings rather Committee reports. In answer to the process to be used for any Member seeking clarifications to the information provided, this should be through e-mailing the relevant lead officer and copying in the rest of the Committee.
- On a question on how the Accounts were proceeding, officers were still expecting to be able to produce a draft set of accounts and supporting papers by the end of the week.
- **Page 23 - Minute 170 Internal Audit Plan 2019-20 –** regarding the reference to the Anti-Fraud Network, the Chairman asked for more details of the benefits received from membership **Action: Head of Internal Audit undertook to provide this in the next Internal Audit update report.**

## 178. MINUTES ACTION LOG

Updates and issues raised included:

### Item 4 Page 28 Level of Outstanding Debt

The Chairman confirmed that he had now met with both the Deputy Section 151 officer and the new Head of Revenue and Benefits and had been appraised of changes being made to help improve debt collection in the longer term. An update report would be coming forward to the June Committee.

### Item 6 Page 28 - Estates and Building Maintenance Inspections

- Regarding the agreement that the Chairman would receive monthly update reports following the March meeting on progress to have a full lease record within 12 months, he was only aware that he had received one update report (e-mail of 2<sup>nd</sup> May) and asked that a check was made that he would still be receiving them **Action: Democratic Services to check with John MacMillan Group Asset Manager.**

- It was confirmed that Commercial and Investment Committee would receive further update reports on inspections as the responsible service committee. This included resolution 3 of the agreed report at the last meeting for an annual update of the rolling programme for non-intrusive condition surveys which it had been agreed, would now be extended to all maintained schools.

**Item 9 e) Page 30 - Integrated Resources and Performance Report – LGSS Law Dividends – more detail on why it had not been received for two years** - This action had subsequently been agreed as more appropriate for the Deputy Section 151 Officer and was still an outstanding action. **Action Tom Kelly**

**Item 11 Page 33 Community Transport Action Plan** – The Vice Chairman confirmed he had now received the information requested.

**Item 16 Page 35 Community Transport Action Plan – PKF Report Update** - as a progress update was provided in the latest report, this action could be deleted.

**Page 36 Ely Bypass Project** - This had now moved to the 29<sup>th</sup> July meeting.

The Minute Action log was noted.

#### **179. PETITION AND PUBLIC QUESTIONS**

No Petitions or public questions were received.

#### **180. SAFER RECRUITMENT IN SCHOOLS UPDATE**

This report updated the Committee on the Schools Intervention Service monitoring of the Leadership of Safeguarding and safer recruitment in maintained schools. The report detailed the Safeguarding Reviews rolling programme including:

- Safeguarding Policies and website compliance
- Monitoring of vulnerable groups
- Health and Safety
- Safer Recruitment
- Complaints and allegations
- Wider safeguarding culture
- Critical incidents
- Training offered, including safer recruitment training.

Areas highlighted included:

- That the Local Authority Single Central Record had been updated in line with new national guidance and was being used across

maintained schools. Officers were comfortable that where academies were not using the local authority recruitment procedures model, they had access to and were following other available guidance. The responsibility for Academies rested with the Regional Schools Commissioner and not the Local Authority. In terms of intervention in academies, Academies were inspected by the local authority if a safeguarding complaint was received from the Office for Standards in Education, Children's Services and Skills. (OFSTED).

- None of the schools inspected by OFSTED in the current academic year had inadequate judgements for safeguarding including safer recruitment.
- The OFSTED judgements from two recently published reports were included, both of which provided very positive comments and were typical of inspection reports.
- There were now 253 members of the Knowledge Hub page, a web based resource provided free to both maintained and academy schools in Cambridge. This was an increase of 63 since the last report.
- Eight safer recruitment sessions had been undertaken in the current financial year for governors, headteachers and other senior staff. They were attended by both maintained schools and academies.

