



Cross Council Assurance Service

Annual Report 2016

Our Annual Report takes a look at how we have delivered value for our clients through the Cross Council Assurance Service (CCAS)



Contents

<i>CCAS at a glance</i>	<i>1</i>
Who are we?	1
Who can use the framework?	1
<i>Two years on — our key achievements so far</i>	<i>2</i>
Collaboration	2
Training and development	2
Consolidation	2
Growth	2
Standardisation	2
Governance	2
Social Value	3
Technology	3
What next	3
<i>Appendix 1 – Examples of how CCAS has added value</i>	<i>4</i>
<i>Appendix 2 – Background to CCAS</i>	<i>5</i>
Membership of CCAS	5
How organisations can use the framework	5

CCAS at a glance

Who are we?

CCAS is a framework for internal audit, risk management, anti-fraud and other assurance services established by the London Borough of Islington along with five other lead Local Authorities: the London Boroughs of Camden, Lambeth, Enfield, Barnet and Harrow in August 2014.

PwC was selected as the strategic delivery partner for the framework and has been commissioned to provide support to both develop the framework with the member boroughs and directly deliver internal audit and assurance related work.

CCAS acts as a platform for the delivery of co-sourced internal audit and other assurance services. The framework is orientated around improving in house capacity at the member boroughs through collaboration and knowledge sharing. It provides a convenient and agile vehicle for commissioning assurance services from an experienced delivery partner, allowing members to mobilise assurance services quickly, without extensive (and expensive) procurement processes, clearly demonstrating value for money.

Our vision

An intelligent, innovative and integrated multi-disciplinary assurance service focused on assuring critical risks, minimising losses to fraud and using market-leading insight and technology to add value. A lean and efficient service that delivers value for money.

Who can use the framework?

The framework is open to all Local Authorities, Health Bodies and Arms - Length Management Organisations in the Greater London Area and the surrounding South East.

Organisations can use the framework in two ways. They can engage and participate in the development aspects of the framework with other member authorities, collaborating together on training and development of staff, consolidation of audit plans and standardisation of audit methodologies and reporting templates. They can also draw down support from the strategic partner to meet specific assurance needs as required.

The framework is intended to be the platform for delivery of premium quality assurance services across London, founded on collaboration between organisations and working across participating borough boundaries.



Two years on — our key achievements so far

Collaboration

- On an ongoing basis, we foster, develop and maintain cross-borough relationships by hosting regular networking days for in-house and external teams.
- We created an online collaboration tool, TeamSpace, which facilitates knowledge sharing and increased communication across CCAS. This includes online forums to allow member boroughs to communicate directly with each other.
- We have agreed a working protocol to facilitate cross-borough working by in-house teams.
- Our established governance frameworks have enhanced knowledge sharing and facilitated collaborative working CCAS, for example, leveraging economies of scale by exploring similar key risks and responses.
- We are currently performing an internal exercise to benchmark each member Local Authority's performance for comparison purposes in FY17.

Training and development

- We have organised and received specialist technical updates on areas such as local government sector risk, cyber security, data protection and risk management.
- We have organised and received interactive sessions on the application of internal audit methodology.
- We have received specialist training on data analytic tool Power BI.
- We have delivered joint audits and performed work shadowing giving opportunity for in-house and external teams to work alongside each other to share knowledge and experience.
- PwC have shared thought leadership and provided opportunities to attend seminars and workshops on emerging techniques and technologies for example internal audit training events and data protection risk.
- PwC have seconded members of their team into a number of participating organisations who have added significant value through one-to-one coaching, mentoring, knowledge-transfer and performance management. We

are currently looking for apprentices within in-house teams to join PwC on work experience.

Consolidation

- We have undertaken an extensive cross-borough, integrated assurance mapping exercise which mapped out each borough's assurance needs. This helped member boroughs to prioritise significant risks and condense audit plans reducing overall cost. This will be further enhanced by the outputs of our benchmarking exercise noted above.

