

AUDIT COMMITTEE

MONDAY 4 NOVEMBER 2013

7.00 PM

Bourges/Viersen 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 for Absence	
2. Declarations of Interest	
<p>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 Head of Legal Services.</p> <p>Members must also declare if they are subject to their party group whip in relation to any items under consideration.</p>	
3. Minutes of the Meeting Held on 23 September 2013	3 - 10
4. Internal Audit: Mid Year Progress Report	11 - 28
<p>To receive an update on progress against the Annual Audit Plan together with details of any concerns</p>	
5. Treasury Management	29 - 38
<p>To receive an update on the policy and effectiveness of treasury management</p>	
6. Use of Consultants	39 - 44
<p>To receive an update on the Use of Consultants across the organisation</p>	
7. Regulation of Investigatory Powers Act (2000): Quarterly Report 2	45 - 46
<p>To receive an update of RIPA during the 3 months to 30 September 2013</p>	
8. Feedback Report	47 - 50



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 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, M Lee, J Knowles,
M Fletcher, S Lane 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

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MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL, PETERBOROUGH ON 23 SEPTEMBER 2013

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

Also in

Attendance: Councillor Seaton, Cabinet Member for Resources

Officers in

Attendance: Steven Pilsworth, Head of Strategic Finance
John Harrison, Executive Director Strategic Resources
Kim Sawyer, Head of Legal Services
Kevin Dawson, Resilience Services Manager
Ben Stevenson, Compliance Manager
Kirsty Nutton, Financial Services Manager - Corporate Accounting
Karen S Dunleavy, Governance Officer

Also in

Attendance: Chris Hughes – PricewaterhouseCoopers
Jacqui Dudley – PricewaterhouseCoopers

1. Apologies

Apologies for absence were received from Councillor Sandford.

2. Declarations of Interest

There were no declarations of interest or whipping declarations.

3. Minutes of the Previous Meeting

3.1 Minutes of the Meeting Held on 6 June 2013

The minutes of the meeting held on 6 June 2013, were approved as an accurate and true record.

3.2 Minutes of the Meeting Held on 24 June 2013

The minutes of the meeting held on 24 June 2013, were approved as an accurate and true record.

It was agreed that item 9 would be discussed next

4. Risk Management: Strategic Risks

The Resilience Service Manager introduced a report on Risk Management (RM) and Business Continuity (BC), which had recently been approved by Corporate Management

Team (CMT). In addition, Members were advised that there had been a number of new diagrams included within the Risk Management Policy.

The key points within the report included:

- Completion of operational risk profile;
- Continuation of review and revision of Service and Corporate BC plans;
- Quarterly review of Strategic (corporate) risk register by CMT;
- Coordination of Strategic and Departmental risk registers;
- Regular risk “conversations” within and between services at all levels;
- Updates on Insite, web and E-Learning;
- Strategic issues e.g. introducing and embedding RM/BC into procurement processes, induction briefings and business plans; and
- Delivery of training aimed at ensuring Members understand the risk management process and expectations upon Officers.

The Resilience Services Manager, Head of Legal Services and Head of Strategic Finance responded to comments, concerns and questions raised by Members. In summary the comments and responses included:

- The completion of the Adult Social Care and Strategic Resources risk registers were expected shortly. In particular, the Strategic Resources register had awaited minor updates to the existing version;
- Cabinet would receive regular risk reports and any feedback recorded through the Audit Committee minutes;
- A training session would be held each year for all Members at the All Party Policy meetings regarding the Risk Registers and Business Continuity;
- There was a management mechanism in place in order for Cabinet Members to be kept informed and assess risks within their portfolio area, which was intended to aide them in building an appetite towards identifying risks;
- The Council would hold the statutory responsibility to ensure that landscape maintenance was carried out by the appointed contractors, in addition the Council would hold the responsibility if a member of public was to become injured as a result of poor landscape maintenance;
- At this point Councillor Fletcher wished for it to be noted that due to the many briars that were being left to grow to 9ft in height and across public footpaths in South Bretton, he felt that there may be a risk to the public of injury in the future if the maintenance was not carried out to an acceptable level;
- The Cabinet Member for Resources advised Members that it would be appropriate to raise concerns regarding contract issues at the Sustainable Growth Scrutiny Committee meetings that held a specific agenda item on contracts and that requests should be initiated through the Member’s Group Representative;
- The Cabinet Member for Resources also advised Members that they should receive a feedback report following any issues they had identified during their ward walks with the Enterprise Contract Officers;
- Consideration could be given in the future to provide a joined up, robust customer focussed approach in terms of dealing with grounds maintenance, providing responses to residents and conducting exercises such as tree surveys, however, the options were limited due to Officer resources;
- Councillor Lee raised a point of information in that there were two managers who inspected the work of Enterprise complaints and issues. It was also advised that their manager was the Head Of Strategic Client Services;
- The Cabinet Member for Resources advised Members that there was a fine balance in identifying the higher corporate risk priorities for the Council;
- There was a Senior Management restructure underway and it had been intended that after that process a table top exercise, to test contingency scenarios based on the

Council's ability to deliver services should Council buildings become unavailable, would be conducted by the Resilience Service;

- It was intended that CMT would undertake the necessary training in order to prepare them in dealing with any risk that may arise from the loss of Council offices;
- Departmental Strategic Registers would need to follow a standard format in order to embed a project;
- Councillor Knowles expressed that the quality of life aspect of risks should not be lost in risk assessing;
- All information technology servers were in the process of being externally backed up by a company called Sunguard. This provision was intended to maintain corporate information. The arrangement of Officers working from home had never been a substitute in providing Council services in an office base, as there was a balance to be realised. However, many Councils would see working from home becoming a normal arrangement;
- Comments and suggested improvements arising from a previous Audit Committee meeting had been fed into the Business Continuity Policy and Risk Management Strategy and it had been agreed to report the Council's position back to Audit Committee on a quarterly basis; and
- The Risk Management Strategy had also been assessed by an external organisation to ensure that it had complied with the national standards.

ACTION AGREED:

The Committee

1. Considered and noted the content of the report.

The Committee also agreed that:

1. The Head of Legal Services would liaise with the Enterprise contract manager over the concerns raised by Audit Committee regarding the potential risks highlighted over the lack of provision of maintenance/groundworks in bio- diverse areas across the city, which may cause injury to members of the public should the issue be left unresolved;
2. The Project Management Team, demonstrate an example of how managers would apply their logic in utilising the risk matrix within the Risk Management Policy when entering a new project onto the Verto system. The example was to be demonstrated at the Verto training, which was due to be held on 28 October 2013, for Members of the Audit Committee; and
3. The Resilience Services Manager would report back to CMT, Audit Committee's comments regarding whether Cabinet Members would be informed of links between the Risk Management Policy and how Cabinet could gain an appetite in becoming fully informed of current risks.