In discussion:

- The Chairman congratulated the officers on the continued good progress and the assurance that was being provided. He commented that children's safeguarding in schools was in a much better place than when update reports had first been requested by the Committee several years ago. He did question whether a bi-annual report was sufficient going forward as he wished to ensure the continued effective monitoring, with a focus on the gaps in those schools not using the Local authority recruitment procedures model. The officers confirmed it would be possible to provide a termly update and include within it outcomes from OFSTED reviews and supporting data when it was available. .
- The Vice Chairman expressed concern that potentially six organisations were involved in various aspects of safeguarding / safer recruitment in schools. Officers conceded this to be the case, but was the current system that the local authority was required to operate within.

It was agreed:

- a) to note the report.

- b) To receive update report three times a year to the November, March, and either the May / or June Committee meetings.

**181. ELY BYPASS PROJECT**

This report which was included on the agenda running order as “to follow”, had not been able to be finalised in time for the meeting and as a result, had been rescheduled to the July Committee meeting.

**182. WHISTLEBLOWING POLICY ANNUAL REPORT**

The Committee received the annual update report on the Whistleblowing Policy to help identify any patterns of concern and to enable it to assess the effectiveness of the Policy. It provided details of:

- the most recent updates.
- the publicity that had been undertaken to raise awareness of the Policy.
- the staff survey conducted in February to gauge staff awareness of the Policy of which from a 100 sent out to staff, 43 had responded. 93% of staff who had responded were aware of the Policy and 91% indicated that they would feel confident to use the Policy to raise a serious concern.

Questions raised included;

- Whether the sample size of a 100 was considered sufficient? The officer presenting the report suggested that this may have been too many. Another Member highlighted that the response of 43% was a very good return. The Chairman clarified that in his opinion those staff conversant with the policy were more likely to respond. However as another member pointed out there was no evidence to support that interpretation.
- With reference to Paragraph 2.8 of the Policy (page 53) asking what was a qualifying disclosure? This was as explained in the same paragraph any disclosure of information that in the reasonable belief of the worker was made in the public interest. Liabilities were imposed on an Authority if it did not treat them as a qualified disclosure. The latter ensured that all protections under the Public Interest Disclosure Act 1998 were put around the person making the disclosure.
- In reply to whether 19 cases had been an increase compared to the previous year, it was confirmed it was, as only two years previous, only one had been received.

In debate the following additions were requested:

- to amend paragraph 4.1.5 at the request of Chris Malyon to change the designations to the Head of Paid Service and to include the Monitoring

Officer designation rather than the LGSS Director of Law and Governance, highlighting that the Section 151 officer had different statutory responsibilities and to ensure consistency. **Action: Head of Internal Audit Neil Hunter / Audit and Risk Manager Mairead Claydon**

- to amend paragraph 5.4 to read 2 working days rather than “a couple of days”. **Action: Neil Hunter / Mairead Claydon**
- External Auditor details needed to be added under legislation. **Action: Neil Hunter / Mairead Claydon**

It was resolved:

- a) to note the report and
- b) make the changes as requested as outlined above and in consultation with the Chief Internal Auditor for the Chairman and Vice Chairman to agree a final version outside of the meeting.

### **183. 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 March Committee.

At the March meeting of the Committee of the 66 actions in the full Action Plan, 55 (83%) were marked as complete. Of the 7 actions which had not been completed at the time of the previous meeting the latest update was that:

- 2 were ongoing actions, with no expected end date (29%)
- 1 action had been marked as completed (14%)
- 4 remained in progress (57%)

At the March meeting a report on the review of Freedom of Information Requests included a further 7 agreed actions, appended to the Action Plan as actions 80 to 86. Of those actions, six had now been marked as completed (86%) and one remained in progress (14%)

Regarding the PKF Report on Public Funding it had previously been anticipated that this report could be shared in full with the Audit & Accounts Committee at the current meeting. However, negotiations with FH&E regarding the reclamation of public funding had progressed slower than anticipated and sharing the report in the public domain, might undermine the ongoing negotiations.