Growth

- We have invested time in growing the framework through proactive business development. CCAS has been joined by a number of additional organisations, including: Essex County Council, Southend Borough Council, Castle Point District Council, Rochford Borough Council and the London Borough of Redbridge. There are also a number of other organisations looking to join the framework, making CCAS the pre-eminent assurance shared service in Greater London.

Standardisation

- We have aligned our methodologies, protocols and reporting templates to enable cross-borough working and efficiencies, adopting a unified approach to internal audit.
- We have agreed standardised KPIs to benchmark internal audit performance across all boroughs on the framework.
- We have developed a standardised feedback questionnaire allowing feedback to be compared and contrasted across CCAS.

Governance

- We have set up regular governance meetings which are attended by the Heads of Internal Audit from the lead Boroughs and PwC to set the CCAS strategy and vision to develop and grow the framework.
- We have embedded operational meetings for CCAS management teams to make key decisions on operational matters which support the delivery of the strategy, vision and framework growth.

- We have developed this annual report to reflect and report on the key achievements of the framework.

Social Value

Our service is an integrated assurance service that enables member organisations to operate more efficiently and spend public money wisely. To enable this we:

- ensure that social value considerations are embedded in the assurance function and assess their impact during assurance mapping, audit planning, risk management activities and scoping; and
- perform dedicated reviews of how services such as procurement, contract management and projects/programmes deliver social value to the community and meet outcomes.

We also:

- work with our communities to provide social value contributions through the development of higher apprenticeship schemes. One borough has successfully recruited two higher apprentices into their internal audit function.
- proactively promote the higher apprenticeship scheme. PwC have shared information on how their scheme is organised with member boroughs to help them develop their own to provide further local employment opportunities within the assurance service.
- are looking for apprentices to join PwC for a work experience development cycle.
- all organisations (where required) and the strategic partner comply with the London Living Wage.

Technology

We have helped create efficiencies and added value through effective deployment of technology including:

- Use of PwC's Empower tool has provided real-time controls assurance by extracting and analysing transactions directly from key systems, providing significant scope for efficiencies and helping management streamline existing manual controls across organisations.
- Use of Power BI to identify irregularities. This has added further value and given management greater insight by identifying trends.
- Creation of our online collaboration tool, TeamSpace.

- Trialling use of PwC's follow-up and risk management tool TrAction.
- Introduction of a post-audit feedback survey.

What next

Over the next 12 months there are a number of key priorities that CCAS will be focused on. These include:

- Further development and expansion of the CCAS apprenticeship programme.
- Training for audit teams on contract and project management.
- Continued development of the shared templates and methodologies to aid cross borough working and consistency across the framework.
- Focus on building on the use of technology, including data analytics tools and TrAction.
- Three networking days to be held during 2016/17.
- Shaping the future vision and operating model for the framework.