The Committee also recommended that:

1. The Resilience Services Manager would provide a report to Audit Committee outlining how Cabinet Members set the overall risk appetite for the Council and monitor the performance of management in mitigating strategic risks across all departments.

5. The Invest to Save Scheme

The Head of Legal Services introduced a report regarding projects that were funded through the Invest to Save Scheme and the principles followed in terms of allocating the funding. The Committee was also advised that there were numerous budget setting rules that the

Council had to follow which had included the Council's ability to do anything under the General Power of Competence.

The following key points within the report included:

- Establishment of the scheme;
- Allocation of monies to projects under the Invest to Save Scheme - policy and process; and
- Allocation of monies to projects under the Invest to Save Scheme - authority and legality

The Head of Legal Services and Head of Strategic Finance responded to comments and questions raised by Members. In summary the responses included:

- Renewable energy schemes were funded by a specific budget;
- There had been some funding in the past that had supported the installation of solar panels on schools;
- Each budget monitoring report for Cabinet included an update on Invest to Save Schemes, including the Cabinet meeting that morning;
- The Cabinet Member for Resources advised the Committee that the hospital had been consulted over the installation of solar panels, however the Council was advised that the roof was unsuitable for such a scheme;
- The Council's budget setting had been governed by financial procedure rules for projects that required a higher level of expenditure. The Invest to Save Scheme was permitted as long as the Council followed guidance and the appropriate approval levels set to ensure that lawful processes were in place;
- Both capital and revenue project expenditure would qualify for the Invest to Save Scheme. Both types of expenditure would be agreed following the same financial procedures for Invest to Save;
- The timescales in which to realise the return from Invest to Save projects would be assessed on a case by case basis; and
- The Cabinet Member for Resources confirmed that there was an ongoing legal dispute regarding the operation of the use of solar panels installed on the Freemans building and feedback would be provided in due course.

ACTION AGREED:

The Committee:

- Reviewed the update provided in respect of the Invest to Save Scheme's decision making process; and
- Considered guidance on the Council's authority to allocate money to projects such as the Invest to Save Scheme.

The Committee also agreed that:

The Head of Strategic Finance would provide Audit Committee with the details of the recent report submitted to Cabinet, and further information on the projects relating to solar panels.

6. Revised Contract Rules

The Head of Legal Services introduced a report to the Committee on the revised Contract Rules. Members were also informed that the existing Contract Regulations set out under Part 4, Section 11 of the Constitution were last reviewed in 2007 and needed to be replaced. There had also been some developments around procurement law, changes in the way the

Council had contracted with and through strategic partners and suggestions made by Officers to improve service delivery. The Committee were informed that Legal Services revised the Contract Rules to improve Council processes for its purchasing, so that procurement was more efficient and effective. Furthermore, to assist the Council to meet the current challenges and its corporate priorities.

The Head of Legal Services and Head of Strategic Finance responded to comments and questions raised by Members. In summary responses included:

- The decision making powers and financial limits had not changed within the revised Contract Rules. The revision was intended to explain the rules in an easier way for Officers to follow;
- Researching the market for framework agreements to provide a specific service should involve the procurer identifying the best level of framework required. There was a question for the Council over whether it wanted to use frameworks and that would be covered by the overarching Procurement Strategy;
- A nine month procurement process would take up time and involve substantial costs involving a team of Officers, whereas a framework solution would take considerably less time and costs, as the procurement function had already been conducted (usually at nil cost to the Council);
- The Council utilised framework agreements that were free and not sold to them;
- There were procurement costs that would be built into the framework bid, however, the difference was that the company offering the frameworks would attract more than one client, meaning that the procurement costs would be shared;
- There were elements of competition within framework offers and generally further discounts would be sought by the Council;
- The 'Ready Reckoner' within the Contract Rules was not scientific but used to provide Officers with a ball park figure so that the correct procurement procedure should be followed;
- There had been no differential between whether a project was funded by revenue or capital expenditure. The works value contract thresholds would be considerably higher than a service contract; and
- It was a Cabinet matter to decide the Procurement Strategy of the Council as it was an Executive function.

Councillor Lee commented that revised Contract Rules were very easy and clear to understand.

AGREE ACTION:

The Committee

1. Noted the contents of the report relating to the revised Contract Rules; and
2. Recommended that Council should be asked to include the Contract Rules within the Constitution to replace the current Contract Regulations

7. Compliance Team Annual Report 2012 / 2013

The Compliance Manager introduced the Compliance Team Annual report to the Committee, which outlined the fraud and irregularity in accordance with the established Work Programme 2012/2013. The report enabled the Audit Committee to continue to monitor the Council's approach to the areas for fraud dealt with by the Investigations team.

Key points highlighted within the report included:

- The Compliance Team had begun to work with Cross Keys Homes on allegations of social housing fraud and also Blue Badge fraud cases. There had been a high success of prosecutions experienced as a result of the team's work; and
- Work was underway in the Compliance Team to improve electoral integrity.

The Compliance Manger responded to comments and questions raised by Members. In summary the responses included:

- The highest risk benefit fraud cases would receive the team's attention. This was due to limited resources within the team. The team would decide whether an allegation could be malicious; an example would be whether a person had been living at a property where the owner was receiving benefits opposed to whether they had just been sighted there;
- In relation to the six cases of reported corporate fraud, three remained under investigation;
- The Chief Executive would hold the decision making responsibilities over how the Compliance Team were resourced;
- Media was utilised as the best route to publicise what measures were in place and the success stories in combatting benefit fraud; and
- Councillor Harper commented that consideration should be given towards investing funds for staffing levels if the work was aimed towards saving the Council money.

AGREED ACTION:

The Committee:

Received, considered and endorsed the annual report on the investigation of fraud and other issues for the year ending 31 March 2013.

The Committee also agreed:

That the Head of Legal Services would:

1. liaise with internal communications on raising the advertising profile in tackling benefit fraud and the actions that were currently being undertaken by the Council; and
2. provide Audit Committee with information over the budget setting process for staff funding, verses income and savings made as a result of benefit fraud work.