#### **Report updates included as appendices to the report**

- a) Grants to External Organisations Compliance

Internal Audit had given limited assurance over the control environment

due to a range of issues that meant the Council was not compliant with the requirements of the Local Government Transparency Code as detailed in the report. A copy of the full report was provided as Appendix 2 to the report. Satisfactory assurance was provided over compliance with the Grants to External Organisations policy, with five of eight grants reviewed found to be compliant; two partially compliant; and one non-compliant. A range of recommendations had been made to address the findings of the Review and had been implemented, with details of the changes made set out in the report. All other actions, including a review of financial coding and actions to address the grants identified as non-compliant with policy, had also been completed.

The Chairman highlighted that miscoding had been identified as a particular issue (Internal Audit had identified that between April and December 2018 95.8% of contract expenditure had been incorrectly coded to the grants account code). In reply it was explained that additional guidance had been given to budget holders and compliance would be monitored.

#### b) Social & Education Transport Contract Management

This review had focused on the areas of highest risk which had been identified by a previous interim audit report linked to the PKF Community Transport investigation. The review covered arrangements for procurement, contract management including supplier performance monitoring and payment, and business continuity.

Since the interim report. Internal Audit had been able to provide satisfactory assurance over the control environment with the key issues as detailed in the report and the full audit report included as Appendix 3. Some issues were also identified with financial recording and monitoring with agreed recommendations as detailed in the report. Progress on the implementation of the actions would be reported to the Committee as part of the normal follow-up process.

Following the findings of the PKF report into the Fenland Association for Community Transport (FACT), Huntingdonshire Association for Community Transport (HACT) and Ely & Soham Association for Community Transport (ESACT), together known as FH&E (FACT, HACT and ESACT) complaints and the Committee's consideration of its findings, the Council's Chief Executive and Monitoring Officer had been in discussion with the spokesman for the complainants, Dave Humphrey, to reach a settlement of a claim of maladministration with the details as set out in the report. This had been agreed by the Council's Section 151 officer following consultation with the Council's Internal and External Auditors.

#### **Issues raised In discussion included;**

- Why was the report 'Grants to external Organisations' marked confidential but was included in the public part of the agenda? This was an error as the report was now no longer confidential.

- Why were the details of the settlement and name of the spokesperson for the complainants included in the report which was not normal practice? This was part of the Council's commitment to openness and transparency in dealing with the outcomes of the investigation report, especially as lack of transparency had been one of the main criticisms levelled at the Council by the complainants. In addition, Mr Humphrey had agreed that the information and his name could be disclosed, and there had already been press articles providing the settlement information.
- There was a discussion regarding the commercial contract being re-let and whether there were any implications under European Union contracts law.
- There was disappointment that the financial transactions to balance the budgets was still outstanding. There was a request to speed up progress on the issues around getting agreement on repaying the excess funding - **Action Neil Hunter / Mairead Claydon to liaise with Tom Kelly**
- Paragraph 3.3 Social and Education Contract Management Checking - a question was raised on whether there had been any known breaches, as it had previously been agreed that the Chairman would be kept informed. Any breaches would be reported as part of this regular update report. However as the question had been raised, Neil Hunter undertook to take this away and check and then e-mail the Committee outside of the meeting. **Action: Neil Hunter / Mairead Claydon**
- Community Transport Action Log – Item 31 reading ‘Annual Review of Outcomes and benefits from the grant awards will be reported to E and E Committee’ - The Chairman asked that this report should also be received by Audit and Accounts Committee. *Post meeting Note: The Head of Democratic Services has reiterated that reports should not go to two Committees where there is a responsible Service Committee.* **Action: Democratic Services to liaise with the Head of Community Transport and send it to the Committee in an e-mail.**
- Item 86 Page 69 reading ‘CCC to consider publishing Freedom of Information (FOI) Act responses via the website and therefore making them available to the public. The implementation of a joint FOI system was to be reviewed in July 2019 with an implementation date of December 2019. The Chairman asked for assurance that this review meeting would take place. **Action: Internal Audit will include an update in the September Community Transport Update report.** *(The action would continue to be shown as outstanding until fully implemented).*
- Grants to External Organisations Policy Compliance Page 72 - paragraph 2.2 - regarding the sample size used of 8 grants, the Chairman asked for an e-mail to be sent of how many grants there

were in total in order that he could better assess the sample size used  
– **Action Neil Hunter / Mairead Claydon**

It was resolved:

To note the progress against the Action Plan.

