

AUDIT COMMITTEE

MONDAY 5 NOVEMBER 2012
7.00 PM

Forli Room - Town Hall

THE CHAIRMAN WILL ASSUME THAT MEMBERS HAVE READ THEIR PAPERS PRIOR TO THE MEETING TO AVOID UNNECESSARY INTRODUCTIONS TO REPORTS. IF ANY QUESTIONS ARE APPARENT FROM THE REPORTS THEY SHOULD BE PASSED TO THE REPORT AUTHOR PRIOR TO THE MEETING

AGENDA

Page No

1. **Apologies**
2. **Declarations of Interest and Whipping Declarations**

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification " that has been disclosed to the Solicitor to the Council.
Members must also declare if they are subject to their party group whip in relation to any items under consideration.
3. **Minutes of the Meeting held on 24 September 2012** 1 - 6

To approve the Minutes of the Meeting Held on 24 September 2012
4. **Risk Management Strategy, Business Continuity Strategy and Update on Risk Management: Strategic Risks** 7 - 28
5. **RIPA: Progress Report to 30 September 2012 and an update on RIPA policy changes** 29 - 30
6. **Member Code of Conduct** 31 - 54
7. **Treasury Management: Update** 55 - 64
8. **Internal Audit: Mid Year Progress Report** 65 - 90
9. **Use of Consultants** 91 - 96
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There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Karen S Dunleavy on 01733 452233 as soon as possible.

Emergency Evacuation Procedure – Outside Normal Office Hours

In the event of the fire alarm sounding all persons should vacate the building by way of the nearest escape route and proceed directly to the assembly point in front of the Cathedral. The duty Beadle will assume overall control during any evacuation, however in the unlikely event the Beadle is unavailable, this responsibility will be assumed by the Committee Chair.

Committee Members:

Councillors: D Lamb (Chairman), C Harper (Vice Chairman), N Arculus, S Lane, M Fletcher,
J Knowles, Y Maqbool and N Sandford

Substitutes: Councillors: P Kreling, E Murphy and A Miners

Further information about this meeting can be obtained from Karen S Dunleavy on telephone 01733 452233 or by email – karen.dunleavy@peterborough.gov.uk

Public Document Pack



MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL, PETERBOROUGH ON 24 SEPTEMBER 2012

Present: Councillors Lamb (Chairman), Harper (Vice Chairman), Arculus, Lane, Knowles and Maqbool

Officers in

Attendance: John Harrison, Executive Director Strategic Resources
Steve Crabtree, Chief Internal Auditor
Steven Pilsworth, Head of Corporate Services
Ben Stevenson, Compliance Manager
Karen S Dunleavy, Governance Officer

Also in

Attendance: Julian Ricket, External Auditor PwC
Jacqui Dudley, External Auditor PwC

Also in Attendance: Councillor Seaton – Cabinet Member for Resources

1. Apologies for Absence

Apologies for absence were received from Councillors Fletcher and Sandford.

2. Declarations of Interest and Whipping Declarations

There were no declarations of interest or whipping declarations.

3. Minutes of the Meeting held on 25 June 2012

The minutes of the meeting held on 25 June 2012, were approved as an accurate and true record.

4. Audit of Statement of Accounts and Report to Those Charged With Governance

The Committee received a report from the Executive Director of Strategic Resources, which detailed the final statement of accounts for the year ended 31 March 2012 and the annual report to those charged with Governance following their scrutiny by External Audit. The Committee was also advised that the purpose of the meeting was for Members to scrutinise the External Auditors report which had been submitted by PricewaterhouseCoopers (PwC).

The Committee was informed by the PwC representative that the draft accounts and supporting documentation which had been received from Peterborough City Council (PCC) were of a very high standard. Members were also advised of the role of external audit and their involvement in identifying executive risks.

Audit Committee was requested to:

1. Receive and approve the "Report to those charged with governance (ISA260) 2011/12 Audit" from PricewaterhouseCoopers (PwC), the Council's external auditors;
2. To make any necessary recommendations in light of the report; and
3. Receive and approve the audited Statement of Accounts 2011/12.

Key points within the report to those charged with governance included:

- Executive summary;
- The purpose of the report and any significant matters and areas to be drawn to the audit committee's attention;
- Significant audit and accounting matters;
- Significant risks - identification of significant risks identified in the audit plan and the audit action taken in respect of each one;
- Accounts – the outstanding matters on which PwC had not completed their audit by the time the report was issued;
- Accounting Issues - which consisted of:
 - Accounting for the transfer of Adult Social Care;
 - Valuation of property, plant, and equipment; and
 - Local Authority Mortgage scheme (LAMS);
- Misstatements and signification audit adjustment, of which there were no unadjusted misstatements above the agreed reporting level of £250k;
- Significant accounting principles and polices;
- Judgements and accounting estimates – there were no challenges by PricewaterhouseCoopers (PwC) to any judgements or accounting estimates made by the Council;
- Accounting Issues – new requirements in 2011/12 Code of Practice – three new changes had been considered by PwC, Heritage Assets, Carbon Reduction Commitment, and exit packages – no issues were highlighted to the Committee;
- Management representation letter;
- Related parties;
- Audit Independence;
- Risk of fraud – no issues were highlighted to the Committee; and
- Statement of accounts 2011/12.

Comments and responses to questions were as follows:

- Members thanked Officers for a very comprehensive report;
- Members were advised that under international standards, management held responsibility within the authority for any management override of controls. PwC had undertaken audit work in relation to this risk, and there were no matters to be drawn to attention of the Members;
- PwC had not reviewed Cabinet Decisions regarding funding allocation towards efficiency schemes over £100m in 2011-2012, as the actual expenditure would be incurred in the 2012/13 financial year and therefore would be included in the Annual Audit Plan for 2012/2013;
- Members were advised that PwC would report to the Members if there were unadjusted misstatements of amounts over £250k within the Statement of Accounts;
- Members were advised that although trust funds were referred to within the External Audit report, the figures would not appear on the balance sheet, due to the fact that PCC acted as trustee only for the amounts and did not receive benefit from the funding and had no control other than that as trustee over the balances held;
- Members were informed that the Audit Commission in house audit practice was being wound down and would not continue to carry out audits after 2012/13. The Audit Commission will continue to oversee statutory functions, but would be significantly smaller;
- Members were advised that the PwC audit fee was set within the Audit Commissions scale fee;
- Members were advised that the pension strain contribution for redundancies was dependent on the age of the person;
- Following clarification sought by Members, the Executive Director Strategic Resources advised that pension strains were negotiated at a national policy level and

the redundancy payment was set at a local level and were independent of each other;

- Following clarification sought by Members over the audit process for authorisation levels for projects over 100m, the Executive Director of Strategic Resources advised that when Council approved the budget, they also approve the budget policy framework. The decision making on the allocation of expenditure would then be passed onto Cabinet. Members were also advised that there was nothing within the constitution to state that Council would reserve any matter within the budget policy framework.

The Committee was also asked to note and agree the PwC suggested amendments to the final accounts, which comprised:

- i. Comparative 2010/11 finance costs of £10m were added:
 - Depreciated Replacement Cost – had been used to arrive at ‘existing use value’ where specialised property was valued. It was the least cost of purchasing remaining service potential of the asset at the date of valuation and had included £19m of finance costs in the 2011/12 revaluation (£10m in 2010/11); and
- ii. Accounting Policies – Property, Plant and Equipment Statement had changed to read:
 - Assets were initially measured at cost, comprising:
 - The purchase price;
 - Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
 - The initial estimate of the costs of dismantling and removing the item and restoring the site on which it was located.

ACTION AGREED:

The Committee agreed and approved the following:

1. The “Report to those charged with governance (ISA260) 2011/12 Audit” from PricewaterhouseCoopers (PwC), the Council’s external auditors;
2. To make any necessary recommendations in light of the report; and
3. The audited Statement of Accounts 2011/12.

The Committee also noted and agreed the PwC suggested amendments to the final Statement of Accounts:

- i. Comparative 2010/11 finance costs of £10m were added:
 - Depreciated Replacement Cost – had been used to arrive at ‘existing use value’ where specialised property was valued. It was the least cost of purchasing remaining service potential of the asset at the date of valuation and had included £19m of finance costs in the 2011/12 revaluation (£10m in 2010/11); and
- ii. Accounting Policies – Property, Plant and Equipment Statement had changed to read:
 - Assets were initially measured at cost, comprising:
 - The purchase price;
 - Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
 - The initial estimate of the costs of dismantling and removing the item and restoring the site on which it was located.

The Committee also agreed the following recommendation:

RECOMMENDATION:

It was agreed that, as part of PwC's external audit plan for 2012/13, PwC would discuss with officers and the Audit Committee an appropriate scope of work to review the governance arrangements with respect to elements of the allocation of expenditure within the Council's budget policy framework.

5. Regulation of Investigatory Powers Act (RIPA): Annual Report 2011/2012

The Committee received a report on the use of RIPA powers over the year 2011 – 2012 and the period ending 30 June 2012. Members were also informed of the recent inspection conducted over Peterborough City Council's use of RIPA, which was commended by Doctor Colbert, Assistant Surveillance Commissioner with the Office of Surveillance Commissioner.

During consideration of the report, the Audit Committee was asked to:

- Receive, consider and endorse the report on the use of RIPA for the annual review of 2011 to 2012 and for the three months to June 2012.

The following key points within the report included:

- Test Purchasing of the sale of alcohol, unauthorised Street Trading and Taxi Licensing between July 2011 and January 2012;
- Fly tipping offences 2011 – 2012;
- Applications for access to communications data between April 2011 to 31 March 2012 and from April 2012 – June 2012;
- RIPA Tool Kit;
- RIPA training; and
- Protection of Freedoms Act – the new policy guidance was due to be presented at the next Audit Committee.

Comments and responses to questions were as follows:

- Following clarification sought over the limited amount of inspections conducted and the cost implications involved, the Compliance Manager advised Members that a recent inspection had highlighted that PCC were quite restrained in the use of some investigations. Members were also informed that a briefing note had previously been compiled and circulated which detailed the types of surveillance that had been conducted;
- Members were advised that the purpose of the report to Committee was to inform of the authorised covert operations that had taken place using RIPA and that it would be the responsibility of the respective PCC departments to report on the monitoring underway to identify potential test purchasing and fly tipping offences;
- Following clarification sought by Members, the Compliance Manager advised that PCC authorising officers for covert surveillance using RIPA had included:
 - The Chief Executive;
 - Head of Operations;
 - Head of Governance;
 - Strategic Regulatory Services Manager; and
 - The Compliance Manager
- Following clarification sought, Members were informed that Cabinet Members were not directly updated regarding the use RIPA authorisation; and
- Members were advised that recent laws had been introduced for RIPA, which would seek authorisation from the magistrate's courts for all Authorities. The recent change was intended to ensure that each Council had taken appropriate and fair action over their use of RIPA for covert operations.

ACTION AGREED:

The Committee:

- Received, considered and endorsed the report on the use of RIPA for the annual review of 2011 to 2012 and for the three months to June 2012.

It was agreed that the Compliance Manager would:

- Provide clearer explanations within the report to Committee, over the different types of RIPA investigations used; and
- Request a briefing note from Operations regarding the current monitoring underway across the City to identify potential test purchasing and fly tipping offences.

6. Progress / Update Report

The Committee received a report from the Chief Internal Auditor regarding the actions arising from the previous meeting of Audit Committee and the outcome of those actions.

The following key points within the report included:

- Any areas of non-compliance for the Internal Audit progress reports would be reported to Members. The next progress report was due at Audit Committee on 5 November 2012; and
- The next progress report on progress on schools that had poor control measures for the use of credit cards would be reported to Audit Committee in November 2012.

Comments and responses to questions were as follows:

- Following clarification sought by Members the Chief Internal Auditor confirmed that the issues identified for schools in their use of credit cards had been addressed.

ACTION AGREED:

The Committee noted the Progress / Update Report.

7. Work Programme 2012 / 2013

The Chief Internal Auditor submitted the latest version of the Work Programme for the municipal year 2012/2013 for consideration and approval. The standard report provided details of the proposed Work Programme for the Municipal Year 2012/2013 together with any training needs identified.

Comments and responses to questions were as follows:

The Members code of conduct would appear as an agenda item on 5 November 2012.

ACTION AGREED:

The Committee noted and approved the 2012/2013 Work Programme.

7.00pm – 7.50pm
Chairman

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AUDIT COMMITTEE	AGENDA ITEM NO. 4
5 NOVEMBER 2012	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton for Resources	
Contact Officer(s):	Kevin Dawson, Group Manager - Construction, Compliance & Resilience	Tel. 453464

RISK MANAGEMENT AND BUSINESS CONTINUITY

RECOMMENDATIONS	
FROM : Kevin Dawson, Group Manager – Construction, Compliance & Resilience	Deadline date : N/A
The Cabinet Member is recommended to:	
<ol style="list-style-type: none"> 1. Consider the revised risk management and business continuity strategies; and 2. Approve the delivery of a relevant training and awareness programme to all Members, which would include both induction and ongoing training 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee as a routine planned report on risk management.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide an update to the Committee on the revised Council’s Risk Management Strategy and Business Continuity Policy under its terms of reference 2.2.14 effective development and operation of risk management

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. RISK MANAGEMENT REVIEW

4.1 The Audit Committee received and agreed the previous Risk Management and Business Continuity Policy on September 2010 and accepted their role within it, of: “monitoring and supporting the Council’s risk management arrangements”.

4.2 The Corporate Strategic Risk Register is in the process of being reviewed, in conjunction with Directors and Strategic Improvement. A full update on current strategic risks should be available in December following a workshop involving the whole of CMT which is currently programmed for early November 2012.

4.3 The strategy has been reviewed and updated to reflect progress and practical changes and to meet the recommendations contained in a report from Internal Audit dated 23 May 2012. Key changes are as follows:

- 4.4 Separate policies have now been produced for both business continuity and risk management.
- 4.5 Revised self-assessment scores and new target scores have been introduced and scoring of both Strategic and Project risks have been re-aligned to have the same evaluation criteria. This enables comparison of risks and ensures more meaningful reporting
- 4.6 Operational risk assessment process has assisted the review and update of the business continuity plans. It is also providing a useful profile of areas of high risk, which can be escalated to the strategic registers where necessary.
- 4.7 Key Ongoing issues for 2012/13:
- Completion of operational risk profile;
 - Revision of Service and Corporate BC plans;
 - Review of Strategic (corporate) risk register;
 - Coordination of Strategic and Departmental risk registers;
 - Regular risk “conversations” within and between services at all levels;
 - Updates on Insite, web and E-Learning; and
 - Strategic issues e.g. introducing and embedding RM/BCM into procurement processes, induction briefings and business plans.

5 ANTICIPATED OUTCOMES

- 5.1 Audit Committee note and comment on the revised strategy

6 REASONS FOR RECOMMENDATIONS

- 6.1 Risk management is a key component of the Council’s Corporate Governance Framework which will take time to review and embed effectively.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 None

8 IMPLICATIONS

- 8.1 *The identification of risks and the proper management of those risks will ensure that:*

- The Council’s environmental policies and ambitions can be met; the Council is able to mitigate against potential financial losses, litigation claims and reputational damage; the Council is able to effectively deliver the strategic priorities.