8. Regulation of Investigatory Powers Act (2000): Quarterly Report 1

The Compliance Manager introduced a report on the Regulation of Investigatory Powers Act (2000) quarterly report. The Committee were advised that the Regulation of Investigatory Powers Act 2000 (RIPA) provided a statutory mechanism for authorising covert surveillance and the use of a 'covert human intelligence source' (CHIS).

The current investigation utilising RIPA powers had obtained subscriber details of a mobile phone number which identified the operator concerned and established a link with an unlicensed taxi driver. The files were submitted to the Legal Department for prosecution.

The Compliance Manager responded to comments and questions raised by Members. In summary the responses included:

- In order to utilise the RIPA tool the Compliance Team were required to seek judicial approval; and

- There had been no investigations on fly tipping that had required the use of RIPA, however, the Neighbourhoods Team had continued to carry out their day to day monitoring of fly tipping issues.

AGREED ACTION:

The Committee

Received, considered and endorsed the report on the use of RIPA for the three months from 1 April 2013 to 30 June 2013.

9. Audit of Statement of Accounts To Those Charged with Governance

The Executive Director of Strategic Resources introduced a report on the audit Statement of Accounts to Those Charged with Governance. The Committee was also informed of the changes that had been applied following the external audit, which was conducted by PricewaterhouseCoopers (PwC).

Chris Hughes, External Auditor from PwC presented the report to the Audit Committee and invited Members to provide comments over the content of the report and any risks that PwC had identified.

The following key points within the reports included:

- Executive summary;
- Audit Approach;
- Significant audit and accounting matters;
- Internal Controls;
- Risk of Fraud;
- Fees update;
- Management representation letter; and
- Statement of Accounts 2012/13.

The External Auditor, PwC and the Executive Director of Strategic Resources responded to comments and questions raised by Members. In summary the responses included:

- There would not be a significant material difference between the account figures of PwC and PCC valuers, however, it would be more advantageous for both parties to agree the same methodology going forward. PCC had demonstrated sufficient evidence in how it had arrived at their account figures; and
- The Audit Committee handbook had outlined Members' responsibility of assessment of whether there were enough systems in place to minimise the risk of fraud to the Council. However, more support would be provided going forward to Committee Members in identifying fraud.

The Committee

1. Received and approved the "Report to those charged with governance (ISA260) 2012/13 Audit" from PricewaterhouseCoopers (PwC), the Council's external auditors; and
2. Received and approved the audited Statement of Accounts 2012/13

10. Feedback Report

The Head of Strategic Finance provided an update to the Committee on the action points that had arisen from the Audit Committee meeting held on 24 June 2013. The verbal updates included:

- There had not been a requirement to disclose the amounts in respect of compromise agreements under £50k, however the total figure paid was included within the statement of accounts;
- The valuation date of agricultural land had been conducted in 2009 and was due for revaluation in 2014, however, the Council would be entitled to request that a valuation was conducted at any time for its own information purposes; and
- The Committee received a memo outlining the position of Westcombe Industries.

11. Work Programme 2013-2014

The Chairman of Audit Committee introduced a report on the latest version of the Work Programme for the municipal year 2013/2014 for consideration and approval. The standard report provided details of the proposed Work Programme for the Municipal Year 2013/2014 together with any training needs identified.

AGREED ACTION:

The Committee noted and approved the 2013/2014 Work Programme.

CHAIRMAN
7.00 - 9.00 pm

AUDIT COMMITTEE	AGENDA ITEM No. 4
4 NOVEMBER 2013	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 2013 / 2014

R E C O M M E N D A T I O N S	
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 2013 be received and the Committee note in particular:	
(a) 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 2013 / 2014 Audit Plan (Audit Committee approval: 27 March 2013).

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 2013 / 2014 as at 30 September 2013.

2.2 The report is for the Committee to consider under its Terms of Reference No. 2.2.1.3 – *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 2013, 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. **There are no reports that currently fall into this category but a number of reports presently in draft with limited or no assurance will be reported next time once they are finalised.**
- 5.2 Initial work throughout the first six months has focused on activities which have been date demand led as well as focussing on risk and the closure of previous years reviews. These have included 7 audit projects involving the verification and certification of grants. This area of work has been found to be particularly time consuming due to regulations and evidence required to demonstrate we meet European funding rules along with numerous changes in staff administering the grants. As much of the work has been specific to the area being reviewed, the Chief Internal Auditor is unable to provide an opinion on the internal control environment across the organisation at this juncture.

6. AUDIT PLAN 2013 / 2014

6.1 Progress against Plan

- 6.2 **Appendix A** shows the Operational Plan that was agreed by the Audit Committee on 27 March 2013. It shows the audits that are due to be performed during 2013/2014 and the status of those audits. It includes audits brought forward from the previous year that have either been finalised during 2013/2014 or the present status of the audit. It also includes audits that were not planned when the Annual Audit Plan was approved.

- 6.4 To date, 14 audit projects for 2013/2014 have been finalised along with 4 audits from 2012/13. There are also 20 audit assignments that are in various stages of completion.

- 6.5 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 two vacant posts are filled mid-year. One audit from the reserve list has 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. The recruitment process is underway and the reserve list will be reviewed once resources are finalised with a view to prioritising review work from this section of the plan. Progress against the main 2013/2014 plan is reasonable and it is anticipated that this part of the plan will be achieved provided there is no change in business need or focus.

6.6 Other Performance Matters

- 6.7 There has been no sickness absence during the 6 months to 30 September 2013, compared to a target of 2.5 days. This figure has continued to improve on the figure of 0.36 days per person at his time last year.

- 6.8 Post audit customer satisfaction questionnaires continue to demonstrate that audit reviews are meeting the needs of the organisation with an average score of 4.5 (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 and, as such, must make provision for Internal Audit in accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards. 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 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. 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)

Internal Audit Annual Plan 2013/2014

13 APPENDICES:

Appendix A Progress of Audit Plan 2013 / 2014 (To 30 September 2013)

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APPENDIX A



**ANNUAL AUDIT OPINION
PROGRESS REPORT 2013 / 2014**

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 2014 / 2014 Internal Audit Plan as at 30 September 2013. 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 27 March 2013;
- 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:

- Head of Internal Audit 0.35 FTE NB. Reduced from 0.5 FTE in July 2013 due to South Cambridgeshire joining the shared service arrangement.
- Group Auditor 1.46 FTE
- Senior Auditor 1.00 FTE
- Auditor 1.00 FTE
- Principal Auditor 0.60 FTE On maternity leave since February 2013
- Vacant posts 2.00 FTE Recruitment to both posts planned for mid-year (1 FTE)