**184. UPDATE ON EXPIRED SECTION 106 RECEIPTS (DEVELOPER CONTRIBUTIONS)**

In response to the request for regular six monthly updates on expired Section 106 receipts, the Committee received the latest update report.

It was highlighted that in the last few years since the above requirement only two expired Section (S) 106 receipts had needed to be reported to the Chairman – both of which were carried forward and applied after the expiry date following consultation and agreement with the respective developers.

In the last financial year two further schemes had expired with funds unspent as set out in the table in Paragraph 2.1 of the report. The intention was that the Section 06 team would work with the Services to identify alternative proposals for the S106 funds and contact the respective developer to request the alternative use for the funds. This would still recognise that it was within the rights of the developer to ask for the return of any expired funds.

It was highlighted that the Team would continue to monitor the S106 funds and chase services when the expiry dates approached, while cautioning that there would always be some occasions when it was not possible to apply the original S106 funds for instance when the needs of the community had subsequently changed, resulting in the original purpose of the funding being no longer required.

In discussion, there was a query on why the deadlines for both schemes was in 2018 and concerns regarding the timeliness of the monitoring. The issue was raised on whether improvements on monitoring could be looked at, to ensure the position on unspent amounts was known sooner than after the expiry date. It was accepted that performance could be improved in terms of ongoing monitoring and this would be looked into.

A question was raised on whether it was the case that officers were scrambling towards the end of the deadline to spend the money. This was not the case and as set out in the report, things changed over time and in the earlier cases referred to, the developers had been contacted and agreed the proposed alternate changes.

There was a request for details of the number of section 106 amounts held  
**Action Tom Kelly**

As there were concerns that the County Council was potentially losing funding, with one Councillor explaining that in Fenland a review of section 106

funding had identified that £1.2 million had not been collected in 2005/06, there was a request to check with each district council that there were no amounts they were expecting the County Council to hold and for which this Council did not have a record. **Action: Tom Kelly**

In further discussion, as Internal Audit reviewed Section 106 arrangements within their work programme each year, Neil Hunter undertook to ensure the next Internal Audit report progress report provided an extract from their audit coverage of Section 106 agreements highlighting whether any recommendations for improvements in the process were to be suggested. **Action: Neil Hunter / Mairead Claydon**

It was resolved to:

Note the report and confirm the approach set out in paragraph 2.3 of the report as referred to in the minute above.

## **185. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2019**

Members received a report that detailed performance of the Council for the 2018-19 financial year and was a management report that preceded the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconciled to one another, it would be the statutory Statement of Accounts on which the audit opinion was formed.

The key issues included in the summary analysis and highlighted included:

- The overall revenue budget position was a pressure of +£3.2m (+0.9%) at year end which was just under 1%. This was a movement of -£0.1m on the forecast reported at the end of February with the majority of services reporting small favourable movements on their February forecasts with the exception of Corporate Services (CS) Financing.
- Paragraph 3.2.2 highlighted the pressures in People and Communities with the Special Educational Needs and Disability (SEND) Specialist Services showing a £+9.873 million pressure at year end.
- £27.8 million of savings against the original plan had been achieved as shown in the savings tracker appendix.
- School balances were still growing and had been the subject of a recent report to the Schools Forum and while the Dedicated Schools Grant for Cambridgeshire was underfunded, there was a need to ensure schools did not hold unnecessary balances. To this effect, Children and Young People's Committee had asked the Leader and Chief Executive to write to Schools Forum to highlight the issue. The position for maintained schools was summarised on page 129. In answer to a question on why some schools retained larger balances

then was recommended, this might be to help finance capital projects, deal with deficits and to counteract the effect of falling pupil rolls. On what measures could be taken, it was explained that if year end balances exceeded 16% of a schools net budget, it was possible to claw back the unspent money.