9 BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- 9.1 Peterborough City Council Risk Management and Business Continuity Policy 2011 - 2012

10 APPENDICES

- Appendix 1 – Risk Management Policy
- Appendix 2 – Business Continuity Policy



PETERBOROUGH CITY COUNCIL

RISK MANAGEMENT POLICY

Purpose:

To provide clear evidence of the effective operation of a Risk Management Policy and the organisation's role in implementing the process.

RISK MANAGEMENT POLICY

Document Control

Title:	Peterborough City Council Risk Management Policy			
Synopsis:	This document outlines the effective operation of a Risk Management Policy and the organisation's implementation of the process.			
Status:	FIRST DRAFT			
Date:	October 2012			
Document Owner(s):	Corporate Management Team (CMT)			
Author(s):	Kevin Dawson			
Change Control:	Version ID	Date of Issue	Change Description	Author
	0.1	Oct 2012		Kevin Dawson
	0.2	19 Oct 2012	Consultation with Internal Audit	Kevin Dawson

Version ID	Date of Submission	Submitted to	Approval and Sign Off
1.0			

RISK MANAGEMENT POLICY

This document sets out the risk management policy for Peterborough City Council.

Risk Management Vision

Peterborough City Council is committed to effective risk management arrangements as a means of supporting the achievement of the Council's strategic objectives.

The risk management vision is to consolidate and improve our risk management arrangements to bring the following benefits:

- Better **communication** vertically about key issues, early and often, and horizontally, learning lessons and reducing duplication of effort
- **Consensus** about the main risks in different parts of the organisation
- **Confidence** that the key risks are recognised and are being managed, both by the Council and its partners.
- **Clarity** and focus: directing resources to risks that matter away from risks that don't, and fewer surprises.
- **Taking more risks and exploiting opportunities**, because they are understood and managed.

Risk Management Principles

The Council's approach to risk management is built on the following principles:

- The political leadership and senior management of the Council are **committed** to effective risk management
- Risk management operates within a culture of **transparency** and **openness**; we encourage risks to be raised and escalated as appropriate
- Risk management arrangements are **dynamic**, flexible and responsive to developments
- The process of risk management is simply a means to ensure appropriate action to take opportunities and mitigate risks
- The risk management process must be consistent, clear and straightforward and result in timely information that helps informed decision making
- Risk management is **integrated** with other key business processes such as planning, decision making, performance management and programme management
- Risk management has links to many other management disciplines and we encourage sharing of information and joint working as necessary
- The risk management approach is also beneficial in managing any risks associated with the delivery of opportunities.

RISK MANAGEMENT POLICY

Risk Management Framework

The Council's Risk Management Framework is described below and shown in the diagram in [Appendix A](#) (Risk Management Process). The Process sets out the overall arrangements for the operation of risk management at Peterborough; it therefore encapsulates the risk strategy of the organisation. An action plan will be put in place to ensure that this strategy is delivered, and this will be monitored by Audit Committee.

The Council is working towards greater synergy between Risk Management and Planning and Performance Management arrangements, as shown in [Appendix B](#)

The internal audit team provides assurance on the adequacy of Risk Management arrangements to the Audit and Accounts Committee, as shown in Appendix C (attachment required).

The table below sets out the framework and the expectations of its key elements:

Organisational Risk Management Arrangements	
<i>Element</i>	<i>Peterborough's expectation</i>
Cabinet	<ul style="list-style-type: none"> • Considers risk in its planning decisions; • Sets the overall risk appetite for the organisation; • Monitors the performance of management in mitigating strategic risks; • Makes decisions with due regard to risk considerations.
Lead Member for Risk Management	<ul style="list-style-type: none"> • Champions the operation of effective risk management operations at Council.
Scrutiny	<ul style="list-style-type: none"> • Holds Members and Officers to account for effectiveness of risk management in decision making and achievement of objectives
Corporate Management Team (CMT)	<ul style="list-style-type: none"> • Owns and leads the corporate risk management process; • Reviews and challenges the Corporate Risk Register on a quarterly basis; • Receives urgent risk reports as necessary • Individually, arranges for quarterly review of Directorate level risk registers.
Lead Officer for Risk Management	<ul style="list-style-type: none"> • Acts as a champion for risk management within the organisation • Chairs Corporate Group? Audit Committee?
Members of Corporate Management Team	<ul style="list-style-type: none"> • Review and challenge their respective risk registers on a quarterly basis and more often if appropriate.
Risk Owners	<ul style="list-style-type: none"> • Accountable for determining and implementing the action required to manage risks and opportunities; • Review and report on effectiveness of actions on a quarterly basis.

RISK MANAGEMENT POLICY

Organisational Risk Management Arrangements	
Element	Peterborough's expectation
Project and Programme Sponsors, Procurement leads. (Business Transformation)	<ul style="list-style-type: none"> • Ensure risk registers are used to record and manage risk at programme and project level; • Ensure risks are escalated into the corporate risk management process as necessary
Managers	<ul style="list-style-type: none"> • Are alert to risks arising from business as usual and manage and escalate these as necessary.

Risk Management support, guidance, challenge, policy and strategy, co-ordination	
Element	Peterborough's expectation
Business Transformation	<ul style="list-style-type: none"> • Implements the overall risk management strategy and approach, in consultation with key stakeholders; • Works to increase awareness of the importance of risk management; • Supports the risk escalation and reporting process, in particular the Corporate Risk Register; • Gathers risk intelligence from the Risk Implications paragraphs in Cabinet reports • Maintains an oversight of risk issues across the organisation, reviewing, challenging and identifying trends and advising CMT accordingly.
Audit Committee	<ul style="list-style-type: none"> • Oversees the implementation of the organisation's risk management strategy; • Acts as a communication and challenge mechanism for risk issues across the organisation, reviewing, challenging and identifying trends and advising Executive / Corporate Directorate Management Teams accordingly; • Review and challenge Service and Corporate Directorate risk registers on a rotational basis.
Risk Champions	<ul style="list-style-type: none"> • Co-ordinate and implement the Service / Corporate Directorate risk management strategy in line with the overall organisational approach; • Work to increase awareness of the importance of risk management across their area; • Support the risk escalation and reporting process, in particular, maintain and update the Service and Corporate Directorate Risk Registers; • Monitor and report on any necessary action to implement risk control measures. • Challenge and support managers to ensure the effectiveness of the risk management process in their area.

RISK MANAGEMENT POLICY

Assurance, oversight, policy & strategy approval	
<i>Element</i>	<i>Peterborough's expectation</i>
Audit Committee	<ul style="list-style-type: none">• Oversee the risk management arrangements in place within the organisation• Monitor the effectiveness of risk management processes and culture;• Holds managers to account for risk mitigation work;
Internal Audit	<ul style="list-style-type: none">• Uses intelligence on risk to inform the audit planning approach;• Gives assurance on the effective management of risk to senior managers, the Audit and Accounts Committee and other bodies as necessary.• Examination of corporate risk registers as part of the planning during the audit process

RISK MANAGEMENT POLICY

The Risk Management Process

Risk identification, assessment and recording

At whichever level it is operated, the standard risk management process involves four key stages:

- Identify key risks: use the [standard risk register](#) to record these; use the risk category prompts/service plans to assist the identification of risk;
- Analyse the risk to assess the likelihood of it occurring and the impact should it occur using the standard corporate impact and likelihood criteria (if appropriate these can be modified in discussion with the Business Transformation Team); use the standard risk register to record this;
- Take action to control the risk; contingency plan for risk exposure/occurrence; record details in the [standard risk register](#).
- Review and report upon progress on a quarterly basis.

Risks can be identified, assessed and included on the appropriate risk register at any time in the year.

Risk registers

The Council adopts a consistent approach to risk registers:

- They are owned and maintained at the following levels:
 - At CMT and Executive Directorate level (each Corporate Managerial Team member therefore having a risk register)
 - For projects and programmes, in line with guidance provided by the Business Transformation Team
 - For significant value contracts above European Union thresholds
 - For any other area identified as necessary as approved by Cabinet, for example, for a financial recovery plan.
- They are held on a universal spreadsheet template using the corporate risk scoring approach.

Escalation of risks

Where it is considered that a risk cannot be effectively mitigated by a risk owner it will be important to escalate this up the risk hierarchy as shown in [Appendix A](#) (Risk Management Process).

RISK MANAGEMENT POLICY

Risk appetite

The risk appetite is the level of likelihood/impact, whether it is stated financially or otherwise, above which it is judged that a risk requires direct and urgent management action. To determine the risk appetite consider:

- capacity to manage the risk should it occur;
- potential impacts upon service delivery and financial resources;
- capacity to take action to reduce / remove the risk;
- the effect that managing one risk may have on another.

The corporate risk appetite applies to Corporate Management Team level risks and to Strategic Risks. The corporate risk appetite is set by CMT.

Risk review and reporting

Risk registers will be reviewed on a quarterly basis and more often if appropriate. After this review the Risk Group will meet to share updates on the development of risks and of mitigating action. Based on this discussion the Lead Officer will prepare an update report for CMT which will then be used to inform the quarterly review of the Corporate Risk Register. The report will cover:

- Progress of risk management action plans
- Risks managed down to acceptable levels
- Significant emerging risks, their severity/likelihood score and what action is to be taken.

The Corporate Risk Register will be updated as necessary and CMT will be advised accordingly.

RISK MANAGEMENT POLICY

Areas for Review and Development

Role of Corporate Risk Group (Business Transformation Team)	<ul style="list-style-type: none">• Ensure that the team acts successfully to challenge and support risk management and to identify key issues for escalation
Risk Reporting	<ul style="list-style-type: none">• Assessing the opportunities for reviewing Service Plans/VERTO project management system for risk reporting
Standardisation and consistency	<ul style="list-style-type: none">• Ensuring the quality of risk registers included quality of risk description
Ensuring action to mitigate risks	<ul style="list-style-type: none">• Review the management action arrangements
Embedding risk management into key business processes	<ul style="list-style-type: none">• Ensuring risks are considered as part of integrated planning and performance reporting• Ensuring risks relating to decisions are clearly presented
Promote the updated approach	<ul style="list-style-type: none">• Approval by CMT; visits to DMTs; support and advice
Role of Members	<ul style="list-style-type: none">• Offering training aimed at ensuring members understand the risk management process and expectations upon officers

Document links

[Appendix A - Risk Management process](#)

[Appendix B - \(Risk Management and Planning and Performance Management arrangements\).](#)

[Corporate Risk Register Template](#)

[Service Risk Register Template](#)

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PETERBOROUGH CITY COUNCIL

BUSINESS CONTINUITY MANAGEMENT POLICY DOCUMENT

Purpose:

To provide clear evidence of the effective operation of the Business Continuity Management System (BCMS) and the organisation's implementation of BCM.

Document Control

Title:	Peterborough City Council Business Continuity Policy			
Synopsis:	This document outlines the effective operation of the Business Continuity Management System (BCMS) and the organisation's implementation of BCM.			
Status:	FIRST DRAFT			
Date:	October 2012			
Document Owner(s):	Corporate Management Team (CMT)			
Author(s):	Kevin Dawson			
Change Control:	Version ID	Date of Issue	Change Description	Author
	0.1	Oct 2012		Kevin Dawson
	0.2	19 Oct 2012	Consultation with Internal Audit	Kevin Dawson

Version ID	Date of Submission	Submitted to	Approval and Sign Off
1.0			

Glossary of Terms

BCM	Business Continuity Management	Holistic management process that identifies potential threats to an organisation and the impact to business operations that those risks, if realised, might cause, and which provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand, and value creating activity
BCMS	Business Continuity Management System	That part of the overall management system that establishes, implements, operates, monitors, reviews, maintains and improves business continuity.
BCP	Business Continuity Plan	Documented collection of procedures and information that is developed, compiled and maintained in the readiness for use in an incident to enable an organisation to continue to deliver its critical activities at an acceptable predefined level
BD	Business Disruption	An event whether anticipated (e.g. a labour strike) or unanticipated (e.g. a power cut), which causes an unplanned, negative deviation from the expected delivery of products or services according to the organisation's objectives.
BIA	Business Impact Analysis	Process of analysing key services and the effect that a business disruption might have upon them
CA	Critical Activities	Those activities which have to be performed in order to deliver the key products and services which enable an organisation to meet its most important and time-sensitive objectives.
CCA	Civil Contingencies Act	Legislation placing a duty on Local Authorities to have business continuity arrangements in place.
	Corrective Action	The process of reacting to an existing problem or nonconformity and fixing it.
DR	Disaster Recovery	The process, policies and procedures related to the recovery or continuation of technology infrastructure critical to an organisation following a business disruption
EMT	Emergency Management Team	The team that takes the lead role in planning for, coordinating a response to, and supporting the recovery from emergencies, incidents and business disruptions.
IMP	Incident Management Plans	Clearly defined and documented plan of action for use at the time of an incident, typically covering the key personnel, resources, services and actions needed to implement the incident management process.
	Key Services	The most important and time sensitive services delivered by the council.
MTPOD	Maximum Tolerable Period of Disruption	Duration after which an organisation's viability will be irrevocably threatened if products and service delivery can not be resumed
	Preventative Action	A process for detecting potential problems or nonconformities and eliminating them.
RTO	Recovery Time Objective	Target time set for resumption of product, service or activity delivery after an incident.

1. **The Scope and Objectives of the Business Continuity Management System (BCMS)** (BS 25999 Ref: 3.2.1)

1.1 Requirements for Business Continuity

1.2 The BCMS shall provide evidence of:

- a clear expression of the organisation's Business Continuity Management (BCM) requirement
- controls and measures that manage its continuity risks
- monitoring and feedback on BCM performance and effectiveness
- continual improvement using objective measurement

1.3 In addition, the BCMS shall provide evidence of:

- a tailored BCM Policy aligned with organisational requirements
- viable organisational structures reflecting BCM roles and responsibilities
- an embedded "Plan-Do-Check-Act" management processes
- a full set of auditable documentation
- established BCM-specific processes, such as Business Impact Analysis (BIA) and Business Continuity Plan (BCP) production

1.4 Acceptable Level of Risk

1.5 Risk is essentially any feature of an organisation which is likely to prevent that organisation from achieving its primary aims. In general, the lower the risk the higher the performance is likely to be. A successful risk management policy therefore needs to take a holistic view of risk as being a potential feature of the whole organisation. The organisation is in turn composed of components which themselves may contain appreciable risk factors.

1.6 Statutory, Regulatory and Contractual Duties

1.7 The Civil Contingencies Act 2004 requires Category 1 responders (This includes Peterborough City Council) to maintain plans to ensure that they can continue to exercise their functions in the event of an emergency so far as is reasonably practicable.

1.8 The duty relates to all functions, not just emergency response functions. Category 1 responders must have regard to assessments of both internal and external risks when developing and reviewing business continuity plans. These plans may take the form of generic plans, which set out the core of a Category 1 responder's response to any BCM event, or specific plans dealing with particular risks, sites or services.

1.9 There must be a clear procedure for invoking the business continuity plan and it must include arrangements for exercises for the purpose of ensuring the plan is effective. Arrangements should be included for the provision of training to those involved in implementing the plan and plans must be reviewed and kept up to date. Category 1 responders are required to publish aspects of their BCPs insofar as making this information available is necessary or desirable for the purposes of dealing with emergencies.