- 2.2 As at 30 September 2013, the recruitment process was underway with interviews due to be held during October. As the Audit Plan was compiled on the basis of recruitment being completed mid-year, there will be a pressure on the delivery of the plan due to time slippage. Delays in recruitment was primarily due to an initial advertisement in August not generating suitable applicants. This resulted in the posts being re-advertised during September. It should be further noted that if two appointments are not made there will be a further pressure on the plan for the remainder of the year. Audits will be risk assessed for priority or removal if this is the case.
- 2.3 During the first six months of the year, it should be noted that:
- A considerable amount of work has been undertaken with regards to both European and UK grant certification. Whilst an audit assurance rating is not provided in accordance with our normal audit reporting activities, assurance is seen to be satisfactory as a result of certifying the grant information. A considerable amount of time has been invested in the process often due to changing requirements from our European lead partners and staff changes locally within the organisation for all grants. Lessons learned meetings continue to be held after each European grant claim exercise with a view to making future claim processes more efficient but currently the time taken to complete the certification process is exceeding the budgeted time within the plan.
 - The Chief Internal Auditor commenced the further expansion of the shared service with South Cambridgeshire joining the arrangement in July. The Chief Internal Auditors time is now shared between three authorities with Peterborough City Council's share of time being approximately 1.5 days per week.
 - Some unplanned work has been requested and undertaken. This is detailed in the table within section 3 of this report.
 - The team continue to provide internal audit services to Vivacity under a service level agreement. Income received is held corporately by the authority.
 - Work has continued to progress on jobs carried forward from 2012/2013 with many having reached the draft stage or completed.
- 2.4 The level of sickness within the team is good with no reported sickness per person to September 2013 compared to 0.36 days per person at the same time last year.
- 2.5 Post audit customer satisfaction questionnaires continue to demonstrate that audit reviews are meeting the needs of the organisation with an average score of 4.5 / 5.00.
- 2.6 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 on-going and training was received during September with a view to going live during the second half of the year. Project management of the process is being undertaken in conjunction with the existing system provider. Cambridge City Council are also planning to review whether they implement the system as part of the shared service arrangement once PCC are operational. Similarly, the Chief Internal Auditor intends to review whether South Cambridgeshire can benefit from the use of an automated solution. It is intended that PCC will act as the host system provider should the other teams look to implement VISION.

3 PROGRESS AGAINST AGREED AUDIT PLAN

Where audits are "shaded", these represent all jobs not started at 30 September 2013.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
CORE SYSTEM ASSURANCE WORK			Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems.					
Housing Benefit	Serco/Strategic Resources							To commence Qtr3
Council Tax	Serco/Strategic Resources							To commence Qtr4
NNDR (Business Rates)	Serco/Strategic Resources							To commence Qtr4
Accounts Payable	Serco/Strategic Resources							To commence Qtr4
Payroll	Serco/Strategic Resources							To commence Qtr3
Teachers Pensions	Childrens Services/Strategic Resources	NFA	NFA	NFA	NFA	NFA	NFA	External Audit reliance work. Changes to review programme has resulted in no work required from Internal Audit – no further action
Purchasing Cards	All							At review stage

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK	To review the design and operation of key systems to assess whether they are fit for purpose and allow the s151 officer to make his statement included in the Annual Accounts, on the reliability of the supporting financial systems. The fundamental systems - those which are critical to the operation of the council - are reviewed over a three year cycle; others will be reviewed periodically dependent on risk.							
Annual Framework and Annual Governance Statement Review	All	N/A	N/A	N/A	N/A	N/A	N/A	Complete. Presented and agreed by Audit Committee on 24 th June 2013
Annual Audit Opinion	All	N/A	N/A	N/A	N/A	N/A	N/A	Complete. Presented to Audit Committee on 24 June 2013
Annual Audit Plan	All							To commence Qtr3
Internal Audit Effectiveness / Audit Committee Effectiveness	All	N/A	N/A	N/A	N/A	N/A	N/A	Complete. Presented to Audit Committee on 24 June 2013
Anti-Fraud Culture	All							NFI Initiative - Nearing completion and on track with Audit Commission deadlines.
Information Governance	All							Liaison and strategic overview as part of the Strategic Governance Board and Information Governance Group On-going

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks							
Information Governance	All							
Adult Social Care – Compliance with new eligibility criteria	Adult Social Care							
Adult Social Care Database	Adult Social Care						At planning stage	
Schools:								
Gladstone Primary School	Childrens Services						In draft	
The Beeches Primary School	Childrens Services						In draft	
Partnership Management	Strategic Resources							
EXTERNAL WORKS	Work which generates income for the council							
Vivacity	N/A	N/A	N/A	N/A	N/A	N/A	4 reviews completed from 2012/13. 4 audits in progress or at planning stage.	

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
GRANT CLAIM CERTIFICATION								
Certification of claims in relation to UK and European funding requirements								
Zero Carbon (ZECOS) - European Funding	Operations	Grant Certified	N/A	N/A	N/A	N/A	N/A	4th grant claim certification complete
Cleantech Incubator Europe (CTIE) – European Funding	Opportunity Peterborough/ Strategic Resources	Grant Certified	N/A	N/A	N/A	N/A	N/A	3 rd grant claim certification complete
Disabled Facilities Grant	Operations	Grant Certified	N/A	N/A	N/A	N/A	N/A	Annual certification complete
DFT – Local Plan Integrated Transport	Operations	Grant Certified	N/A	N/A	N/A	N/A	N/A	Annual certification complete
DFT – Local Transport Plan Highways	Operations	Grant Certified	N/A	N/A	N/A	N/A	N/A	Annual certification complete
GAF	Operations	Grant Certified	N/A	N/A	N/A	N/A	N/A	Annual certification complete
Zero Carbon (ZECOS) - European Funding	Operations							5th grant claim – certification to commence Qtr4
Cleantech Incubator Europe (CTIE) -European Funding	Opp.P'borough / Strategic Resources							4 th grant claim – certification to commence Qtr4
FOLLOW UP REQUEST								
Westcombe: VAT Self Billing Arrangements	Strategic Resources	N/A	N/A	N/A	N/A	N/A	N/A	Memo issued. Previous recommendations implemented.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
OTHER RESOURCE PROVISION								Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks. In addition there will be a number of follow ups of previous audit activities. Finally, a number of jobs will overlap between financial years and require some time to complete.
School A: Primary	Children's Services	No Assurance	2	26	9	1	38	Draft issued. Children's Services are working closely with the school to improve the control environment in relation to procedures and financial management
Direct Payments Follow Up	Adult Social Care	Limited Assurance						In Draft
Travel and Subsistence Follow Up	Strategic Resources							At review stage
Contract Letting - Supplier Selection and Rotation	Strategic Resources	Limited Assurance	0	3	8	2	13	Draft issued. To be revisited now that Contract Rules have been revised and approved.
Conflict of Interest – Alleged irregularity	Adult Social Care							In progress Review of possible conflict of interest between an employee and a contractor.
Contract Management – Alleged irregularity	Adult Social Care							In progress. Investigation into alleged under-delivery of contracted services.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS								
Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.								
CARRY FORWARD ACTIVITIES - 2012/13 cont:								
Translation Services	Children's Services	No Assurance						In draft
Web-based systems Access Controls	Strategic Resources							At review stage
Payroll Overpayment Recovery Process	Strategic Resources	Limited Assurance						In draft