- The Capital Programme had reported an underspend of -£33.2m compared to the position originally anticipated when the capital programme variations budget was set. This included full utilisation of the £61.6m capital programme variations budget as detailed in section 14 of the report.

Issues raised in discussion included:

### **Under ‘Performance Indicators’ section of the report’**

- page 115 Pie graph – ‘People with disabilities live well independently’ – regarding the text in the second paragraph reading “that just over a third of carers supported by the local authority said they were satisfied with the support they received”, the comment was made that this suggested that two thirds were not.
- It was suggested that the grouping of a number of performance measures together within a particular indicator set potentially masked poor performance issues in respect of particular indicators. In response, the Head of Business Intelligence Tom Barden agreed with this observation. The intention in the future was to move away from the current aggregation approach.
- Page 117 ‘People lead a healthy lifestyle and stay healthy longer – in respect of those of target e.g. Smoking Cessation Programme and Health Checks Programme - the Chairman requested more detail on these outside of the meeting. **ACTION Tom Barden**

### **Other areas of the report**

- Page 119 Table on the number of service users supported by key care budgets - the Chairman highlighted that under the ‘Children open to social care’ heading both ‘Child Protection’ and ‘Looked After Children’ had increased compared to the figures of a year ago. However the Chairman did also highlight that the cost of Looked after Children packages had decreased significantly. More detail on these areas was included in the Finance and Performance Report received by the Children and Young People’s Committee. The Section 151 officer undertook to share the report with the Committee. **Action: Tom Kelly**
- Page 121 - Revenue Budget Table - There was a request for more detail on what the heading ‘Funding Items’ was made up of. The Section 151 officer undertook to provide this information to the Committee outside of the meeting. **Action: Tom Kelly**
- Page 122 - In reply to a question to clarify what Section 38 fees were, these were in relation to highways agreements.

- Page 123 – Transport Strategy and Policy - in respect of the charging approaches shown in the paragraph, in reply to a question, the External Auditor confirmed that he had no issues on the explanations provided.
- Page 124 - Regarding the 'High Needs Top-Up Funding' showing a +£4.877m pressure being reported at year end, it was confirmed that the pressure would roll forward with action being taken to mitigate it.
- Page 148 - Abbey Meadows School – more information was requested by Chairman on why the substantial works required to be undertaken to bring the school up to standard (before converting to Academy status) had not been picked up earlier. **Action: Tom Kelly**
- Page 152 on a requested explanation for the technical adjustment regarding the Combined Authority Levy, this was an adjustment for an overestimate regarding the Highways Transport Levy.
- Page 153 - General Reserve Balances – as they were below the balance shown at March 2018 they would be replenished to bring them back to the minimum 3% level.
- Page 157- 167 on the tracker appendix there was a complaint that they were unreadable on an A4 print out. Democratic Services indicated that the expectation was that such appendices would be read electronically. General Purposes Committee members who received the same report were not provided with larger format paper copies.

The Committee noted the recommendations that had been agreed at the General Purposes Committee earlier in the day.

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

Correction for the record: 11th June entry for the Internal Audit Annual report – this report had originally been due to come to the May meeting and the bullet point comments related to the Chairman not wishing to wait for updates on Schools Payroll and Safe recruitment and ERP systems assurance until the July meeting and not the May meeting as referred to in the text.

There was a request that as BREXIT was now due to take place at the end of October, there should be an update report at the November Committee meeting on its impact to Council services. **ACTION: Democratic Services to add to agenda plan and inform the lead officers.**

The Agenda Plan was noted as amended.

**CHAIRMAN**  
**29<sup>th</sup> JULY 2019**