1.10 Interests of key stakeholders

1.11 A key stakeholder is a person or body of people who have a vested interest in an organisation's business. For a local authority, typical stakeholders may include:

- staff
- customers
- suppliers

- regulators
- governing bodies
- elected members
- representative bodies
- other local authorities

1.12 Details of key stakeholders are documented in services BIA.

1.13 Interests of key stakeholders

1.14 Key products and services are the most important and time sensitive services delivered by the Council to meet its objectives. These key services should dovetail into the Councils current priorities which are;

- Creating opportunities – tackling in equalities
- Creating strong and supportive communities
- Creating the UK’s environment capital
- Delivering substantial and truly sustainable growth

2. Business Continuity Management Policy (BS 25999 Ref: 3.2.2)

2.1 Purpose:

2.2 The purpose of this policy is to formalise the BCMS of Peterborough City Council (PCC) and to provide guidelines for developing, maintaining and exercising Business Continuity Plans (BCPs). This policy establishes the basic principles and framework necessary to ensure emergency response, resumption and recovery of the organisation’s operations and service activities during a business disruption.

2.3 Scope:

2.4 This policy applies to all Council staff, facilities and IT systems at all locations. The Council shall be prepared for scenarios including, but not limited to loss of premises, loss of staff, supplier failure, loss of I.T, loss of data and loss of utilities. These events may be localised, impacting a single location or county-wide impacting multiple locations. This policy provides guidance for the resumption and recovery of time sensitive services in accordance with pre-established timeframes.

2.5 Policy:

2.6 PCC recognises the potential strategic, operational, financial and stakeholder risks associated with a business disruption and the importance of maintaining Council’s business processes in the event of a business disruption. Business continuity policy and planning are fundamental to ensure against adverse organisational and reputational risk of a business disruption.

2.7 All arrangements will comply with this policy and EMT will monitor the consistent application of the BCMS to ensure that the Corporate Management Team (CMT) can make decisions based on harmonised information.

2.8 Responsibilities:

2.9 The PCC CMT is responsible for this policy and for ensuring that it is communicated to all persons working for, or on behalf of, the organisation.

2.10 All levels of management within PCC have a responsibility for maintaining business continuity arrangements within their area of business with overall responsibility lying with the Chief Executive Officer.

- 2.11 Business Impact Analysis and Risk Assessment:
- 2.12 CMT will establish and set out the key objectives of the Council. This will inform managers to decide what key services need to be taken forward to the business impact analysis (BIA).
- 2.13 A BIA will be undertaken by Heads of Service on their key services to identify critical activities. This shall also identify the maximum tolerable period of disruption (MTPOD) and recovery time objectives (RTO).
- 2.14 Critical activities will be risk assessed and the owner of that critical activity will take the appropriate loss mitigation or risk treatment measures.
- 2.15 Business Continuity Plans:
- 2.16 CMT shall sponsor the development of the Corporate BCP to assist recovery from an organisation wide crisis and provide, at the very minimum, strategic decisions upon which critical activities should be recovered before others.
- 2.17 BCPs will also be prepared at a Service or Directorate level and be owned and signed off by the senior management within this area of business. These plans will cover localised business disruptions and set out processes for recovering critical activities within their RTO and the medium term actions to return to 'business as usual'. These plans will also support the Corporate BCP work effectively.
- 2.18 Plans may also be prepared at departmental level where the department warrants its own business continuity plan due to the key services it delivers or the nature of its function. This will be at the discretion of the service manager. In most instances a BCP will be prepared where there is a Service Plan. These plans will also support the Services/Directorate BCP work effectively.
- 2.19 Plans shall anticipate the impact from a variety of probable scenarios. The BC policy and planning should recognise that staff are the most important asset of Council for ensuring the necessary ability of the Council to continue critical business processes in spite of an emergency.
- 2.20 SMT shall have overall oversight as to the creation of local plans to provide leadership and guidance, and ensure appropriate consistency and coordination among the various departments, as well as compliance with national standards.
- 2.21 Testing:
- 2.22 The Corporate BCP should be tested annually to ensure credible recovery preparedness. The scope, objectives, and measurement criteria of each test shall be determined and coordinated by CMT on a *per event* basis. Test results shall be shared across the organisation.
- 2.23 Authors or owners of BCPs will undertake to carry out tests annually (for example confirming contact numbers and checking the location of resources) to guarantee the accuracy of this information.
- 2.24 Corporate Communications:
- 2.25 The overarching and department/service-specific BCPs shall include mandatory instructions, advice, process, procedure or guidance concerning internal and external communications. External communication during time of crisis is a critical business process. The CMT shall work with Corporate Communications to develop the process and messages that will be communicated to the media and to staff in the event of a county-wide or department/service-specific business interruption.

2.26 Training:

2.27 It is essential that anyone who has role within the BCMS is aware of their role and given the appropriate training to ensure the effective resumption and recovery of operations.

2.28 Plan authors/owners will be responsible for providing training to individuals that they have identified as having a role within their plan.

2.29 The Resilience Service will provide training to individuals who have a responsibility to develop and maintain business continuity arrangements.

2.30 BCP Maintenance and Management Reporting:

2.31 The overarching and department/service-specific BCPs shall be updated annually using the templates provided by the Resilience Service . All PCC departments shall update their BCPs as often as changes require. Major updates should be incorporated as soon as possible and not held to the pre-arranged schedule. Reporting business continuity planning status and progress is a key element of creating an effective BC program in the organisation.

2.32 Business Continuity Programme Governance:

2.33 As demonstrated in this policy, Business Continuity is an institutional concern affecting all departments and therefore must receive senior management guidance and oversight. A formal BC programme governance structure shall be developed to ensure effective decision-making and alignment with BS 25999.

2.34 Policy Compliance:

2.35 Consistent compliance with this policy is essential to its effectiveness. All PCC Services and Directorates are expected to adhere to this policy and to follow it consistently.

3. Provision of Resources (BS 25999 Ref: 3.2.3)

3.1 The organisation shall determine and provide the resources needed to establish, implement, operate and maintain the BCMS.

3.2 CMT has appointed the Executive Director as the person with appropriate seniority and authority to be accountable for the BCM Policy and its implementation.

3.3 The Resilience Manager has been appointed to implement and maintain the BCMS.

3.4 Each Service/Directorate shall identify at least one BC Champion who will coordinate the assessment of key services through the BIA and produce Service/Directorate level BCPs.

3.5 Further BC Champions may be appointed as dictated by the requirement to deliver key services.

3.6 BCM roles, responsibilities, competencies and authority shall be defined and documented within each BCP. Dependent on individual BCPs these will include:

- telecommunications and information systems
- office buildings and facilities
- service facilities
- plant and equipment
- personnel

4. The Competency of Personnel and Associated Training Records

(BS 25999 Ref: 3.2.4)

- 4.1 The Council shall ensure that personnel who are assigned business continuity responsibilities are competent to perform the required tasks by:
- determining the necessary competencies for such personnel;
 - conducting training needs analysis on personnel being assigned BCM roles and responsibilities;
 - providing training;
 - ensuring that the necessary competence has been achieved; and
 - maintaining records of education, training, skills, experience and qualifications

5. BCM Exercising (BS 25999 Ref: 4.4.2)

- 5.1 The Council shall exercise its BCM arrangements to ensure that they meet business requirements. The organisation shall:
- develop exercises that are consistent with the scope of the BCMS;
 - have a programme approved by CMT to ensure exercises are carried out at planned intervals and when significant changes occur;
 - carry out a range of different exercises that taken together validate the whole of its business continuity arrangements;
 - plan exercises so that the risk of an incident occurring as a direct result of the exercise is minimized;
 - define the aims and objectives of every exercise;
 - carry out a post-exercise review of each exercise that will assess the achievement of the aims and objectives of the exercise; and
 - produce a written report of the exercise, outcome and feedback, including required actions.

6. Maintaining and reviewing BCM arrangements (BS 25999 Ref: 4.4.3)

- 6.1 The Council will review annually or after significant changes occur, its BCM arrangements and capability to ensure their continuing suitability, adequacy and effectiveness.
- 6.3 The review of BCM arrangements shall be conducted either through self-assessment or audit.
- 6.4 The self-assessment programme will be coordinated by EMT in conjunction with the plan owner/author and action will be taken to address the gaps identified in the assessment.
- 6.4 In the event of an incident that results in the invocation of the Business Continuity Plan, a post-incident review shall be undertaken to:
- identify the nature and cause of the incident;
 - assess the adequacy of management's response;
 - assess the organisation's effectiveness in meeting its recovery time objectives;
 - assess the adequacy of the BCM arrangements in preparing employees for the incident; and
 - identify improvements to be made to the BCM arrangements.
- 6.5 It is responsibility of all services to inform EMT of all invocations and for EMT to coordinate post incident review and inform CMT annually on the organisations state of preparedness.

7. Internal Audit (BS 25999 Ref: 5.1)

7.1 The guidance states that the organisation shall ensure that internal audits are conducted triennially to determine whether the BCMS:

- conforms to planned arrangements for BCM, including the requirements of this BCM standard; and
- has been properly implemented and is maintained; and
- is effective in meeting the organisation's BCM policy and objectives; and
- provides information on the results of audits to management.

7.2 The audit programme(s) shall be planned, established, implemented and maintained by the organisation, taking into account the BIA, risk assessment, control and mitigation measures and the results of previous audits.

7.3 Audit procedure(s) shall be established, implemented and maintained that address:

- the responsibilities, competencies and requirements for planning and conducting audits, reporting results and retaining associated records; and
- the determination of audit criteria, scope, frequency and methods.

Selection of auditors and conduct of audits shall ensure objectivity and the impartiality of the audit process.

8. Management review of the BCMS

8.1 CMT shall review the organisation's BCMS at planned intervals and when significant changes occur to ensure its continuing suitability, adequacy and effectiveness. This review shall include assessing opportunities for improvement and the need for changes to the BCMS, including the business continuity management policy and business continuity management objectives. The results of the reviews shall be clearly documented and records shall be maintained.

8.2 The input to a management review shall include information on:

- results of audits and reviews, including where appropriate those of key suppliers and outsource partners;
- feedback from interested parties, including independent observations;
- techniques, products or procedures, which could be used in the organisation;
- status of preventive and corrective actions;
- level of residual risk and acceptable risk;
- vulnerabilities or threats not adequately addressed in the previous risk assessment;
- follow-up actions from previous management reviews;
- any internal or external changes that could affect the BCMS; recommendations for improvement;
- exercise results;
- emerging good practice and guidance;
- lessons from incidents; and
- results of the education and awareness training programme.

8.3 The output from the management review shall include any decisions and actions related to:

- varying the scope;
- improving the effectiveness ;
- modifying the strategy and procedures, including changes to:
 - business requirements;
 - resilience requirements;
 - business processes affecting the existing business requirements;

- statutory, regulatory and contractual requirements; and levels of risk and/or levels of risk acceptance;
- resource needs; and funding and budget requirements.

9. Preventive and Corrective Actions

9.1 PCC shall improve the BCMS through the application of preventive and corrective actions. Any preventive or corrective action taken shall be appropriate to the magnitude of the problems and commensurate with the business continuity policy and organisational objectives. Changes arising from preventive and corrective actions shall be reflected in the BCMS documentation.

10. Continual Improvement

The organisation shall continually improve the effectiveness of the BCMS through the review of the business continuity policy and objectives, audit results, analysis of monitored events, preventive and corrective actions, and management review.

AUDIT COMMITTEE	AGENDA ITEM No. 5
5 NOVEMBER 2012	PUBLIC REPORT

Cabinet Member responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	Diane Baker, Head of Governance	☎ 452559

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) ANNUAL REPORT FOR 1 JULY 2012 TO 30 SEPTEMBER 2012 AND AN UPDATE ON RIPA POLICY CHANGES.

R E C O M M E N D A T I O N S	
FROM : Paul Phillipson, Executive Director - Operations	Deadline date : N/A
Audit Committee is asked to	
1. Receive, consider and endorse this report on the use of RIPA for the three months from 1 July 2012 to 30 September 2012.	

1. ORIGIN OF REPORT

This report is submitted to the Committee as a scheduled report on the Council's use of RIPA in accordance with the established Work Programme 2012 / 2013.

2. PURPOSE AND REASON FOR REPORT

The purpose of this report is to provide an overview of the Council's use of RIPA powers in the three months from 1 July 2012 to 30 September 2012. This report is to be considered in accordance with its Terms of Reference 2.2.15 - *To monitor Council policies on "raising concern at work" and the anti fraud and anti corruption strategy and the Council's complaints process.*

3. BACKGROUND

3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory mechanism for authorising covert surveillance and the use of a 'covert human intelligence source' (CHIS) e.g. undercover agents. It now also permits Public Authorities to compel telecommunications and postal companies to obtain and release communications data, in certain circumstances. It seeks to ensure that any interference with an individual's right under Article 8 is **necessary and proportionate**. In doing so, RIPA seeks to ensure both the public interest and the human rights of individuals are suitably balanced.

3.2 Council officers and external agencies working on behalf of Peterborough City Council must comply with RIPA and any work carried out must be properly authorised by one of the Council's Authorising Officers. The powers contained within the Act can only be used for the purpose of preventing or detecting crime or preventing disorder.

- 3.3 The Council has established strong governance around the use of RIPA and provides assurance to the citizens of Peterborough that the powers are only used where necessary and proportionate and in accordance with the law.
- 3.4 In terms of the Council's use of RIPA powers for this period, it can be reported that there have been no authorisations either for surveillance or access to communications data, such as the subscriber of telephone numbers, during July to September 2012.
- 3.5 The Protection of Freedoms Act 2012 makes changes to provisions under RIPA. As of 1st November 2012, local authorities will have to obtain approval from a Justice of the Peace before utilising RIPA. The changes will also mean that Peterborough City Council can only apply to use RIPA if investigating criminal offences where the maximum custodial sentence is six months or more or when investigating underage sales of alcohol or tobacco. A policy with associated guidance is being developed at draft stage following the recent receipt of Home Office guidance. This revised policy will be presented at the next Audit Committee for discussion and approval. However, in the intervening period, Peterborough City Council's RIPA authorising officers will ensure that the use of RIPA powers comply with the law.

4. CONSULTATION

Consultation has taken place between the following parties:

- Solicitor to the Council;
- Executive Director of Operations (as the Senior Officer with oversight for RIPA); and
- Chief Internal Auditor

5. ANTICIPATED OUTCOMES

That the Audit Committee continues to be informed of the necessary and proportionate use of RIPA across the Authority.

6. REASONS FOR RECOMMENDATIONS

There are no recommendations contained within this report.

7. ALTERNATIVE OPTIONS CONSIDERED

The option is not to present an annual or quarterly report, which details the use of RIPA. This could result in a lack of assurance and a potential lack of support from the Audit Committee. Failure to report usage for Member review contravenes the RIPA Codes of Practice.

8. IMPLICATIONS

The implications of this report are that the Council will become more aware of RIPA and its value to the Council's many enforcement teams. The Council has already created a positive profile and has been congratulated on its adherence to the legislation by the Office of Surveillance Commissioners.