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
UNPLANNED ACTIVITIES	Internal Audit provides control and risk advice to officers/management/members as a result of changing risks. This audit activity covers review work that is additional and was not specified as part of the original audit plan							
Troubled Families Certification	Childrens Services	Grant Certified	N/A	N/A	N/A	N/A	N/A	Completed. Verification to be undertaken annually in the future.
Troubled Families Process review	Childrens Services							A review of processes and procedures to align with future grant claims. Management request. To commence Qtr3
HIV / AIDS Charity Governance Arrangements.	Adult Social Care	NFA	NFA	NFA	NFA	NFA	NFA	Management request. Work commenced and subsequently suspended due the NHS retaining ownership of the account. ASC advised and no further action required.
Westcombe Industry Scrap Waste Stock	Strategic Resources	Significant Assurance	N/A	N/A	N/A	N/A	N/A	Audit Committee Request Complete. Memo issued
Whistleblowing Investigation: Alleged Irregularity	Operations							Initial review of documentation received with a view to appointing an external investigator.
Consultancy Rates	Strategic Resources							Joint exercise with Client Services. Internal Audit to undertake Data analysis. In progress.
Atlas Benefit Changes	Serco/Strategic Resources	N/A	N/A	N/A	N/A	N/A	N/A	Review of process changes and control advice. Memo

RESERVE LIST: SUBJECT TO RECRUITMENT TO VACANT POSTS

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE				COMMENTARY
			Critical	High	Medium	Low	
CORE SYSTEM ASSURANCE WORK	Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems.						
Main Accounting System	Strategic Resources						Review of key controls to incl. feeder system input and reconciliations.
Fixed Asset Accounting	Strategic Resources						To identify controls in operation for the identification of assets, disposal and arrangements for inclusion on the fixed asset register, to include appropriate accounting processes.
Sundry Billing and Debt Recovery	Serco/Strategic Services						Ensure finite resources are appropriately managed.
Budgetary Control	Various						Review of arrangements in place for two areas within the organisation.
STRATEGIC AND OPERATIONAL RISKS	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.						
Partnerships	All						Review of client management arrangements/performance delivery
Project Governance	Children's Services						Provide assurance that projects are managed in accordance with best practice. This will include, where appropriate, post-implementation reviews in order to evaluate whether benefits have been realised

RESERVE LIST: SUBJECT TO RECRUITMENT TO VACANT POSTS (continued)

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.							
Risk Management and Business Continuity	All							Review the effectiveness of processes in place as a result of organisation / responsibility changes.
Fuel Cards	Strategic Resources							Systems based approach considering key risk exposures. Testing to provide assurance that all payments are valid and accurate.
Carbon Management	Operations	NFA	NFA	NFA	NFA	NFA	NFA	Data quality review prior to submission of information regarding carbon reduction commitment and carbon trading return Data review not required therefore no further action.
Contracting (see below)	Various							To review specific aspects of the contracting process across a variety of contracts.
Enterprise Bus Contract								Member request. In progress
Schools	Childrens Services							Review of school processes. 2 additional schools

RESERVE LIST: SUBJECT TO RECRUITMENT TO VACANT POSTS (continued)

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS Cont:	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.							
ICT Projects	Serco / All departments							Review of controls and processes in developing automated systems
Electronic Call System	Adult Social Care							Review of risk management processes in place to align with organisation changes
Re-ablement	Adult Social Care							ASC management request to review processes and controls for reablement outcomes
Public Health	Operations							Review integration of new service area
RAISE	Childrens Services							Review the access arrangements to ensure appropriate data security and conflict of interests managed

AUDIT COMMITTEE	AGENDA ITEM No. 5
4 NOVEMBER 2013	PUBLIC REPORT

Committee Member(s) responsible:	Resources portfolio holder, Cllr Seaton		
Contact Officer(s):	John Harrison, Executive Director Strategic Resources	☎ 452398	
	Steven Pilsworth, Head of Strategic Finance	☎ 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 – 2.2.16 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 long term and current 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 2013/14 Prudential Indicators are shown in Appendix 1. The Council's performance to date and forecast performance are all within the limits set in the MTFs.
- 4.3 The Council has continued to operate a restrictive lending list due to the continued economic uncertainty. Surplus cash is only invested for short periods with Barclays (maximum £5m), Bank of Scotland (part of the Lloyds Banking Group, maximum £5m), other Local Authorities and the Debt Management Office (DMO).
- 4.4 The ratings from all three credit rating agencies for Barclays and the Lloyds Banking Group meet the minimum criteria set out in the Treasury Strategy, per the MTFs. Both banks are used to invest cash on an instant access basis to ensure cash is kept liquid to cover cash flow fluctuations. Daily treasury management practices therefore concentrate on short term cash flow requirements and long term borrowing needs.
- 4.5 The Council has continued to borrow to fund the capital programme. Loans have been arranged at varying interest rates to achieve budget certainty and for varying periods to fit in with the Councils debt maturity profile.

5. CONSULTATION

- 5.1 As 'The Prudential Code and Treasury Management Strategy 2013-2023' 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, Capita Asset Services (note change of name from Sector Treasury Services Ltd in September 2013).

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 2013-2023' 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. APENDICES

Appendix A - Treasury Management Strategy-Prudential Indicators – Forecast Outturn as at 30th September 2013.

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Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at 30th September 2013

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 and forecast outturn for the Prudential Indicators for the financial year 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 by these projects.

The 2013/14 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	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
Capital Expenditure	£155.2m	£39.3m	£154.3m
Invest to Save	£96.8m	£0.5m	£4.1m
Total	£252.0m	£39.8M	£158.4m

The position shows the forecast as at 30th September 2013. The forecast is revised every month. The Council continues to seek opportunities for invest to save schemes. If any new opportunities are identified the forecast outturn will be revised accordingly.