Appendix 1 – Examples of how CCAS has added value

 <p>Technical and specialist accounting advice</p>	 <p>Business case support and financial strategy</p>	 <p>Investigating profit share</p>
<ul style="list-style-type: none"> We used an innovative approach to redesign aspects of the Treasury Management Strategy, specifically around the Minimum Revenue Provision (MRP), to secure significant revenue savings in a prudent and robust way We have provided specialist technical accounting advice on areas such as ESA10, FRS102, PFI, revenue recognition and consolidation approaches. 	<ul style="list-style-type: none"> We have performed reviews of draft Business Cases, collaboratively bringing together insight, analysis and challenge to support strategic decision making. As part of this we have challenged underlying assumptions, agreed statistics back to base data and summarised key legal, financial, operational and reputational risks posed by potential Business Cases. We have also helped design business case templates, investment appraisal processes and strategy. 	<ul style="list-style-type: none"> We performed a detailed cost review on the completeness, accuracy and validity of charges presented by an external contractor. In total, overage income was increased by 140%, with £11m expected savings identified by the review/ We examined how suppliers are charging against contractual terms can also lead to renegotiations over time as definitions for 'allowable costs' are refined. This helped the organisation to maximise the profit share that they were entitled to receive
 <p>Repairs and maintenance contract review</p>	 <p>Specialist capital programme reviews</p>	 <p>Building resilience in critical data centres</p>
<ul style="list-style-type: none"> We provided assurance over value for money of 'through put' costs (those incurred by supplier but reimbursed in full). Indexation methods were complicated and did not continue to provide value for money. Similar reviews have used data assurance techniques to test allowable costs (e.g. travel expenses) against policy. Final findings have fed in to the procurement process and any renegotiations. 	<ul style="list-style-type: none"> We are offering a range of programme assurance and control development activities across a number of infrastructure and capital projects. Our involvement has helped identify weaknesses in dependency management, programme integration and coordination. We have highlighted the risks in existing plans and the absence of controls undermining the effectiveness of a 3 lines of defence approach. We are helping to address these. 	<ul style="list-style-type: none"> We reviewed the resilience of the Council's data centres which support core IT infrastructure and systems Our work programme looked at the physical controls and management of the facility to ensure continuity of IT services can be provided Our findings enabled the client to understand the environmental risks of its data centres, feeding into new outsourcing requirements. This allowed the supplier to be given a roadmap to ensure a more robust hosting environment.

Appendix 2 – Background to CCAS

Membership of CCAS

Membership of CCAS gives organisations access to a network of other like-minded assurance teams and professionals across the public who are trying to enhance their service through a systematic approach to knowledge sharing and collaboration. This is facilitated through an established governance structure as well as training events, workshops and networking days that are hosted by the framework's strategic delivery partner.

CCAS also provides access to the following services that can be delivered directly by the strategic delivery partner when needed:

- **Internal audit** — compliance audits such as testing of schools and establishment key controls, core risk based internal audit and specialist audit where an expert is needed to deliver technical audit work such as project assurance or IT.
- **Risk Management** — services to support the development of risk management arrangements and provision of practical solutions regarding how to embed these into the organisation.
- **Anti-fraud** — supporting anti-fraud work within each organisation, covering a range of services through prevention, detection and response as well as policy and culture. Helping link with the internal audit plan to ensure that anti-fraud controls, pro-active plans and anti-fraud arrangements (e.g. strategy, policies) are in place as well as completing investigations into fraudulent activity.
- **Advisory** — other specialist assurance services to help organisations respond to, and anticipate, challenging financial, governance, risk and control issues. Including the governance of major and complex projects and programmes, improving financial management, planning and reporting, strengthening controls and governance arrangements, commercial and contract assurance and technical accounting.

Members also have access to staff secondments from the strategic delivery partner to cover key staff absence and support the in house team directly in delivering assurance services.

How organisations can use the framework

The framework is designed to be accessible for short or medium term assurance projects as well as long-term co-sourced or outsourced assurance projects. To secure work through the framework you should take the following simple steps:

1. Discuss the works with PwC and determine the relevant service solution.
2. Contact Roger Dunlop and Islington Council to express a desire to access the Agreement and obtain copies of the Access Agreement and Order for Services.
3. Complete and sign the Access Agreement.
4. Complete and Order for Services and send to PwC, copied to Islington.

Key contacts

Contact details and access

Roger Dunlop (Islington Council)
roger.dunlop@islington.gov.uk / 020 7527 4493

Internal audit and anti-fraud

Justin Martin (Partner, PwC)
justin.f.martin@uk.pwc.com / 020 7212 4269

Stuart Brown (Director, PwC)
stuart.brown@uk.pwc.com / 020 7804 7581

Risk management and other assurance

Julian Rickett (Partner, PwC)
julian.rickett@uk.pwc.com / 016 0388 321

Katy Elstrup (Director, PwC)
katy.elstrup@uk.pwc.com / 020 7213 3070