AUDIT COMMITTEE	AGENDA ITEM No.6
5 NOVEMBER 2012	PUBLIC REPORT

Contact Officer:	Helen, Edwards, Solicitor to the Council	Tel. 452539
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REPORT TO CONSIDER DISPENSATIONS AND HEARING PANEL PROCEDURES

R E C O M M E N D A T I O N S	
FROM : Helen Edwards, Solicitor to the Council	Deadline date : 5 November 2012
<p>The Audit Committee is asked to:</p> <ol style="list-style-type: none"> 1. Consider granting a general dispensation to all Members who may have a disclosable pecuniary interest in any business of the authority where that business relates to the functions of the authority in respect of: <ol style="list-style-type: none"> i. Housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease; ii. School meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends; iii. Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay; iv. An allowance, payment or indemnity given to Members; v. Any ceremonial honour given to Members; and vi. Setting council tax or a precept under the Local Government Finance Act 1992 2. Consider applications made by Members with a disclosable pecuniary interest seeking individual dispensations to speak and vote; 3. Approve the process by which a sub-committee to the Audit Committee is selected and review the Hearings Panel procedure; and 4. Receive an update on the progress made regarding the recruitment of the Council's Independent Person and Deputy Independent Person. 	

1. ORIGIN OF REPORT

1.1 The new regime for promoting high standards of conduct amongst elected and co-opted Members of the City Council became operational following approval at Full Council on 11 July 2012. This report is submitted to the Audit Committee by the Council's Monitoring Officer as part of their statutory duties, in order to adhere to regulations introduced by the Localism Act 2011.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is for the Audit Committee to:

- Grant a blanket dispensation to allow all Members who may have a disclosable pecuniary interest in any business of the authority where that business relates to the functions of the authority in respect of 1(i) to (vi) above, to speak and /or vote at a meeting;

- Grant individual dispensations by Members to speak and vote, whereby the request for dispensation has been made in writing in advance of the meeting;
- Consider and approve the process by which the sub-committee to the Audit Committee (Hearings Panel) will be formed and review the Hearings Panel procedure;
- Receive an update on the progress made regarding the recruitment of the Council's Independent Person and Deputy Independent Person.

3. **TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4 **DISPENSATIONS**

4.1 **Blanket dispensation**

Members may have a disclosable pecuniary interest in any business of the authority where that business relates to the functions of the authority in respect of:

- Housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
- School meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
- Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
- An allowance, payment or indemnity given to Members;
- Any ceremonial honour given to Members; and
- Setting council tax or a precept under the Local Government Finance Act 1992

4.2 A general dispensation should be granted to allow all Members to speak and/or vote with regards to the above. This is consistent with the previous code of conduct in which these items were specifically excluded from the definition of a prejudicial interest, and is also consistent with the general approach being taken by the majority of other councils.

4.3 **Individual Dispensations**

The Code of Conduct provides that if an elected or co-opted Member has what is described in the code as a disclosable pecuniary interest (DPI) they should not speak or vote on the matter. The legislation provides, in certain circumstances, that a Member may request a partial dispensation from the Monitoring Officer to speak at the meeting or a full dispensation from the Audit Committee to speak and to vote at the meeting. A dispensation may be granted only for one meeting OR for a period of up to 4 years.

4.4 The Monitoring Officer or Audit Committee may decide to constitute a sub-committee to determine a request for dispensation so that it can be dealt with more quickly than waiting for the next scheduled meeting.

4.5 Appendix 1 contains applications from Members seeking dispensation, and the Audit Committee is asked to consider and determine these applications.

4.6 **Sub-committee to the Audit Committee (Hearings Panel)**

The Hearings Panel is a sub-committee of the Audit Committee. The Audit Committee comprises eight Members of the Council appointed annually. The Council has resolved (at its meeting in July 2012) that the Audit Committee does not need to comply with the rules

regarding political balance. This is to ensure that at least one Member of each party within the Council may sit on the Audit Committee.

4.7 The Hearings Panel has the following functions:

- To consider matters referred by the Monitoring Officer granting dispensation to Councillors and Co-opted Members allowing them to (a) participate in the debate and/or (b) vote on any matter in which they have a disclosable pecuniary interest;
- To consider matters being referred by the Monitoring Officer deciding whether complaints concerning Members should be investigated;
- Hearing complaints that have been referred to them by the Monitoring Officer pursuant to the Complaints Procedure; and
- The agreement of relevant procedures for the undertaking of its functions such when appropriate to be included within the constitution.

4.8 The sub-committee will comprise of three Members of the Audit Committee and the three Members will be selected as and when a sub-committee is required to meet.

4.9 A Hearings Panel procedure is attached at Appendix 2, for consideration and approval.

4.10 **Recruitment of Independent Person and Deputy Independent Person**

The Localism Act 2011 requires that all Local Authorities must appoint at least one Independent Person. The role of the Independent Person is to oversee the process for dealing with allegations that a Member has breached the Members' Code of Conduct. The Act states that the Independent Person should be available to be consulted by a Member who is the subject of an allegation that they have breached the Members' Code of Conduct. In addition, an Independent Person must be consulted by the decision making body before it makes a final decision on an allegation that has been investigated. The decision making body at Peterborough City Council is the Hearings Panel, sub-committee of the Audit Committee.

4.11 The arrangements adopted by Full Council in July include provision for the appointment of one Independent Person and one Deputy Independent Person.

4.12 A previous recruitment exercise failed to generate any interest, and a second recruitment exercise is currently underway, with potential candidates scheduled to be interviewed on 5th November. A copy of the application pack, including role description is attached as Appendix 3.

4.13 The legislation dictates that the actual appointment must be a decision undertaken by Full Council and consequently, Full Council must receive a recommendation from the sub-committee to the Audit Committee. It is hoped that we will be in a position to make a recommendation to Full Council at its next meeting.

5. **CONSULTATION**

Following the resolution of Council in July all Members have been consulted on the changes to the Code of Conduct and procedures, declaring interests, dispensations and the new Member complaints system.

6. **ANTICIPATED OUTCOMES**

As set out in the report.

7. **REASONS FOR RECOMMENDATIONS**

The Council is required to abide by the provisions of the Localism Act 2011.

8. ALTERNATIVE OPTIONS CONSIDERED

These recommendations have been prepared in accordance with the Code and hence there are no acceptable alternative formats. The alternative is not to adopt these recommendations, and then the Council would be in breach of its statutory duties.

9. IMPLICATIONS

There are no specific legal or financial implications, other than the legal requirement and implications set out in the report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Council's Constitution, the Localism Act 2011 and associated regulations.

11. APPENDICES

- Appendix 1 - Applications from Members seeking dispensation
- Appendix 2 - Hearings Panel Procedure
- Appendix 3 - Independent Person Application Pack

To: Helen Edwards
Monitoring Officer
Peterborough City Council
Town Hall, Bridge Street
Peterborough
PE1 1HG

APPLICATION FOR DISPENSATION

<p>Full name of Member seeking dispensation <i>NOTE: the application must be submitted by the individual Member seeking the dispensation</i></p>	<p>Cllr Judy Fox</p>
<p>What is the interest for which dispensation is sought? Please state subject and prescribed description with reference to para 8.1 of the Members' Code of Conduct.</p>	<p>Peterborough Council of Voluntary Services (PCVS)</p>
<p>Nature of dispensation sought <i>(please note a dispensation to speak and vote will require Audit Committee approval and needs to be submitted to the Monitoring Officer AT LEAST 10 clear days before the relevant meeting to allow time for a meeting of the sub-committee to be convened</i> <i>A request for dispensation to speak can be dealt with more urgently in cases of genuine emergency</i></p>	<p>(i) dispensation to speak and vote</p>
<p>Duration of dispensation sought <i>either for a specific meeting or a specified period of time (up to a maximum of 4 years)</i></p>	<p>For the remainder of time in office</p>
<p>Reasons why you think the Monitoring Officer or Audit Committee should grant the request for a dispensation (see below for grounds under which a dispensation can be sought). <i>NOTE: the Monitoring Officer and Audit Committee have a discretion whether or not to grant the request for a dispensation</i></p>	<p>It is considered appropriate to grant a dispensation in this instance, as Cllr Fox's knowledge of the voluntary sector is likely to add value to any debate on this subject. However the dispensation will not apply in any circumstances in which the common law rules of bias or predetermination may apply,</p>

Signed: JAFex

Dated: 24/10/2012

NOTE:

Dispensations may be granted at the discretion of the Monitoring Officer or Audit Committee (as appropriate) in the following circumstances:

- a) without a dispensation the number of members prohibited from participating would be so great a proportion of the Council or Committee concerned as to impede the transaction of the business; or
- b) without a dispensation the representation of different political groups on the Council or Committee would be so upset as to alter the likely outcome of any vote; or
- c) granting the dispensation is in the interests of persons living in the Council area; or
- d) where the business to be transacted is a matter for the Executive, without the dispensation each member of the Executive would be prohibited from participating; or
- e) it is otherwise appropriate to grant a dispensation.

This does not mean that requests for dispensations will automatically be granted. In particular, issues relating to the common law rules on bias and predetermination may arise and will need to be taken into account.

Dispensations are not available to individual Portfolio Holders who have a disclosable pecuniary interest (DPI) on a matter on which they would otherwise be required to make an Executive decision, unless the entire Cabinet has a DPI in the matter ((d) above).

To: Helen Edwards
 Monitoring Officer
 Peterborough City Council
 Town Hall, Bridge Street
 Peterborough
 PE1 1HG

APPLICATION FOR DISPENSATION

<p>Full name of Member seeking dispensation <i>NOTE: the application must be submitted by the individual Member seeking the dispensation</i></p>	<p>Cllr Marion Todd</p>
<p>What is the interest for which dispensation is sought? Please state subject and prescribed description with reference to para 8.1 of the Members' Code of Conduct.</p>	<p>A licence to occupy land in the PCC's area for a yearly lease: Plot 4 Allotment, Burton Street, Peterborough</p>
<p>Nature of dispensation sought <i>(please note a dispensation to speak and vote will require Audit Committee approval and needs to be submitted to the Monitoring Officer AT LEAST 10 clear days before the relevant meeting to allow time for a meeting of the sub-committee to be convened</i> <i>A request for dispensation to speak can be dealt with more urgently in cases of genuine emergency</i></p>	<p>(i) dispensation to speak and vote</p>
<p>Duration of dispensation sought <i>either for a specific meeting or a specified period of time (up to a maximum of 4 years)</i></p>	<p>For the remainder of time in office</p>
<p>Reasons why you think the Monitoring Officer or Audit Committee should grant the request for a dispensation (see below for grounds under which a dispensation can be sought). <i>NOTE: the Monitoring Officer and Audit Committee have a discretion whether or not to grant the request for a dispensation</i></p>	<p>It is considered appropriate to grant a dispensation in this instance to allow Cllr Todd to speak on matters concerning allotment land generally, unless it relates to the specific land in which she has her allotment plot.</p>

Signed: _____



Dated: _____

22/10/2012

NOTE:

Dispensations may be granted at the discretion of the Monitoring Officer or Audit Committee (as appropriate) in the following circumstances:

- a) without a dispensation the number of members prohibited from participating would be so great a proportion of the Council or Committee concerned as to impede the transaction of the business; or
- b) without a dispensation the representation of different political groups on the Council or Committee would be so upset as to alter the likely outcome of any vote; or
- c) granting the dispensation is in the interests of persons living in the Council area; or
- d) where the business to be transacted is a matter for the Executive, without the dispensation each member of the Executive would be prohibited from participating; or
- e) it is otherwise appropriate to grant a dispensation.

This does not mean that requests for dispensations will automatically be granted. In particular, issues relating to the common law rules on bias and predetermination may arise and will need to be taken into account.

Dispensations are not available to individual Portfolio Holders who have a disclosable pecuniary interest (DPI) on a matter on which they would otherwise be required to make an Executive decision, unless the entire Cabinet has a DPI in the matter ((d) above).

COMPLAINTS AGAINST MEMBERS

HEARINGS PROCEDURE

In accordance with the Protocol for dealing with complaints the Audit Sub-Committee will only meet where

- A request for dispensation has been made to vote on a matter in which a Councillor has a disclosable pecuniary interest
- The Audit Sub-Committee receive a referral from the Monitoring Officer for a decision as to whether a matter ought to be referred for investigation
- an investigation has been conducted following a complaint which has concluded that the Code of Conduct has been breached and informal resolution is not possible

This is a guidance note setting out how the Audit Sub-Committee (Hearings Panel) will hear complaints that the Code of Conduct has been breached. The purpose of a hearing will be to determine if the panel agrees with the findings of the investigation.

1. Following receipt of the report the Monitoring Officer will write to the complainant, the member complained of and advise them of the intention to refer the investigation report to the Hearings Panel for a decision
2. The Monitoring Officer will contact the Independent Person advising them of the referral of the complaint to the Hearings Panel and invite the Independent Person to provide written report on the complaint for referral to the Panel.
3. Once notified of the date of the hearing the complainant and the member complained must submit any further evidence and/or witness statements to the Monitoring Officer at least 14 days in advance of the hearing date
4. All paperwork submitted to the Monitoring Officer will be collated into a report for the Hearings Panel and issued in accordance with the statutory requirements for access to information.
5. Should the complainant or member complained of want the hearing to be held in private, they should provide reasons why the information is confidential at least 21 days prior to the hearing so that the Monitoring Officer can consider whether the report should be marked confidential.
6. The decision regarding confidentiality is at the discretion of the Monitoring Officer. If the Monitoring Officer decides that the papers are confidential that decision will be subject to review by the Panel before they go into private (exempt) session to decide the matter.
7. The hearing will be before a Panel of 3 members drawn from the Audit Committee.

8. One of the members present will be elected Chairman.
9. The Independent Person [IP] appointed under section 28 of the Localism Act 2011 will also be present to sit alongside the panel. Their opinion will be taken into account by the Panel, but by law the Independent Person may not vote.
10. The Monitoring Officer or Deputy Monitoring Officer will be present as advisor to the Panel.
11. The investigating officer will attend to present the investigation report and may invite the complainant to appear as a witness or call other witnesses.
12. The councillor will be invited to attend and may present their own case or they may be represented.
13. The councillor may bring witnesses (of a number the Panel considers is reasonable). "Character witnesses" who cannot provide evidence on the matter complained about will not be permitted.
14. The cost of any attendance/representation must be borne by the party concerned.
15. Written statements will not be read out at the hearing as it will be assumed all those present are already familiar with their contents.
16. The Monitoring Officer can speak at any time to advise the Panel on technical matters or ask questions of any party.

