



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 5:00PM, ON
MONDAY, 22 MARCH 2021
VIA ZOOM CONFERENCE**

Present: Councillors Over (Chairman), Coles, Jones, Joseph, Shaheed and Warren.

Officers in

Attendance: Peter Carpenter, Corporate Director of Resources
Dan Kalley, Senior Democratic Services Officer
Steve Crabtree, Chief Internal Auditor
Fiona McMillan, Director of Law & Governance and Monitoring Officer
Ben Stevenson, Head of Information Governance/Data Protection Officer

Also in

Attendance:

47. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Fower.

48. DECLARATIONS OF INTEREST

There were no declarations of interest received.

49. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON:

25 JANUARY 2021

The minutes of the meeting held on 25 January 2021 were agreed as a true and accurate record.

24 FEBRUARY 2021

The minutes of the meeting held on 24 February 2021 were agreed as a true and accurate record.

50. ANNUAL AUDIT COMMITTEE REPORT

The Audit Committee received a report in relation to the Annual Audit Committee report.

The purpose of the report was for the Committee to receive a timeline of the work of the Committee over the previous 12 months, which was then to be presented to Full Council in June.

The Senior Democratic Services Officer introduced the report and outlined that this report would be presented to Full Council in June or July 2021. Members were informed that due to the pandemic all meetings had been held virtually this year, but that all functions of the Committee continued as normal.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The terms of reference of the Committee were kept under review and this should be done on an annual basis to ensure that they were relevant. At the current time the terms of reference held up well to the work that was required of the Audit Committee. It was suggested that these terms of reference would be brought back to committee at its first meeting of the new municipal year.
The Audit Committee considered and **RESOLVED** (unanimously) to approve the draft Annual Audit Committee Report for submission to Council as shown in Appendix 1.

51. INTERNAL AUDIT PLAN 2021 / 2022

The Audit Committee received a report in relation to the internal audit plan 2021/22.

The Chief Internal Auditor introduced the report and commented that the report outlined proposed Internal Audit activities for the next financial year. This would enable Internal Audit to provide a level of assurance to both the committee and Peterborough City Council that there were sufficient controls and governance in place across the organisation.

Work would be targeted at those areas that had a high impact on the Council both financially and reputationally. The approach to the work of Internal Audit was set out in the appendices. Members were directed to the Internal Audit Charter and set out the approach by Internal Audit to deliver the work over the coming year. Although similar to previous years it had been amended to reflect greater collaboration and working with other organisations, in particular Cambridgeshire County Council. Internal Audit was last externally assessed against professional standards in 2018 and at that time was deemed fully compliant. A joint working protocol had been drawn up with Cambridgeshire County Council due to the increased number of shared services. There were opportunities to develop further with sharing training and possibly resources in the future. It was important to note that each Council would still have their own individual audit plan.

With regards to Appendix B, the Code of Ethics, this set out the way Internal Audit worked to ensure it followed high ethical codes when carrying out its duties. Members were directed to the remaining appendices which set out the overarching Internal Audit Strategy and Plans for the team. There was still a vacancy within the team as well as an officer seconded to the Coordination Hub and the use of agency staff had been explored to try and backfill. Members were advised that the Audit Plan in Appendix D, which set out the specific audits to be covered, although relevant at the current time could be reprioritised up or down depending on change in risk or new issues that may arise during the year. The highest risks to the Council at the current time was still its financial resilience, as well as all associated Covid work.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- A lot of work was still being undertaken at home and predominately focused on Covid areas. For example, the team were looking at issues in relation to the payment of business grants. The team has assisted areas of the Council as they have changed approaches and moved into a more agile workforce. The pandemic had not caused the Internal Audit team any issues with carrying out their role.

- A protocol had been agreed with Cambridgeshire County Council, this considered the risks identified at both Councils and to avoid duplication. To avoid this, regular meetings would be held across both teams at each council to ensure work was co-ordinated.

The Audit Committee considered the report on the Internal Audit Plan 2021/22 and **RESOLVED** (unanimously) to:

1. Consider and agree to the Internal Audit Charter for 2021 / 2022 (Appendix A);
2. Consider and agree to the Internal Audit Code of Ethics 2021 / 2022 (Appendix B); and
3. Consider and approve the Internal Audit Strategy and Plans for 2021 / 2022 (Appendix C, D)

52. INVESTIGATING ALLEGATIONS OF FRAUD

The Audit Committee received a report into investigating allegations of fraud.