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	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
CFR b/fwd	£318.0m	£316.1m	£316.1m
Borrowing	£105.9m	£15.5m	£102.0m
Invest to Save	£96.8m	£0.5m	£4.1m
Total CFR C/fwd	£520.7m	£332.1m	£422.2m

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.

4	Ratio of net financing costs to net revenue stream	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
	Total Ratio	7.2%	5.6%	6.0%

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 is financed from borrowing. The calculation is based on the interest assumption for borrowing that was included in the capital financing budget for the Medium Term Financial Strategy (MTFS). The revenue costs are divided by the estimated Council Tax base for the year, and performance is shown in the table below.

Incremental impact on capital investment decisions on Council Tax	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
A CFR Budget-Previous MTFS	£19,187k	£17,628k	£17,628k
B CFR Budget-Current	£17,628k	£15,918k	£17,169k
C Incremental change (B-A)	(£1,559k)	(£1,710k)	(£459k)
D Council Tax Base (1,000's)	50.16	50.16	50.16
Total Incremental Impact (C/D)	(£31.09)	(£34.09)	(£9.15)

incremental impact to date is less than the indicator as the Council has taken new short term borrowing (less than 5 years) during the financial year so far. This borrowing has been taken from other Local Authorities which are at rates lower than the Public Works Loan Board (PWLB) rates quoted in the MTFS.

The forecast outturn incremental impact is higher than the indicator due to the revision of PWLB interest rates during the year which are greater than the original MTFS rate assumptions. The increase in rates of PWLB loans available will increase the borrowing costs and hence impact on the revenue budget. The impact of 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 from these schemes.

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

This indicator shows the proportion of the Council's external borrowings (Gross Debt) against the CFR.

Proportion of Gross Debt to the CFR	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
CFR	£521.6m	£332.1m	£422.1m
Gross Debt	£443.9m	£266.9m	£357.0m
% of Gross Debt to CFR	85.1%	80.4%	84.6%

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.

Operational Boundary	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
Borrowing	£653.1m	£224.8m	£314.9m
Other Long Term Liabilities	£39.6m	£42.1m	£42.1m
Total Operational Boundary	£692.7m	£266.9m	£357.0m

The figure for Other Long Term Liabilities has increased by £2.5m since the indicator was set due to new leases added at the 2012/13 year end. This represents the total cost of the assets leased over the full life of those leases.

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.

Authorised Limit	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
Borrowing	£668.8m	£224.8m	£314.9m
Other Long Term Liabilities	£39.6m	£42.1m	£42.1m
Total Authorised Limit	£708.4m	£266.9m	£357.0m

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. The forecast outturn is lower than the indicator as the Council does not anticipate to borrow in advance of need as PWLB rates are not favourable to exercise this option.

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	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
Upper Limit	£174.6m	£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 volatile 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	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
Upper Limit	£698.4m	£224.8m	£314.9m

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 borrowing that the Council has actually taken up to the end of September is £221.9m (shown in the indicator below). This differs from the operational boundary figure of £224.8m (as per previous indicator) due to the timing of cash flow fluctuations. The limits are as follows:

Period	Upper Limit Indicator	Actual Borrowing @30.09.13	Actual Borrowing @30.09.13
Under 12 months*	40%	17%	£37.5m
1 – 2 years	40%	11%	£24.0m
2 – 5 years	80%	11%	£24.0m
5 – 10 years	80%	3%	£7.1m
Over 10 years	100%	58%	£129.3m
Total Borrowing			£221.9m

*The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 30-40 years time, they are classed as loans repayable within the financial year due to LOBO's having a call date every 6 months.

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.

	2013/14 Indicator	2013/14 Actual @30.09.13	2013/14 Forecast Outturn
Principal sums invested >364 days	£5.0m	£0.0m	£0.0m

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.

The indicator was set at £5m to allow for the accounting treatment of the Local Authority Mortgage Scheme (LAMS). At present the Council has £2m deposited in the LAMS scheme with Lloyds TSB and this is treated as capital expenditure, as a loan to a third party, (see section 3.5 of the Treasury Management Strategy). The Council's external auditors highlighted in their recent Statement of Accounts report that there is a debate about the accounting treatment for LAMS. Whilst the Council is confident of its accounting treatment as a capital loan, if the accounting treatment changed for this deposit for to be classed as an investment then this indicator would cover this investment.

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AUDIT COMMITTEE	AGENDA ITEM No. 6
4 NOVEMBER 2013	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, and received subsequent updates at their meetings of 5th November 2012 and 4th February 2013. This report is in line with the approach agreed, and is in accordance with the Committees' Terms of Reference:

- 2.2.1.12 To review any issue referred to it by the Chief Executive or a Director, or any Council body; and
- 2.2.1.16.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 report from the Consultancy Review Group was issued in March 2011. 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 Strategic Finance 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.*

4.3 The first six monthly report, outlining the information requested, was discussed at the meeting of 5th November 2012. A further update was considered at the meeting of 4th February 2013. This report continues this regular reporting to Audit Committee

4.4 **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.

4.5 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	3.5	0.8	4.3
2013-14 (6 month period to end September 2013)	1.6	0.7	2.3

4.6 It should be noted that the exact pattern of spend depends entirely on what projects are underway in the council.

4.7 A list of companies used in the current financial 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. Subsequent discussions at the meetings referred to have refined the information they wish to monitor.

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.
- Report to Audit Committee of 5th November 2012
- Report to Audit Committee of 4th February 2013
-

11 APPENDICES

- Appendix 1 - list of companies used in the last year with project breakdown; and
- Appendix 2 - Spend by department
- Appendix 3 – consultants/interims in place for more than one year.

List of companies used this year, with project descriptions

This table lists all companies used in the current financial year, along with a description of the projects supported, and a breakdown of consultancy and interim spend.