A procedure note regarding the hearing process is attached at appendix A

Hearing process note: Code of Conduct complaints

HEARING PROCEDURE	
PRELIMINARY MATTERS	
1	The Chairman of the Panel will introduce the members of the Panel, the Independent Person, officers, the councillor, the investigating officer and the complainant if present.
2.	The Chairman will explain the reason for the meeting and outline the procedure to be followed. The Chairman may choose to vary this procedure if they are of the opinion that such a variation is necessary in the interests of fairness.
3.	The Chairman will also explain that the hearing will normally be held in public unless the Panel exercises its discretion to exclude the public from all or part of the hearing in accordance with the Local Government Act 1972.
4.	The Monitoring Officer will confirm whether there has been a request for the hearing, or any part of it to be held in private.
5.	The Chairman will then confirm that all those involved understand the procedure to be followed and ask if there are any preliminary procedural issues which anyone wishes to raise before the Hearing begins
6.	If any procedural issues are raised, the Panel will hear representations on them and determine them before beginning the hearing.
7.	If the Councillor is not present at the start of the hearing, the Panel will consider any reasons given by them for their nonattendance. If the Panel is satisfied that there is good reason for their non-attendance, it may adjourn to another date, or proceed if it has been requested to do so by the Councillor.
8.	If the Panel is not satisfied that there is good reason for the Councillor's non-attendance, or if the Councillor failed to give any reason for his/her non-attendance, the Panel can decide: <ul style="list-style-type: none"> • whether to consider the matter and make a determination in the absence of the Councillor, or • to adjourn the Hearing to another date.
HEARING	
9	The Investigator will be invited to summarise his/her report and findings and make any representations about any pre-hearing submission of the Councillor. The Investigator may call any witnesses, including the complainant.

10.	The Councillor will then be invited to make representations in support of the facts concerned. The Councillor may call any witnesses in support of the facts. Character witnesses will not be permitted.
11.	The Panel has the discretion to question any of the parties as they see fit.
12.	The Independent Person or the Monitoring Officer may question any of the parties at the discretion of the Chair.
12.	The councillor and the investigator/complainant will be given the opportunity to make closing statements if they wish to do so.
13.	The Panel and the Independent Person will retire to consider the matter in private. The Monitoring Officer may be called to give legal advice or clarify any of the evidence as required.
THE DECISION	
14.	The Chairman will then announce to all present at the Hearing the Panel's decision as to whether or not the Councillor has failed to comply with the Code of Conduct, whilst setting out the facts upon which the conclusions have been reached.
15.	If the Panel decides that the Councillor has not failed to follow the Code of Conduct, the hearing will be concluded.
16.	If the Panel decides that the Councillor has failed to comply with the Code of Conduct, it will consider any verbal or written representations from the Investigator, the Monitoring Officer, and the Councillor as to: (a) whether or not the Panel should impose a sanction and/or recommend to Council that a sanction be imposed; and (b) what form of sanction(s) is/are appropriate.
17.	The Panel may retire to consider these representations in private
18.	The Panel will announce its decision in public at the conclusion of the hearing and will issue a full written decision including reasons within 10 working days of the hearing.

A note on sanctions:

Under the Protocol for dealing with complaints, the Council has decided that the Hearings Panel may issue the following sanctions:-

- a. Publish its findings in respect of the member's conduct;
- b. Report its findings to Council for information;

- c. Recommend to the member's Group Leader (or in the case of un-grouped members, recommend to Council or to Committees) that they be removed from any or all Committees or Sub-Committees of the Council;
- d. Recommend to the Leader of the Council that the member be removed from the Cabinet, or removed from particular Portfolio responsibilities;
- e. Recommend to Council to remove the member from all outside appointments to which they have been appointed or nominated by the authority;
- f. Recommend to Council that it withdraws facilities provided to the member by the Council, such as a computer, website and/or email and Internet access; or
- g. Recommend to Council that it excludes the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

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RECRUITMENT PACK FOR

APPOINTMENT OF

INDEPENDENT PERSON

PETERBOROUGH CITY COUNCIL

APPOINTMENT OF INDEPENDENT PERSON

Under the provisions of the Localism Act 2011, the Council is required to appoint an Independent Person to assist the Council in promoting and maintaining high standards of conduct amongst its elected members and town and parish councilors. Peterborough City Council intends to appoint an Independent Person and a Deputy Independent Person.

The Independent Person may be consulted by the Monitoring Officer on the decision whether to investigate complaints and a decision is made on an investigated complaint. The Independent Person may also be consulted on other standards matters, including by the member who is subject to an allegation.

For further details, including an information pack and eligibility criteria, please visit the Council's website or contact:

Natalie Moulton
Executive Assistant to the Monitoring Officer

Tel: 01733 452527
Email: natalie.moulton@peterborough.gov.uk
Website: www.peterborough.gov.uk

The closing date for applications is 26th October 2012. Interviews will be held on 5th November 2012.

A fixed allowance of £1000 is payable together with reimbursement of travel and subsistence expenses to the Independent Person. The Deputy will be entitled to a £500 allowance and expenses.

It is intended to appoint an Independent Person together with a Deputy candidate to be in a position to act as Independent Person in the event that the person appointed is incapacitated, or otherwise unable to act because of a conflict of interest.

APPOINTMENT OF INDEPENDENT PERSON – BACKGROUND INFORMATION

Under the provisions of the Localism Act 2011 the way that Peterborough City Council will deal with conduct complaints about its elected members and town and parish councillors in its area is changing.

The Council will be responsible for deciding how to deal with standards issues at a local level, including adopting its own local code and determining what arrangements it will adopt to deal with complaints. A report was considered by the Council on the 12 July and you can access this report on the Council's website.

The Act provides that the Council must appoint an Independent Person to assist in discharging these responsibilities. Full details of the role and responsibilities of the Independent Person are included in this Recruitment Pack.

The new arrangements will come into effect from the date of the Council meeting.

This recruitment process is being managed by Helen Edwards, Peterborough City Council's Monitoring Officer (supported by Kim Sawyer, Deputy Monitoring Officer), who has been given authority to recruit by the Council. The appointment will be formally confirmed at the next meeting of the Council in September.

INDEPENDENT PERSON

SELECTION CRITERIA

SKILLS AND COMPETENCIES

The Independent Person will have:

- A keen interest in standards in public life
- A wish to serve the local community and uphold local democracy
- The ability to be objective, independent and impartial
- Sound decision making skills
- Leadership qualities, particularly in respect of exercising sound judgement

The Independent Person will:

- Be independent of any political party
- Not be related to or a friend of any member of Peterborough City Council
- Be a person in whose integrity the public can have confidence
- Understand and comply with confidentiality requirements
- Have a demonstrable interest in local issues
- Have an awareness of the importance of ethical behaviours
- Be a good communicator
- Be able to exercise judgement impartially

Desirable additional criteria are:

- Working knowledge/experience of local government or other public service and/or of large complex organisations and awareness of and sensitivity to the political process.
- Knowledge and understanding of judicial/quasi-judicial or complaints processes.

You should demonstrate in your application how you meet the above criteria as this will assist the short-listing process.

Means of assessment will be by application form and by interview.

NOTE:

If appointed, you will be required to be contactable at all times during normal working hours by telephone or by email and to be available to attend hearings which may be held in the day time. You will be provided with at least 2 weeks notice of any hearing at which you must attend.

Eligibility for Appointment

By virtue of transitional arrangements the law does not prevent existing independent members of the Council's Standards Committee from being eligible to apply for the role, however, it is the Council's preference to appoint an Independent Person who was not formerly an independent member of a standards committee. If you were formally an independent member of any other Council, this does not apply to you.

A person cannot be appointed as an Independent Person if they are or were within a period of 5 years prior to the appointment:

- A member, co-opted member or officer of the authority
- A member, co-opted member or officer of a parish council in the Council's area, or a relative or close friend of the above

ROLE OF INDEPENDENT PERSON –
PETERBOROUGH CITY COUNCIL

ROLE DESCRIPTION

Responsible to: The Council

Liaison with: Monitoring Officer, members of the Audit Committee, officers and members of the District Council and Town and Parish Councillors within the district, key stakeholders within the community.

1. To assist the Council in promoting high standards of conduct by elected and co-opted members of Peterborough City Council and in particular to uphold the Code of Conduct adopted by the Council and the seven principles of public office, namely selflessness, honesty, integrity, objectivity, accountability, openness and leadership.
2. To be consulted by the Council through the Monitoring Officer and/or the Audit Committee (Hearing Panel) before it makes a decision on an investigated allegation and to be available to attend meetings of the Hearing Panel of the Audit Committee for this purpose.
3. To be available for consultation by the Monitoring Officer and/or the Audit Committee before a decision is taken as to whether to investigate a complaint or to seek local resolution of the same.
4. To be available for consultation by any elected member, (including town and parish councilors), who is the subject of a standards complaint.
5. To develop a sound understanding of the ethical framework as it operates within Peterborough City Council and its town and parish councils.
6. To participate in training events to develop skills, knowledge and experience and in networks developed for Independent Persons operating outside the Council's area.
7. To attend training events organised and promoted by the Council's Audit Committee.
8. To act as advocate and ambassador for the Council in promoting ethical behaviour.

PETERBOROUGH CITY COUNCIL

APPLICATION FOR THE POSITION OF INDEPENDENT PERSON

Individuals who wish to be considered for appointment as Independent Person at Peterborough City Council are requested to provide the following information to support their application. All information provided will be treated in the strictest confidence and will only be used for the purposes of selection. Please feel free to use a separate continuation page if you wish to expand upon your answer to any question outlined below.

1. PERSONAL DETAILS

Name:

Address:

Postcode:

National Insurance Number:

Contact Details:

Daytime Telephone Number:

Daytime Fax Number:

Email Address:

2. QUALIFICATIONS

(Please list in particular any qualifications which you think are relevant to the position of Independent Person)

PART B: You may complete the following part of the application or submit a Curriculum Vitae. If submitting a Curriculum Vitae please ensure you enclose details of referees.

3. SUMMARY OF EXPERIENCE

(Please give a brief account of your experience including career, public and voluntary work together with the nature of your current or most recent occupation)

4. RELEVANT EXPERTISE/SKILLS

(Please outline briefly any knowledge or expertise which you believe would be particularly relevant to your role as an Independent Person having regard to the selection criteria and role description)

5. Why do you wish to be considered for appointment as Independent Person and what particular attributes do you believe you would bring to the role?

6. Please provide any additional information you may wish to give in support of your application:

7. References will be taken up for all applicants who are invited for interview

1. Name:	2. Name:
.....
Address:	Address:
.....
.....
.....
.....
Telephone No.	Telephone No.

I wish to apply to be an Independent Person.

In submitting this application, I declare that:

- I am not and have not during the past five years been a Member or Officer of Peterborough City Council
- I am not related to, or a close friend of, any Member or Officer of Peterborough City Council
- I am not currently an Officer or Member of any other relevant authority (this includes parish, district, county and unitary councils and Police and Fire Authorities).
- I am not actively engaged in local party political activity.

Signed

Date

Please return this application form by 26th October 2012 addressed to:

Natalie Moulton
Executive Assistant to the Monitoring Officer
Peterborough City Council
Chief Executive's Department
Town Hall
Bridge Street
Peterborough
PE1 1HG

Email: natalie.moulton@peterborough.gov.uk

AUDIT COMMITTEE	AGENDA ITEM No. 7
5 NOVEMBER 2012	PUBLIC REPORT

Committee Member(s) responsible:	Resources Portfolio Holder, Councillor Seaton	
Contact Officer(s):	John Harrison, Executive Director Strategic Resources Steven Pilsworth, Head of Strategic Finance	☎ 452398 ☎ 384569

TREASURY MANAGEMENT PERFORMANCE INDICATORS

RECOMMENDATIONS	
FROM : John Harrison, Executive Director Strategic Resources	Deadline date : N/A
Audit Committee is asked to	
1. To review current performance against the Treasury Management Strategy (TMS) set in the Medium Term Financial Strategy (MTFS)	

1. ORIGIN OF REPORT

- 1.1 The Treasury Management in the Public Services: Code of Practice 2011 recommends that Members receive reports on its treasury management policies, practices and activities, including, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- 1.2 The annual strategy is approved by Council as part of the Medium Term Financial Strategy (MTFS) and the final performance against the strategy is reported to Audit Committee in June alongside the Statement of Accounts. This report forms the mid-year review.

2. PURPOSE AND REASON FOR REPORT

- 2.1 To report current performance and the forecast outturn position against the strategy.
- 2.3 This is in accordance with the Committees' Terms of Reference – 2.2.17 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. TREASURY MANAGEMENT STRATEGY PRUDENTIAL INDICATORS

- 4.1 The Prudential Code underpins the system of capital finance. Local authorities determine their own programmes for capital investment in fixed assets that are

central to the delivery of quality local public services. Prudential indicators are developed as part of the annual MTFS process to ensure that:

- a) Capital investment plans are affordable;
- b) All external borrowing and other long term liabilities are within prudent and sustainable levels; and
- c) Treasury management decisions are taken in accordance with professional good advice.

- 4.2 The 2012/13 Prudential Indicators are shown in Appendix 1 and the Council's performance to date and forecast performance is within the limits set in the MTFS.
- 4.3 The Council has not been directly impacted by the continuing Eurozone crisis however, along with continued uncertainty within the UK economy; British banks have seen their credit ratings downgraded which has in turned affected the Council's lending list. As per the TMS the Council is operating a restrictive lending list, where surplus cash is only invested for the short term Barclays (maximum £5m), other Local Authorities, and the Debt Management Office (DMO).
- 4.4 The Council's own banking provider, Barclays, was downgraded in December 2011 by Fitch credit rating agency following a review on global trading and universal banks, and later in July 2012 by Moody's and Standard and Poor's credit rating agencies. This downgrading should not be viewed in isolation from other bank credit ratings and Barclays remain one of the highest rated banks compared to its UK competitors.
- 4.5 The ratings from all three agencies for Barclays meet the minimum criteria set out in the Treasury Strategy, per the MTFS. However, in order to mitigate the risk further the Council has reduced the amount held in the call account to £5m from £15m and has in place a contingency plan if Barclays are downgraded further. The use of Barclays for the Council's core banking services continues in the context of the MTFS of minimising the 'cost of carry' of borrowing. As a result existing cash balances are used rather than borrowing in advance of need. Daily treasury management practices therefore concentrate on short term cash flow requirements and long term borrowing needs, and not investment returns.

5. CONSULTATION

- 5.1 As 'The Prudential Code and Treasury Management Strategy 2012-2022' forms part of the annual MTFS, it has undergone full consultation and been through the scrutiny process.
- 5.2 The Council continues to liaise with its treasury advisors, Sector Treasury Services Ltd.

6. ANTICIPATED OUTCOMES

- 6.1 As set out in the report.

7. REASONS FOR RECOMMENDATIONS

- 7.1 This report and update is given to the Committee to review performance against the Treasury Management Strategy set in the MTFS

8. ALTERNATIVE OPTIONS CONSIDERED

The 'The Prudential Code and Treasury Management Strategy 2012-2022' is required to be prepared in accordance with the Treasury Management in the Public Services: Code of Practice 2011. This report sets out the performance against the associated indicators. The options are therefore limited.

9. IMPLICATIONS

- 9.1 To provide the Committee the opportunity to review current performance against the revised Prudential Indicators.

10. BACKGROUND DOCUMENTS

(Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- The Prudential Code for Capital Finance in Local Authorities –2011 Edition, CIPFA; and
- Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2011 Edition, CIPFA

11. APPENDICES

Appendix 1 - Treasury Management Strategy - Prudential Indicators – Forecast Outturn as at 24th October 2012

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Appendix 1

Treasury Management Strategy - Prudential Indicators - Forecast Outturn as at 24th October 2012

The Prudential Code for Capital Finance in Local Authorities provides a framework for local authority capital finance to ensure that:

- (a) capital expenditure plans are affordable,
- (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
- (c) treasury management decisions are taken in accordance with professional good practice.