The purpose of the report was to update the committee on the Council's investigations into fraud.

The Chief Internal Auditor explained that all services across the Council needed to be vigilant against fraud. The policies provided for Members focussed on fraud investigation in relation to Council Tax and Business Rates, Blue Badges and Parking Permits. The policy reflected the current difficulty in pursuing prosecutions in light of the pandemic and the courts being closed. In terms of overpayments there was still a process in place to inform people that they were duty bound to repay any monies owed. In addition, a £70 surcharge was added to these accounts where money was owed to the Council, replacing the previous 50% of the fraud element.

Members were directed to the National Fraud Initiative which was carried out every two years. In the report under 4.3.9 the total needed to state 3,329 and not 71 - an error from download.

There had been a number of business grants paid out over the past year and in terms of these the Council was now in the third phase of these. The data in front of members related to the first two grants. The records were being checked against information held at Companies House and with bank account records to ensure the businesses were valid and not closed.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- With regards to benchmarking against other authorities in terms of fraud a national summary was produced on a yearly basis. This was broken down into levels of fraud by Council sector, for example Unitary, Borough, County etc. It did not go down any further in terms of looking at Peterborough against Cambridgeshire and its various authorities.
- The information in the national fraud data showed where the greatest risks were for a Unitary authority.
- The issuing of a fixed £70 enforcement notice was a quicker and more effective way to legislate than having to carry out full investigations, especially in the current circumstances.
- In terms of cost to investigate fraud there were teams within the Council who carried out this work, however there were still costs involved to deliver the investigation.

- There would usually be a payment process in place to recover the overpayments from any individuals.
- Processes to check and investigate fraud were important to the Council as there was an annual turnover of over £450 million.
- It was important that the Council kept up to date with processes to recover money, especially once the pandemic began to recede.

The Audit Committee considered the report and **RESOLVED** (unanimous) to note:

1. The proposed changes made to ensure efficient delivery of fraud investigations;
2. Works to date in relation to meeting the requirements of the National Fraud Initiative; and
3. Outcomes from national studies and future proposals.

53. USE OF REGULATION OF INVESTIGATION POWERS ACT 2000 (RIPA)

The Committee received a report into a review of the Council's use of Regulation of Investigatory Powers Act 2000 (RIPA).

The Data Protection Officer introduced the report and stated that the report outlined some of the covert work the Council may wish to undertake using the RIPA powers. The powers have not been used since late 2017. This was mainly due to there being other means by which to conduct investigations, that were more efficient than carrying out covert operations. There were some strict controls in place for using RIPA, including the need to get the use of RIPA signed off by a local magistrate. The Council was inspected virtually this year by the surveillance commissioner. The inspector highlighted that the Council had a good selection of training materials in relation to the use of RIPA. A policy was due to be brought back to Audit Committee next year at the first meeting.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The social media aspect of investigating was likely to help with locating where there might be issues, but it was more an area for trading standards.
- The Council had tried covert surveillance in terms of fly-tipping, however more overt tactics stating that CCTV was in use had been more successful than using RIPA.
- The Council did not get involved with investigating drug dealing offences as this was a matter for the Police, although the Police were able to access the Council's CCTV if required.

The Audit Committee considered the report and **RESOLVED** (unanimous) to note:

1. The outcome of the inspection of Peterborough City Council by the Investigatory Powers Commissioner's Office (IPCO)
2. The use of powers within the Regulation of Investigatory Powers Act (RIPA)

54. APPROVED WRITE-OFFS EXCEEDING £10,000

The Audit Committee noted that there had been no approved write-offs exceeding £10,000 since the last meeting.

55. WORK PROGRAMME

The Audit Committee received a report in relation to the work programme for 2020/2021.

The report was introduced by the Senior Democratic Services Officer who advised that the format followed a similar process to previous years and further items could be added to the programme at the Members discretion.

The Audit Committee considered and **RESOLVED** (unanimously) to note the report.

Chairman
Virtual Meeting
5:00 – 5.53pm