Supplier Name	Project Description	Consultancy	Interim
AECOM Ltd	To carry out feasibility studies on the wind and solar project	306,084	
Association of Electoral Administrators	Consultancy services - Electoral Review	13,304	
BDP (Building Design Partnership)	Option Study for re-use of the non-civic areas of the Town Hall	19,750	
Jane Held Consulting Ltd	Consultancy to chair the improvement board	1,943	
Kealey-HR	HR Arrangements until 31 December 2013 - provision of HR Director and Head of HR		53,500
P McCourt Services Limited	To assist with Monitoring Officer functions and provide senior legal assistance	8,400	
Rider Levett Bucknall UK Ltd	Rider Levett Bucknall to provide technical advisor and project manager services for the schools capital programme	106,282	
Serco Ltd	Adult Social Care Procurement Support	1,083,364	625,730
	Adult Social Care Transformation Programme		
	Agency Social Workers		
	Childrens Services Procurement Support		
	Community Stadium		
	Consultancy time to deliver the central utility data project		
	Fletton Quays		
	ICT Managed Service		
	Interim Manager Head of Inclusion		
	Interim Manager LD Commissioning		
	Superfast Broadband project		
	Waste 2020 Programme		
	Westcombe Industries Interim Management		
	work on the Single Delivery Plan		
TMI Systems Ltd	Contract for ICT Client and Project Management	1,260	
URS Scott Wilson Ltd	Junction 17-2 Improvement Scheme. Design, surveys reports to be undertaken by URS	79,298	
Veredus	Director of Adult Social Services		37,448
Grand Total		1,619,685	716,677

Spend by department

This table breaks down the consultancy and interim spend for 2013-14 outlined in section 4.5 by department:

	Consultancy	Interim	Total
Chief Executives	425,316	141,936	567,251
Childrens Services	405,220	110,604	515,824
Adult Social Care	64,963	414,410	479,373
Operations	142,312	0	142,312
Strategic Resources	581,875	49,728	631,602
Total	1,619,685	716,677	2,336,362

Consultants/Interims utilised for more than a year as at end of January 2013

The following appendix lists roles that were being utilised at the end of September 2013, and were being utilised in some form 12 months earlier. Note that not all individuals will have been employed continuously in that period, some will have worked for ad hoc periods as necessary, and/or operate on a part time basis.

- Interim Head of HR
- Interim Head of Finance (Adult social Care)
- Interim MD Westcombe industries
- ICT and information governance (*2)
- Growth agenda Projects, including station quarter, Fletton Quays, Financial products (*3)

AUDIT COMMITTEE	AGENDA ITEM No. 7
4 NOVEMBER 2013	PUBLIC REPORT

Cabinet Member responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	Kim Sawyer, Head of Legal Services Ben Stevenson, Compliance Manager (Governance)	☎ 452 361 ☎ 452 387

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) QUARTERLY REPORT FOR 1ST JULY 2013 TO 30TH SEPTEMBER 2013

RECOMMENDATIONS	
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 st July 2013 to 30 th September 2013.	

1. ORIGIN OF REPORT

- 1.1 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 2013 / 2014.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide an overview of the Council's use of RIPA powers in the three months from 1st July 2013 to 30th September 2013. This report is to be considered in accordance with its Terms of Reference 2.2.14 - *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. The Council will continue to fully investigate matters such as fly tipping with RIPA applications only made where necessary.
- 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 2013.

4. CONSULTATION

4.1 Consultation has taken place between the following parties:

- Head of Legal Services;
- Executive Director of Operations (as the Senior Officer with oversight for RIPA); and
- Chief Internal Auditor

5. ANTICIPATED OUTCOMES

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

6. REASONS FOR RECOMMENDATIONS

6.1 There are no recommendations contained within this report.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 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

8.1 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.8
4 NOVEMBER 2013	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 A - Feedback Responses

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AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2013 - APRIL 2014

DATE ISSUE RAISED	AGENDA ITEM / ACTION ARISING	OFFICER RESPONSIBLE	ACTION TAKEN	SIGN OFF DATE
23/9/13	Liaise with the Enterprise contract manager over the concerns raised by Audit Committee regarding the potential risks highlighted over the lack of provision of maintenance/groundwork's in bio diverse areas across the city, which may cause injury to members of the public should the issue become left unresolved.	Kim Sawyer	Email sent to Ricky Fuller on the 24th of September.	3 October 2013
23/9/13	Demonstrate an example of how managers would apply their logic in utilising the risk matrix within the Risk Management Policy when entering a new project onto the Verto system. The example was to be demonstrated at the Verto training, which was due to be held on 28 October 2013, for Members of the Audit Committee.	Project Team/Mark Borner	Mark Borner will demonstrate the process used for assessing and highlighting project risks when completing a Verto business case at the training due to be held on 28 October 2013.	24 October 2013
23/9/13	Report back to CMT Audit Committee's comments regarding whether Cabinet Members would be informed of links between the Risk Management Policy and how Cabinet could gain an appetite in becoming fully informed of current the risks. Recommendation for a report to be received by Audit Committee over how Cabinet Members set the overall risk appetite for the Council and monitor the performance of management in mitigating strategic risks across all departments.	Kevin Dawson Kevin Seaton Kevin Dawson/Councillor	Clear guidelines have been included in the Risk Management Policy document regarding involvement of all parties involved in the process. Resilience Manager to deliver Risk Awareness training to CMT and Cabinet Policy Forum members on 26 November 2013.	26 September 2013 1 October 2013

	To provide Audit Committee with the details of the recent report submitted to Cabinet, and further information on the projects relating to solar panels.	Steven Pilsworth	Report to be provided to Audit Committee Members prior to the meeting due to be held on 4 November 2013.	25 October 2013
	To liaise with internal communications over raising the advertising profile in tackling benefit fraud and the actions that were currently being undertaken by the Council.	Kim Sawyer	Feedback to be provided at the next meeting of Audit Committee	23 October 2013
23/9/13	Recommendation for the Audit Committee to receive information over the budget setting process for staff funding, verses income and savings made as a result of benefit fraud work.	Kim Sawyer	Feedback to be provided at the next meeting of Audit Committee	23 October 2013

AUDIT COMMITTEE	AGENDA ITEM No. 9
4 NOVEMBER 2013	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 Karen Dunleavy, Governance Officer	☎ 384 557 ☎ 452 233

WORK PROGRAMME

1. ORIGIN OF REPORT

1.1 This is a standard report to Audit Committee which forms part of its agreed work programme. This standard report provides details of the:

- Work Programme for 2013 / 2014.

2. UPDATE

2.1 Work Programme 2013 / 2014

The Work Programme is based on previous years agendas. The programme has been refreshed throughout the year in consultation with senior officers and the Committee membership to ensure that it remains relevant and up to date. In addition, any delays in reporting issues are recorded so that they do not drop off the committee agenda.

3. APPENDICES

3.1 Appendix A – Work Programme 2013/14

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WORK PROGRAMME 2013/14

Training for Members on specific aspects of the Audit Committee agenda items are available through the year and will be arranged on request and will take place on separate day to that of the Committee meeting.