In taking decisions in relation to (a) and (c) above, the local authority is accountable by providing a clear and transparent framework.

The Code requires the Council to set a range of Prudential Indicators for the forthcoming financial year and at least the following two financial years. The Council has set out indicators for the next 10 financial years in line with setting a 10 year budget. During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Annual Treasury Management Strategy. The actual outturn for the Prudential Indicators for the financial year to date is detailed below. The indicators include the Invest to Save scheme however the costs of borrowing associated with the scheme will be offset by the income generated.

The 2012/13 Prudential Indicators are shown below and the Council's performance to date against them. All performance is within the limits.

1. Indicator 1: Capital Expenditure

This indicator is the estimated capital expenditure for the year based on the Capital Programme for that period.

Capital Expenditure	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
Capital Expenditure	£144.6m	£39.4m	£130.9m
Invest to Save	£100.0m	£1.9m	£3.2m
Total	£244.6m	£41.3m	£134.1m

£96.8m of the budget for the Invest to Save scheme has slipped into 2013/14 as no new projects are due to start this financial year.

2. Indicator 2: Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow money in the long term for capital purposes. Any capital expenditure which has not immediately been paid for will increase the CFR.

Capital Financing Requirement	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
CFR b/fwd	£268.4m	£250.2m	£250.2m
Borrowing	£62.2m	£13.2m	£70.8m
Invest to Save	£100.0m	£1.9m	£3.2m
Total CFR C/fwd	£433.6m	£265.3m	£324.2m

3. Indicator 3: Actuals and estimates of the ratio of financing costs to net revenue budget

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure i.e. the net interest cost and to make provision to repay debt.

Ratio of net financing costs to net revenue stream	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
Core Capital Programme	5.3%	4.7%	4.9%
Invest to Save	0.6%	0.1%	0.1%
Financing costs to net revenue stream	5.9%	4.8%	5.0%

The actual and forecast outturn are less than the indicator due to lower PWLB interest rates than those quoted in the Medium Term Financial Strategy (MTFS). The forecast rates for PWLB include the certainty discount rate of 0.20 b.p.s which the Council is eligible to receive on new borrowings from November 2012.

4. Indicator 4: Actuals and estimates of the incremental impact of capital investment on Council Tax.

This indicator is intended to show the impact of the Council's decisions about capital investment on the level of Council Tax required to support those decisions over the medium term.

The calculation of this indicator has been done on the basis of the amount of the capital programme that was financed from borrowing. The calculation is based on the interest assumption for borrowing that was included in the capital financing budget. The revenue costs are divided by the estimated Council Taxbase for the year, and performance is shown in the table overleaf.

The incremental impact is less than the indicator due to the reduction in the CFR budget required to finance the capital programme. The cost of borrowing has reduced due to the revision of interest rates downwards from the original MTFS, (see indicator 3 for explanation). The impact for the invest to save scheme is shown in the figures however the costs of borrowing for this scheme will be offset by the income generated in the future.

Incremental impact on capital investment decisions on Council Tax	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
A CFR budget - previous MTFS	£17,319k	£17,319k	£17,319k
B CFR budget – current MTFS	£17,602k	£13,304k	£14,315k
C Incremental change (B - A)	£283k	(£4,015k)	(£3,004)
D Council Tax Base (1,000's)	56.51	56.51	56.51
Total Incremental Impact (C / D)	£5.01	(£71.05)	(£53.16)
Split:			
Core Capital Programme	(£33.93)	(£70.57)	(£52.06)
Invest to Save	£38.94	(£0.48)	(£1.10)

5. Indicators 5: Proportion of Net Debt to the CFR

This indicator shows the proportion of the Council's external borrowings less investments (Net Debt) against the CFR. Please note this indicator has been revised from the indicator in the Treasury Management Strategy 2012/13 and it now includes the % of the net debt to the CFR as per the revision of the Prudential Code.

Proportion of Net Debt to the CFR	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
CFR	£433.6m	£265.3m	£324.2m
Net Debt	£365.3m	£203.9m	£248.1m
% of Net Debt to CFR	84.3%	76.9%	76.5%

6. Indicator 6: The Operational Boundary

The Operational Boundary is a measure of the day to day likely borrowing for the Council. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but if this continues for a lengthy period then it ought to be investigated.

This indicator takes into consideration the capital programme over the life of the MTFS and the ability to phase the borrowing over this period. The indicator provides flexibility for the Council to take advantage of favourable interest rates in advance of the timing of the actual capital expenditure. The forecast outturn does not represent the actual debt position at year end.

Operational Boundary	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
Borrowing b/fwd	£215.6m	£186.5m	£186.5m
Borrowing - Capital	£128.0m	£28.2m	£70.8m
Invest to Save	£100.0m	£1.4m	£3.2m
Total Operational Boundary	£443.6m	£216.1m	£260.5m

7. Indicator 7: The Authorised Limit

The Authorised Limit represents the maximum amount the Council may borrow at any point in time in the year. It is set at a level the Council considers is “prudent”.

The indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year. This makes allowance for the possibility that the optimum time to do all borrowing may be early in the year.

The limits also incorporated margins to allow for exceptional short-term movements in the Council’s cash flow, bids from service departments to finance efficiencies, changes to the timing of capital payments and fluctuations in the realisation of capital receipts.

The actual borrowing figure is made up of £132.9m of fixed rate long term borrowing, £42.0m of temporary fixed rate borrowing and £41.2m of other long term liabilities (leases and PFI).

Authorised Limit	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
Borrowing b/fwd	£215.6m	£186.5m	£186.5m
Borrowing - Capital	£223.9m	£28.2m	£70.8m
Invest to Save	£96.9m	£1.4m	£3.2m
Total Authorised Limit	£536.4m	£216.1m	£260.5m

It is ultra vires to exceed the Authorised Limit so this should be set to avoid circumstances in which the Council would need to borrow more money than this limit. However, the Council can revise the limit during the course of the year.

8. Indicator 8: Variable interest rate exposure

This indicator places an upper limit on the total amount of net borrowing (borrowing less investment) which is at variable rates subject to interest rate movements. The intention is to keep the variable rate borrowing below 25% of the total gross borrowing (CFR).

The limit is expressed as the value of total borrowing less investments

Upper limit for variable rate exposure	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
Borrowing - Capital	£99.6m	£0.0m	£0.0m
Invest to Save	£24.2m	£0.0m	£0.0m
Total upper limit for variable rate exposure	£123.8m	£0.0m	£0.0m

The indicator for actual and forecast outturn is zero due to the current borrowing strategy of borrowing only at a fixed interest rate in the current economic climate of low interest rates. Borrowing at fixed interest rates provides budget certainty for the Council.

9. Indicator 9: Fixed Interest rate exposure

This indicator places an upper limit on the total amount of net borrowing which is at fixed rates secured against future interest rate movements. The upper limit allows flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflects a position where the great majority of borrowing is at fixed rate which provides budget certainty with 100% of borrowing being at fixed rate. The upper limit for fixed interest rate exposure was set to allow for flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflected a position where the great majority of borrowing was at fixed rates to provide budget certainty.

Upper limit for fixed rate exposure	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
Borrowing b/fwd	£215.6m	£142.9m	£142.9m
Borrowing - Capital	£224.0m	£30.6m	£70.8m
Invest to Save	£96.8m	£1.4m	£3.2m
Total upper limit for fixed rate exposure	£536.4m	£174.9m	£216.9m

10. Indicator 10: Maturity structure of borrowing

The prudential limits have been set with regard to the maturity structure of the Council's borrowing, and reflected the relatively beneficial long term rates that were expected to be available over the next few years. The limits were as follows:

Period	Upper Limit Estimate	Actual Borrowing Sep 12	Actual Borrowing Sep 12
Under 12 months	40%	34%	£59.5m
1 - 2 years	40%	0%	£0.0m
2 - 5 years	80%	0%	£0.0m
5 - 10 years	80%	1%	£1.1m
over 10 years	100%	65%	£114.3m
Total Borrowing			£174.9m

11. Indicator 11: Total Investments for periods longer than 364 days

Authorities are able to invest for longer than 364 days; this can be advantageous if higher rates are available. However it would be unwise to lend a disproportionate amount of cash for too long a period particularly as the Council must maintain sufficient working capital for its operational needs.

	2012/13 Indicator	2012/13 Actual @30.09.12	2012/13 Forecast Outturn
	£m	£m	£m
Principal sums invested >364 days	3.0	0.0	0.0

This indicator reflects the Council's current lending policy of keeping investments short term for liquidity purposes. Also the Council has run down its cash balances over the last three financial years as an alternative to new borrowing and does not have the available cash balances to invest for long periods.

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AUDIT COMMITTEE	AGENDA ITEM No. 8
5 NOVEMBER 2012	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	John Harrison, Director of Strategic Resources Steve Crabtree, Chief Internal Auditor	☎ 452 398 ☎ 384 557

INTERNAL AUDIT: HALF YEAR UPDATE 2012 / 2013

RECOMMENDATIONS	
FROM : John Harrison, Director of Strategic Resources	Deadline date : N/A
Audit Committee are asked that :	
1. The Internal Audit Update Report to 30 September 2012 be received and the Committee note in particular:	
(i) Progress made against the plan and the overall performance of the section.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee as a routine planned report within the work programme of the Committee. It sets out Internal Audit performance and progress with regards to the 2012 / 2013 Audit Plan (Audit Committee approval: 26 March 2012).

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to inform the Audit Committee on Internal Audit activities and performance progress against the Annual Audit 2012 / 2013 as at 30 September 2012.
- 2.2 The report is for the Committee to consider under its Terms of Reference No. 2.2.4 – *To consider reports dealing with the management and performance of the providers of internal audit services.*

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. OVERVIEW

4.1 This report outlines the work undertaken by Internal Audit up to 30 September 2012, progress against our plan and other issues of interest.

5. ASSURANCE OPINION

5.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: **FULL**; **SIGNIFICANT**; **LIMITED**; and **NO ASSURANCE**. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews will be included in an appendix to this report, once the audit review has been agreed and finalised. **FOUR** reports fall into this category for the period.

5.2 Initial work throughout the first six months has concentrated on higher risk assessed activities together with a variety of specific management requests which has temporarily skewed the audit outputs. As a result the organisation is showing a higher level of non-compliance than ordinarily would be expected. This hopefully should be rectified as we move into more routine areas. Therefore, the Chief Internal Auditor is unable to provide an opinion on the internal control environment at this juncture.

6. AUDIT PLAN 2012 / 2013

6.1 Progress against Plan

6.1.1 **Appendix 1** shows the Operational Plan that was agreed by the Audit Committee on 26 March 2012. It shows the audits that are due to be performed during 2012 / 2013 and the status of those audits. It includes audits brought forward from the previous year that have been finalised during 2012 / 2013. It also includes audits that were not planned when the Annual Audit Plan was approved. Some of these audits have taken a significant amount of time due to the nature of the scope involved, for example, special investigations, which has significantly reduced the contingency time previously built into the plan for works of this type. It does not, however, separately list audit work of more limited scope, such as control advice.

6.1.2 To date, four audit projects for 2011 / 2012 have been finalised together with a further twenty four for 2012 / 2013. There are also twenty six audit assignments that are in various stages of completion.

6.1.3 The original plan was produced to reflect the number of staff available for the year, but it included a reserve list of audits that would be undertaken depending on when the vacant posts are filled. Six audits from the reserve list have been commenced as a result of business needs and changing priorities, however it is unlikely that all of the reserve audits will be undertaken this year unless additional resources are obtained. Progress against the main 2012 / 2013 plan is good and it is anticipated that this part of the plan will be achieved.

6.2 Other Performance Matters

6.2.1 An average of 0.36 days sickness per person was lost during the six months to 30 September 2012, compared to a target of 2.5 days. This figure has continued to improve on the figure of 0.67 days per person at this time last year.

6.2.2 Post audit customer satisfaction questionnaires continue to demonstrate that audit reviews are meeting the needs of the organisation with an average score of 5.00 (the maximum score available is 5).

7. CONSULTATION

- 7.1 This report and the accompanying appendices have been issued to the deputy s.151 Officer for consideration.

8. ANTICIPATED OUTCOMES

- 8.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan and its business plan performance. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work since the last progress report.

9. REASONS FOR RECOMMENDATIONS

- 9.1 The Council is subject to the Accounts and Audit Regulations 2011 and, as such, must make provision for Internal Audit in accordance with the CIPFA Code of Practice. It must also produce an Annual Governance Statement to be published with the Council's financial accounts. This report and associated papers demonstrate how the audit service is progressing against the audit plan and how it will contribute to the Statement.

10. ALTERNATIVE OPTIONS CONSIDERED

- 10.1 The alternative of not providing an Internal Audit service is not an option.

11. IMPLICATIONS

11.1 Corporate Resource Implications

During the year, Internal Audit makes a number of recommendations. While implementing these may have resource implications for the various areas under review, Internal Audit discuss and agree recommendations with the Auditee prior to the issue of the final audit report. Therefore, it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that they can readily call upon.

11.2 Legal Implications

The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations 2011. There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

12. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006;
- Accounts and Audit Regulations 2011; and
- Internal Audit Annual Plan 2012 / 2013.

13. APPENDICES

Appendix 1 - Progress of Audit Plan 2012 / 2013 (To 30 September 2012)

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APPENDIX 1



HEAD OF INTERNAL AUDIT INTERNAL AUDIT PROGRESS REPORT 2012 / 2013 AS AT 30 SEPTEMBER 2012

PROGRESS REPORT

1. Introduction
2. Resourcing and Performance
3. Progress Against Agreed Audit Plan
4. Key Issues Arising

1. **INTRODUCTION**

1.1 The purpose of this report is to bring the Audit Committee up to date with progress made against the delivery of the 2012 / 2013 Internal Audit Plan as at 30 September 2012. This report aims to:

- Provide a high level of assurance, or otherwise, on internal controls operated across the Council that have been subject to audit;
- Advise the Committee of significant issues where controls need to improve to effectively manage risks;
- Advise of any planned changes to reviews, slippage or deletions to that originally agreed on 26 March 2012;
- Track progress on the delivery of agreed actions which will be reported as part of the annual reporting process; and
- Provide an update on performance indicators comparing actual performance against planned where measurable at this stage.

1.2 The information included in this progress report will feed into, and inform our overall opinion in the Annual Head of Internal Audit Report issued at the year-end. This opinion will in turn be used to inform the Annual Governance Statement (AGS) included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.

1.3 Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

AUDIT ASSURANCE	
Assurance	Definitions
Full	The system is designed to meet objectives/controls are consistently applied that protect the Authority from foreseeable risks.
Significant	The system is generally sound but there are some weaknesses of the design of control and / or the inconsistent application of controls. Opportunities exist to mitigate further against potential risks.
Limited	There are weaknesses in the design of controls and / or consistency of application, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
No	Controls are weak and / or there is consistent non-compliance, which can result in the failure of the system. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

1.4 This is based upon the number and type of recommendations we make in each report and is for any control weakness that jeopardises the complete operation of the service. The prioritisation of recommendations is established as follows:

RECOMMENDATIONS MADE TO IMPROVE ASSURANCE LEVELS		
Status	Definitions	Implementation
Critical	Extreme control weakness that jeopardises the complete operation of the service.	Immediately
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	As a matter of priority
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	At the first opportunity
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	As soon as reasonably practical

1.5 It is managers' responsibility to ensure that effective controls operate within their service areas. However, we undertake follow up work to provide independent assurance that agreed actions arising from audit reviews are implemented in a timely manner.

2 **RESOURCING AND PERFORMANCE**

2.1 The staffing position in Internal Audit is as reported when the Annual Internal Audit Plan was agreed. This is made up of:

- Permanent Staff (Fte) 3.90
- Head of Internal Audit (share) 0.50
- Vacant Posts 2.10

2.2 During the first six months of the year, it should be noted that:

- A member of staff has returned from maternity leave on a part-time basis (0.6 fte). This reduction in time had been factored into the audit plan at the start of the year so there is initially no impact on the audit plan. However, a member of staff is due to go on maternity leave in quarter 4 which was not known at the time of the audit planning process resulting in the loss of time of up to 30 days, which will have an impact on the delivery of the plan.

- The team continues to carry vacant posts, the current position being 2.10 (FTE). During the first 3 months of the financial year, Internal Audit employed an agency auditor to undertake a number of key activities for 9 weeks and they were recruited throughout the appropriate recruitment framework. They finished their placement at the end of June 2012.
 - The ongoing vacancy situation will result in the teams' inability to deliver a vast proportion of the additional plan which was previously agreed at Audit Committee on 26 March 2012 as subject to resources. Efforts are being made to recruit permanently to the vacant posts.
 - Increased demand on audit activities is also evident as a result of the transfer of the Adult Social Care Service where a significant amount of previously unplanned audit days have been undertaken to date within this directorate. This is in addition to the audit work in the audit plan agreed with their management team. The demand on audit activities may also be exacerbated further as a result of more services migrating back to PCC in the form of Public Health during October 2012. Whilst the impact of this is not yet known, the audit team in its current form are under resourced in being able to provide assurance for the whole organisations' control environment whilst a higher proportion of time is required assisting with emerging issues from the new / transferring service areas.
 - Furthermore, as the Council is more and more successful in bidding for grants, there is an increased requirement for audit assurance to be provided on these.
- 2.3 The level of **sickness within the team has continued to improve** at 0.36 days per person to September 2012 compared to 0.67 days per person at the same time last year.
- 2.4 **Post audit customer satisfaction questionnaires continue to demonstrate that audit reviews are meeting the needs of the organisation** with an average score of 5.00 / 5.00.
- 2.5 **As part of Internal Audits long term strategic plan to further increase working efficiencies the team is continuing to develop the audit automated system currently in use.** The system upgrade to VISION is forecast to be implemented and commence from April 2013. Project management of the process is being undertaken in conjunction with the existing system provider. Cambridge City Council are also intending to implement the system as part of the shared service arrangement where PCC will act as the host system provider. Furthermore, the Chief Internal Auditor is in ongoing talks with another council for them to be brought into the "pooled" arrangements.
- 2.6 The Chief Internal Auditor is in the process of reviewing the performance indicators for the service in order to provide tangible measures to evaluate the service against.

3 PROGRESS AGAINST AGREED AUDIT PLAN

Where audits are "shaded", these represent all jobs not started at 30 September 2012.

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS				Total
			Critical	High	Medium	Low	
CORE SYSTEM ASSURANCE WORK							
Housing Benefit	Work is scheduled for Qtr 4						
Council Tax	Work is scheduled for Qtr 4						
NNDR	Work is scheduled for Qtr 4						
Accounts Payable	Work is scheduled for Qtr 3						
Payroll System	Work is scheduled for Qtr 3						
Payroll – Teachers Pensions	This job has been removed from the Audit Plan following a reassessment of the risks and full agreement with PwC.	N/A	N/A	N/A	N/A	N/A	
Budgetary Control	Work is scheduled for Qtr 4						

Core / Fundamental systems are agreed with our External Auditors each year to ensure that the coverage meets their requirements in addition to our needs. The work undertaken is in accordance with our agreed Protocol.

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS					Total
			Critical	High	Medium	Low		
ANNUAL GOVERNANCE / ASSURANCE ACTIVITIES								
Annual Governance Statement Assurance Framework	Complete Full report submitted to Audit Committee on 25 June 2012	N / A	N / A	N / A	N / A	N / A	N / A	
Annual Audit Opinion	Complete Full report submitted to Audit Committee on 25 June 2012	N / A	N / A	N / A	N / A	N / A	N / A	
Annual Audit Plan	Work is scheduled for Qtr 4 and is due to be reported to Committee on 25 March 2013							
Internal Audit Effectiveness	Complete Full report submitted to Audit Committee on 25 June 2012	N / A	N / A	N / A	N / A	N / A	N / A	
Anti-fraud Culture: <ul style="list-style-type: none"> National Fraud Initiative 	Ongoing work to combat fraud. Work is coordinated by the Governance Team for all data sets which are submitted to the Audit Commission for data matching. Internal Audit review data matches in relation to creditor payments. Data output is due to be released in Qtr 4							
Information Governance	On going in conjunction with the Information Governance Board							
Project Governance	Commencement date to be determined							

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS				Total
			Critical	High	Medium	Low	
STRATEGIC and OPERATIONAL RISKS							
Risk Management and Business Continuity	In progress. Internal Audit is providing ongoing consultancy work as these policies are refreshed. The new policies are due at Audit Committee in November 2012.						
Adult Social Care Database - FRAMEWORK	In progress. A new client system is being introduced. Internal Audit are providing an ongoing critical friend role						
Schools: Welland Primary School	Audit work completed. At review stage						
Schools: Fulbridge Primary School	Due to commence. At planning stage						
Partnership Performance Arrangements • Enterprise – PI monitoring/ Data quality	Work is scheduled for Qtr 3						
Partnership Management • SERCO ICT / Manor Drive Managed Service	Work is scheduled for Qtr 3						

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS				Total
			Critical	High	Medium	Low	
EXTERNAL WORK							
Vivacity As part of our Service Level Agreement, we have been commissioned to undertake a series of 8 reviews during the year	2011/12 3 Reviews rolled forward – complete 2012/13 1 at review stage 2 at planning stage	N / A	N / A	N / A	N / A	N / A	N / A

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS				Total
			Critical	High	Medium	Low	
OTHER CORPORATE SUPPORT: Carry Forward Activities							
Business Rates	In draft. Awaiting agreement of recommendations.						
Council Tax	In draft. Awaiting agreement of recommendations.						
Supplier and Selection Rotation	In draft. Awaiting agreement of recommendations.						
Travel and Subsistence	Completed. Further follow up review due in November 2012 Details set out in Section 4 below.	Limited	0	3	3	0	
						6	

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS					Total
			Critical	High	Medium	Low		
OTHER CORPORATE SUPPORT: Grant Claim Certification								
GAF 2011/12	Completed Assurance Letter	N/A	N/A	N/A	N/A	N/A	N/A	
Zecos (EU Grants) – 2 nd Claim	Completed First Level Controller Approval	N/A	N/A	N/A	N/A	N/A	N/A	
CTIE (EU Grants) – 1 st Claim	Completed First Level Controller Approval	N/A	N/A	N/A	N/A	N/A	N/A	
Disabled Facilities Grant	Completed Assurance Letter	N/A	N/A	N/A	N/A	N/A	N/A	
DFT (Local Plan Integrated Transport)	Completed Assurance Letter	N/A	N/A	N/A	N/A	N/A	N/A	
DFT (Local Transport Plan Highways)	Completed Assurance Letter	N/A	N/A	N/A	N/A	N/A	N/A	
Zecos (EU Grants) – 3 rd Claim	Work is scheduled for Qtr 4	N/A	N/A	N/A	N/A	N/A	N/A	
CTIE (EU Grants) – 2 nd Claim	Work is scheduled for Qtr 4	N/A	N/A	N/A	N/A	N/A	N/A	

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS				Total
			Critical	High	Medium	Low	
OTHER CORPORATE SUPPORT: Follow Up Provision							
Duke of Bedford Primary School	In progress						
Hampton Vale Primary School	In progress						

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS					Total
			Critical	High	Medium	Low		
OTHER CORPORATE SUPPORT: Requested Work Contingency								
ADULT SOCIAL CARE								
Direct Payments	Complete	Limited	1	7	4	0	12	
	Details set out in Section 4 below.							
Conflict of Interests	In progress							
Personal Budgets	In progress							
Contracts Review	In progress							
New Suppliers Audit Advice	Memo	N / A	N / A	N / A	N / A	N / A	N / A	
CHIEF EXECUTIVES								
Governance Review	In progress							
CHILDRENS SERVICES								
School Review	At review stage							
Purchasing via E-bay	Memo	N/A	N/A	N/A	N/A	N/A	N/A	
Gifts and Hospitality for Schools	Memo	N/A	N/A	N/A	N/A	N/A	N/A	
Contracts overspends	3 Memos	N/A	N/A	N/A	N/A	N/A	N/A	
Sale of obsolete items	2 memos	N/A	N/A	N/A	N/A	N/A	N/A	

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS					Total
			Critical	High	Medium	Low		
OTHER CORPORATE SUPPORT: Requested Work Contingency								
OPERATIONS								
Contracts Review	Complete Information provided to Cambs Police for action Details set out in Section 4 below.	N/A	N / A	N / A	N / A	N / A	N / A	
Peterborough Water City Festival	Complete Details set out in Section 4 below.	N/A	0	3	1	0	4	
Supplier Record amendments / queries	3 memos	N/A	N/A	N/A	N/A	N/A	N/A	
STRATEGIC RESOURCES								
Web based systems access controls	In progress							
Access to One Time Payments Log	Memo	N/A	N/A	N/A	N/A	N/A	N/A	

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS				Total
			Critical	High	Medium	Low	
<u>ADDITIONAL WORK POSSIBLE WITH VACANCY FILLED</u>							
CORE SYSTEM ASSURANCE WORK							
Main Accounting System							
Fixed Asset Accounting							
Purchasing Cards							
Budgetary Control							
STRATEGIC and OPERATIONAL RISKS							
ASC: Integrated Community Equipment Store	In draft						
Public Health	Risk assessed with client	N/A	N/A	N/A	N/A	N/A	N/A
Project Delivery							
Carbon Management	In progress						
Staff Loans	In planning						
Contracts							
ERDM	In planning						
Schools							
ASC: Performance Management							
ASC: Risk Management and Business Continuity							
ASC: Policies and Procedures							
Welfare Reform							

AUDIT ACTIVITY	STATUS	ASSURANCE OPINION	AGREED ACTIONS				Total
			Critical	High	Medium	Low	
ADDITIONAL WORK POSSIBLE WITH VACANCY FILLED: Continued							
STRATEGIC and OPERATIONAL RISKS							
Integrated Case Management System / RAISE							
Oracle system / R12 upgrade							
Private, Voluntary and Independent Financing							
CRB Checks							
IT Licensing							
IT Security							
Internet Usage							
Transparency Agenda							
Learning / Disability Partnership	Commenced	N/A	N/A	N/A	N/A	N/A	
	Deferred until 2013 /14 due to timing of service transfer and available data.						
Managing Attendance							
Co-commissioning arrangements with the Voluntary Sector							
Telecom charges							
EXTERNAL WORK							
Development of client base	Ongoing Chief Internal Auditor discussions with other authorities						

4 **KEY ISSUES ARISING**

4.1 **Audit Reports: Assurance**

To ensure transparency of our activities, the Audit Committee is provided with a précis of Executive Summaries where the audit opinion is considered to be No or Limited Assurance. Finalised audit activities that have been highlighted within these criteria since the last Audit Committee are identified as follows:

Audit Title	Travel and Subsistence
Scope	A Travel and Subsistence audit report was previously issued where there were 4 high graded recommendations and agreed actions. It is our normal practice to follow up final reports after six months of issue but a three monthly follow up was requested in this instance by Cllr. Seaton. This review has been undertaken in order to gain assurance that agreed actions in the report have been implemented satisfactorily.
Findings and Conclusions	<p>Overall there has been little change in the payroll control framework between the original report and this follow-up review. The key issues can be categorised as follows:</p> <p>Corporate Compliance It was disappointing to note that, even following a reminder being published on Insite some employees continue to complete their claims incorrectly and that these claims are then authorised by managers who have not undertaken the required checks. It was evident from the testing that a key area for non-compliance with the Travel and Subsistence Policy is within Children's Services, and this will be raised by the Executive Director of Strategic Resources with the Corporate Management Team.</p> <p>Systems Administration Both the original audit and this follow-up revealed errors made by payroll staff when processing claims. Human error is to be expected in any system, but it is important that the controls already in place to mitigate against such risks are operated effectively.</p> <p>New developments since the inception of the Peterborough Serco Strategic Partnership will ensure that a more robust stance on non-compliance is taken. This and implementation of the recommendations within this report will improve the control framework to a satisfactory standard.</p>

Actions in relation to this audit have been agreed and progress is being made to resolve satisfactorily. A further follow up review is programmed to commence in November 2012

Audit Title	Direct Payments
<p>Scope</p>	<p>The purpose of the audit was to:</p> <ul style="list-style-type: none"> • Assess the adequacy and effectiveness of controls over the set-up, payment and ongoing monitoring of Direct Payments to care service users. • Undertake a full systems based review of the process for issuing and monitoring Direct Payments made to care service users to ensure that the process provides accountability for public funds being used.
<p>Findings</p>	<ul style="list-style-type: none"> • From our audit testing there is evidence that one out of fourteen Direct Payment cases checked was not subject to an annual reassessment. At the time of the audit, the latest "Monthly Breach Report" on overdue care reassessments indicated that out of a total of 5102 care cases managed by the ASC team, 58 had an overdue reassessment greater than one year. • Direct Payments Policy and Procedures are currently in draft form and have not yet been finalised and approved. The Policy and Procedures are required to outline the framework for which Direct Payment packages are to be managed and maintained to help ensure that service users receive appropriate care without financial abuse of the funding they receive. • A completed and signed Direct Payment Agreement contract was not available for review in 64% of case files checked as part of this audit (not held on the paper file or the electronic RAISE system). • At the time of the audit there was evidence of a significant backlog of submitted financial records awaiting review by the Adult Social Care Placement & Client Income Team (161 service user records as at 18/05/12). Arrangements are being made to recruit a temporary Direct Payments Monitoring Officer dedicated to reviewing records and pursuing outstanding expenditure information. This post will initially last for 12 months, and will be reviewed with the possibility of a permanent position being created. • Audit testing of case files revealed that there is evidence that some service users are not submitting any financial records (7%) or insufficient financial records (64%). There is also evidence of expenditure that does not support the required care package for which Direct Payment funding should be used (28%) • The RAISE case file system provides an effective communication link between personnel checking the Direct Payment expenditure records and Care Support staff who liaise directly with service users. The RAISE system is effective at recording electronic case file notes.