DATE: 6 JUNE 2013			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 27 March 2013	Democratic Services Karen Dunleavy	
* NEW *	Outcome of Standards Complaints under the previous regime (pre July 2012)		
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2013 / 2014	Democratic Services Karen Dunleavy	

WORK PROGRAMME 2013/14

Training for Members on specific aspects of the Audit Committee agenda items are available through the year and will be arranged on request and will take place on separate day to that of the Committee meeting.

DATE: 24 JUNE 2013			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 6 June 2013	Democratic Services Karen Dunleavy	
	Internal Audit: HoIA Opinion 2012 / 2013	Internal Audit Steve Crabtree	To receive, consider and endorse the annual report on Internal Audit activities for the year ended 31 March 2013
	Internal Audit: Review of Effectiveness	Internal Audit Steve Crabtree	To receive, consider and endorse the annual review of the effectiveness of Internal Audit for the year ended 31 March 2013 together with any associated action plan
	Draft Annual Governance Statement	Internal Audit Steve Crabtree	To receive, consider and endorse the draft Annual Governance Statement for the year ended 31 March 2013
	Budget Monitoring Report Final Outturn 2012 / 2013 and the Draft Statement of Accounts	Finance Steven Pilsworth	To receive, consider and endorse the final outturn position for the year ended 31 March 2013 and the draft Statement of Accounts
* NEW *	Invest To Save Update	Finance Steven Pilsworth	Following a Member request to External Audit to review the Invest to Save scheme, PwC will provide an update on their works
	Other Governance Reports	Governance Diane Baker	Subject to new policies needing approval
	Member Reports	Governance Diane Baker	Dependent on updates
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2013 / 2014	Democratic Services Karen Dunleavy	

WORK PROGRAMME 2013/14

Training for Members on specific aspects of the Audit Committee agenda items are available through the year and will be arranged on request and will take place on separate day to that of the Committee meeting.

DATE: 23 SEPTEMBER 2013			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 24 June 2013	Democratic Services Karen Dunleavy	
	Risk Management: Strategic Risks	Operations Kevin Dawson	To receive an update on the strategic risks for the Council
	Compliance Team Annual Report 2012 / 2013	Governance Diane Baker	To receive, consider and endorse the annual report on the investigation of fraud and irregularities for the year ended 31 March 2013
	Regulation of Investigatory Powers Act (2000): Quarterly Report 1	Governance Diane Baker	To receive an update of RIPA during the 3 months to 30 June 2013
	Audit of Statement of Accounts To Those Charged with Governance	Finance Steven Pilsworth	To receive the final Statement of Accounts for the year ended 31 March 2013 and the annual report to those charged with governance following their scrutiny by External Audit
	Other Governance Reports	Governance Diane Baker	Subject to new policies needing approval
	Member Reports	Governance Diane Baker	Dependent on updates
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2013 / 2014	Democratic Services Karen Dunleavy	

WORK PROGRAMME 2013/14

Training for Members on specific aspects of the Audit Committee agenda items are available through the year and will be arranged on request and will take place on separate day to that of the Committee meeting.

DATE: 4 NOVEMBER 2013			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 23 September 2013	Democratic Services Karen Dunleavy	
	Internal Audit: Mid Year Progress Report	Internal Audit Steve Crabtree	To receive an update on progress against the Annual Audit Plan together with details of any concerns
	Treasury Management	Finance Steven Pilsworth	To receive an update on the policy and effectiveness of treasury management
	Use of Consultants	Finance Steven Pilsworth	To receive an update on the Use of Consultants across the organisation
	Regulation of Investigatory Powers Act (2000): Quarterly Report 2	Governance Ben Stevenson	To receive an update of RIPA during the 3 months to 30 September 2013
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2013 / 2014	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	This would cover any major changes to policies and procedures which require discussion, acceptance and approval by unions. Following their acceptance they will be referred to Audit Committee under its Terms of Reference 2.2.1.11, 2.2.1.14 and/or 2.2.1.16.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

WORK PROGRAMME 2013/14

Training for Members on specific aspects of the Audit Committee agenda items are available through the year and will be arranged on request and will take place on separate day to that of the Committee meeting.

DATE: 3 FEBRUARY 2014			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 4 November 2013	Democratic Services Karen Dunleavy	
	External Audit: Report to Management	PwC	To receive and approve the External Audit report in relation to issues identified as part of their audit works
	External Audit: Annual Audit Letter	PwC	To receive and approve the External Audit report in relation to issues identified as part of their audit works
	External Audit: Grant Claims Annual Certification	PwC	To receive and approve the External Audit report in relation to issues identified as part of their audit works
* DATE CHANGE *	Whistleblowing Policy	Governance Kim Sawyer	Original policy scheduled for June 2013.
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2013 / 2014	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	This would cover any major changes to policies and procedures which require discussion, acceptance and approval by unions. Following their acceptance they will be referred to Audit Committee under its Terms of Reference 2.2.1.11, 2.2.1.14 and/or 2.2.1.16.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

WORK PROGRAMME 2013/14

Training for Members on specific aspects of the Audit Committee agenda items are available through the year and will be arranged on request and will take place on separate day to that of the Committee meeting.

DATE: 24 MARCH 2014			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 3 February 2014	Democratic Services Karen Dunleavy	
	Risk Management: Strategic Risks	Operations Kevin Dawson	To receive an update on the strategic risks for the Council
	External Audit: Audit Plan	PwC	To receive and approve the External Audit Plan
	Internal Audit: Draft Internal Audit Plan 2014 / 2015	Internal Audit Steve Crabtree	To receive and approve the Internal Audit Plan 2014 / 2015
	Effectiveness of the Audit Committee	Internal Audit Steve Crabtree	To receive an update on the effectiveness of the Audit Committee together with an Action Plan to address any shortcomings
	Draft Annual Audit Committee Report	Democratic Services Karen Dunleavy	To receive the Draft Annual Audit Committee Report prior to submission to Council
	Regulation of Investigatory Powers Act (2000): Quarterly Report 3	Governance Kim Sawyer	To receive an update of RIPA during the 3 months to 31 December 2013
Standard	Feedback Report	Democratic Services Karen Dunleavy	Dependent on updates
Standard	Work Programme 2013 / 2014	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	This would cover any major changes to policies and procedures which require discussion, acceptance and approval by unions. Following their acceptance they will be referred to Audit Committee under its Terms of Reference 2.2.1.11, 2.2.1.14 and/or 2.2.1.16.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)