Conclusions	<p>Adult Social Care management need to ensure that case reassessment timescale breaches are reported, monitored and actioned to ensure statutory requirements for care case reviews are fulfilled. Without adequate care reassessments taking place, Adult Social Care management are unable to demonstrate that they are fulfilling their responsibilities for providing ongoing appropriate social care.</p> <p>Recent Direct Payment applications are supported by completed and signed Direct Payment Agreement contracts, but there appears to be an historic issue for older cases where signed Agreements were not always obtained.</p> <p>ASC management need to improve the way in which submitted financial records are assessed to ensure that Direct Payment expenditure evidence is subject to timely review. This is important for identifying and escalating instances of potentially inadequate care provision and/or financial abuse of the Direct Payment funding.</p> <p>Due to the extent of the issues arising from this audit, and due to the statutory breach implications, limited assurance is provided over the control environment for managing and monitoring Direct Payment care packages.</p>
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Audit Title	Contracts Review
Scope	<p>Internal Audit was requested to undertake a review where it had been identified that an ex-employee was involved in producing tender documentation for a company. Concerns were raised regarding unauthorised access to information which could have resulted in an unfair advantage being gained by the company. The review was to establish if information had been gained by unfair means and whether the company should be excluded from the tendering process.</p>
Findings	<p>It was established that:</p> <ul style="list-style-type: none"> • Unauthorised access had been gained to PCC's web-based archive system by an ex-employee; • The administrator of the system had not been advised of the individuals resignation and access rights had therefore not been removed; • Information had been viewed or downloaded from historic tendering exercises detailing information pertinent to the current tendering exercise; • The current system prevented tender submissions being viewed prior to the tender closure date and it was therefore not possible to access the current tendering exercise information therefore the tendering process had not been compromised other than for the one company who obtained an advantage by having access to archived information. <p>Analysed information and the resultant findings were passed to the police who agreed to formally investigate the case. The outcome was an admission of guilt, resulting in a formal caution being issued and the company's withdrawal from the tendering exercise.</p>
Conclusions	<p>The review highlighted control issues surrounding web-based systems in operation where access can be obtained without the need to first access PCC's portal. Whilst ex employees access rights are normally removed from PCC's main systems there appears to be a breakdown in administrators overseeing web-based systems being advised when staff leave the organisation.</p> <p>A further piece of work has now commenced to establish whether this issue is widespread and to ensure that controls are strengthened to avoid future issues of this type.</p>

Audit Title	Water City Festival
Scope	Internal Audit was asked to review the governance arrangements in place within the Operations Directorate for the procurement and payment of special events, in particular the delivery of the Peterborough City Water Festival.
Findings	The cost for the delivery of the event was expected to be in the region of £15,000, excluding sundry costs, and would be borne within the city events budget. Due to the unique nature of the event – there was no other provider – contract regulations stipulate that an exemption report would be required as there would be no competition / quotation received. While the event was known for sometime, there were numerous delays in producing this exemption report. In addition, there was also a lack of information relating to the supplier. This then hindered the payment process.
Conclusions	<p>Poor governance arrangements have been in place for organising and managing the event and while there are appropriate processes in place across the Council these have not been followed to ensure transparency of decisions etc.</p> <p>A number of recommendations have been made in the report and a consideration should be given as to whether or not disciplinary action should be initiated.</p>

Actions in relation to this audit have been agreed and progress is being made to resolve satisfactorily.

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AUDIT COMMITTEE	AGENDA ITEM No. 9
5 NOVEMBER 2012	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton, Portfolio Holder for Resources	
Contact Officer(s):	John Harrison, Executive Director Strategic Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452520 Tel. 384564

USE OF CONSULTANTS – UPDATE REPORT

RECOMMENDATIONS	
FROM : Executive Director Strategic Resources	Deadline date : N/A
1. That Audit Committee consider the update report on the use of Consultants	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following the Sustainable Growth Scrutiny Committee review into Peterborough City Council's use of consultants, the subsequent endorsement of their recommendations by Cabinet, and the agreement of Audit Committee to undertake an on-going monitoring role.

2. PURPOSE AND REASON FOR REPORT

- 2.1 Sustainable Growth Scrutiny Committee recommended that the on-going monitoring role at Member level is undertaken by Audit Committee. Audit Committee considered their approach to this role at their meeting of 26 March 2012. This report is in line with the approach agreed, and is in accordance with the Committees' Terms of Reference:

- 2.2.13 To review any issue referred to it by the Chief Executive or a Director, or any Council body; and
- 2.2.17 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. REVIEW OF THE USE OF CONSULTANTS

- 4.1 In March 2010, the Sustainable Growth Scrutiny Committee requested a review into Peterborough City Council's use of consultants. A cross-party review group was established to undertake this work on behalf of the Sustainable Growth Scrutiny Committee.

- 4.2 The scope of the review focused on the following objectives:

- To examine the cost of consultants and whether that provides value for money;
- To review the processes for engaging and monitoring the work of consultants;
- To look at the relationship between consultants and staff of the Council; and
- To examine the likely future use of consultants by the Council.

- 4.3 The report from the Consultancy Review Group was issued in March 2011 and contained thirty three recommendations: twenty seven of these recommendations were endorsed by Cabinet in June 2011. In broad terms, the recommendations related to policy and process changes. It was agreed that many of recommendations regarding good practice should be incorporated into a policy guiding the use of consultants and interims.
- 4.4 Progress in implementing the recommendations, including a draft of the policy, was considered by Sustainable Growth Scrutiny Committee at their meeting on 8 November 2011. The Committee made a number of comments regarding the draft policy, and requested that an updated draft was brought back to their meeting of 6 March 2012 for consideration. Following this the Policy was approved by Cabinet on 26 March.
- 4.5 The policy has been rolled out across the Council, and reference included in all guidance on procuring consultants. The recent training on contract regulations has included update training on the policy.
- 4.6 Scrutiny also recommended that on-going monitoring of the use of consultants should fall to Audit Committee. Audit Committee considered an update report on 26 March, including this role. The following was agreed:

The Committee agreed the adoption of their role in monitoring the arrangements for the use of consultants at Peterborough City Council;

It was agreed that the Head of Corporate Services would:

- *Produce a six monthly report to Audit Committee on the use of consultants by Peterborough City Council; and*
- *Would include detail on which departments had used consultants.*

- 4.7 It was also requested that information relating to the types of projects were included. Members also suggested that a template on reporting the use of consultants should be developed without the need to conduct a full review each time to Audit Committee. The remainder of this report provides the updates as requested.

4.8 **Use of consultants**

The definition of consultancy is based upon standard procurement classification. As such it covers a wide range of companies and services. Expenditure is included here if the company meets the standard classification, irrespective of exactly what services have been provided.

- 4.9 The spend for the last three years for both consultancy and interim spend is shown below, outlining a decline over those three years, and a continuing decline in this year.

	Consultancy £m	Interim £m	Total £m
2009-10	7.1	1.4	8.5
2010-11	5.3	1.1	6.4
2011-12	4.7	0.7	5.4
2012-13 (6 month period to end September 2012)	1.4	0.5	1.9

- 4.10 It should be noted that the exact pattern of spend depends entirely on what projects are underway in the council.
- 4.11 A list of companies used in the last year is included in appendix 1, indicating the breadth of these companies and services that are included in the standard classification and in the analysis in this report.

5. CONSULTATION

- 5.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012.

6 ANTICIPATED OUTCOMES

- 6.1 That Audit Committee consider the update report on the use of consultants.

7 REASONS FOR RECOMMENDATIONS

- 7.1 The recommendations are in line with the recommendations of Scrutiny, and the view of Audit Committee in undertaking this role.

8 ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012.

9 IMPLICATIONS

- 9.1 Where appropriate, the policy outlines implications for areas such as Legal, Human Resources, Procurement and Finance.
- 9.2 This report does not have implications for specific wards.

10 BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- Consultancy Review Report, March 2011;
- Report to Sustainable Growth Scrutiny Committee, 8th November 2011;
- Report to Sustainable Growth Scrutiny Committee, 6th March 2012; and
- Reports to Cabinet and Audit Committee 26th March 2012.

11 APPENDICES

- Appendix 1 - list of companies used in the last year; and
- Appendix 2 - Spend by department and example projects.

List of companies used in the last year

A G L Consulting
AMTEC Consulting Plc
Andrew Belson Arboricultural Con.
Anglia Support Partnership
Ann Goldsmith Ltd
Athene Communications
Barker Storey Matthews
Blue Blanket Ltd
Brown, Kamni
Building Research Establish. Ltd
Capita Business Services Ltd
CB Richard Ellis
CEN Services Ltd
Centre for Sustainable Engineering
Civica UK Limited
Copping, Mr Fernley
Don Latham Associates
Donoyou, Mr Richard
Drivers Jonas Deloitte
ES4S Ltd
Experian Ltd
G V A Grimley
Gilgar, Mr Eamonn
Governetz Ltd
Grey Laughton Associates
Halcrow Group Ltd
Headstuff Ltd
Hyder Consulting (UK) Ltd
Innovative Solutions
Jane Held Consulting Ltd
Jardine Lloyd Thompson
Jones, Miss Linda
Northgate Information Solutions
Ntrinsic Consulting Europe Ltd
Peter Brett Associates
Randstad CPE
Reilly, Mr Gerald
Richardson
Rider Levett Bucknall UK Ltd
Robert J Davis Associates
Sanham Agricultural Planning Ltd
Terrier Management Services
The Carbon Trust

Spend by department and example projects

This table breaks down the consultancy spend for 2011-12 outlined in section 4.7 by department, and provides examples of projects undertaken in those departments.

Department	spend	Examples Projects undertaken
Chief Executives	£580,773	<ul style="list-style-type: none"> • Growth projects including: <ul style="list-style-type: none"> ○ Station quarter ○ Southbank, including community stadium ○ Bretton • Running eco-innovation centre • Electoral review • Support for Greater Peterborough Partnership
Children's Services	£667,638	<ul style="list-style-type: none"> • Secondary schools development technical advice (Nene Park, Stanground, City of Peterborough and Ormiston Bushfield) • Procurement support • Improvement Board • Home Education work
Adult Social Care	£263,759	<ul style="list-style-type: none"> • Adult social care transition programme
Operations	£223,385	<ul style="list-style-type: none"> • Street lighting energy efficiency • Census project • Planning advice – POIS • Surface water management plan
Strategic Resources	£2,915,960	<ul style="list-style-type: none"> • Waste 2020 programme, including: <ul style="list-style-type: none"> ○ final elements of transfer of city services to Enterprise ○ Energy from Waste project • Manor Drive project – establishment of Strategic Partnership with Serco • Central Funding Unit (income generating) • Bedford Borough Council project (income generating) • Head of Business Transformation • ICT support
Total	£4,651,515	

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AUDIT COMMITTEE	AGENDA ITEM No.10
5 NOVEMBER 2012	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

FEEDBACK REPORT

1. ORIGIN OF REPORT

This is a standard report to Audit Committee which forms part of its agreed work programme.

2. PURPOSE AND REASON FOR REPORT

This standard report provides feedback on items considered or questions asked at previous meetings of the Committee. It also provides an update on any specific matters which are of interest to the Committee or where Committee have asked to be kept informed of progress.

3. APPENDICES

Appendix 1 - Feedback Responses

AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2012 - APRIL 2013

DATE ISSUE RAISED	AGENDA ITEM / ACTION ARISING	OFFICER RESPONSIBLE	ACTION TAKEN	SIGN OFF DATE
24 September	<p>Agenda Item 4: Audit of Statement of Accounts</p> <p>As part of PwC's external audit plan for 2012/2013, PwC would discuss with officers and the Audit Committee, an appropriate scope of work to review the governance arrangements with respect to elements of the allocation of expenditure within the Council's budget policy framework.</p>	Steven Pilsworth PwC	This will be included in the Plan for next year.	
24 September	<p>Agenda Item 5: Regulation of Investigatory Powers Act</p> <ul style="list-style-type: none"> • Provide clearer explanations within the report to Committee, over the different types of RIPA investigations used; and • Request a briefing note from Operations regarding the current monitoring underway across the City to identify potential test purchasing and fly tipping offences. 	Ben Stevenson	Separate briefing notes have been emailed to Members on 19 October 2012.	

AUDIT COMMITTEE	AGENDA ITEM No.11
5 NOVEMBER 2012	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

WORK PROGRAMME 2012 / 2013

1. ORIGIN OF REPORT

This is a standard report to Audit Committee which forms part of its agreed work programme. This standard report provides details of the proposed Work Programme for the Municipal Year 2012 / 2013 together any training needs identified.

2. UPDATE

Work Programme

The Work Programme (**Appendix 1**) is based on previous years meeting dates / agendas. The programme will be refreshed in consultation with senior officers and the Committee membership throughout the year.

Training

An overview of the works channelled through the Audit Committee will be provided alongside this agenda.

Further training will be provided subject to the needs of the committee, either before the meeting or at separate sessions.

3. APPENDICES

Appendix 1 - WORK PROGRAMME FOR 2012 / 2013

WORK PROGRAMME FOR 2012 / 2013

Date	Work Programme	Key Officer
7 June 2012	Agenda items: Information Governance: Data Incident Policy Audit Committee Handbook Training: Overview of the Final Accounts process	Louise Tyers Steve Crabtree Steven Pilsworth
25 June 2012	Agenda Items: Fraud: Annual Report 2011 / 2012 Internal Audit: Review of Effectiveness Internal Audit: Annual Report 2011 / 2012 Draft Annual Governance Statement Budget Monitoring Report Outturn 2011 / 2012 Statement of Accounts 2011 / 2012 Training: None identified	Ben Stevenson Steve Crabtree Steve Crabtree Steve Crabtree Steven Pilsworth Steven Pilsworth
3 Sept 2012	MEETING CANCELLED	
24 Sept 2012	Agenda Items: Audit of Statement of Accounts and Report to Those Charged with Governance Regulation of Investigatory Powers Act (RIPA): Annual Report and Progress to 30 June 2012 Progress / Update Report Training: None identified	Steven Pilsworth / PwC Ben Stevenson
5 Nov 2012	Agenda Items: Strategic Risk Management (deferred from 3 Sept 2012) RIPA: Progress Report to 30 September 2012 Member Code of Conduct Treasury Management Update Internal Audit: Mid-Year Progress Report Use of Consultants: Progress Report Training: To be determined	Kevin Dawson Ben Stevenson Kim Sawyer Steven Pilsworth Steve Crabtree Steven Pilsworth
4 Feb 2013	Agenda Items: Risk Management: Strategic Risks External Audit: Annual Audit Letter External Audit: Report to Management External Audit: Grant Claims Annual Certification Effectiveness of the Audit Committee Feedback Report Training: To be determined	Kevin Dawson PwC PwC PwC Steve Crabtree

Date	Work Programme	Key Officer
25 Mar 2013	Agenda Items: RIPA: Progress Report to 31 December 2012 Internal Audit: Strategy and Audit Plan 2013 / 2014 External Audit: Audit Plan Draft Annual Audit Committee Report Feedback Report Training: To be determined	Ben Stevenson Steve Crabtree PwC Steve Crabtree

Each meeting may be supplemented by additional reports deemed appropriate for the Committee, and in accordance with the Terms of Reference. This could relate to:

- Specific work requests for Internal Audit or External Audit;
- Changes made to Financial Regulations or Contract Regulations; or
- Other governance or legislation which impacts on the work of the Committee.

The Work Programme will be refreshed at each meeting.

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