

AUDIT COMMITTEE

MONDAY 29 NOVEMBER 2021
5.00 PM

Engine Shed, Sand Martin House, Bittern Way

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

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.

3. Minutes of the Meeting Held on 13 September 2021 3 - 8
4. Verbal Update - Audit results report - (ISA260) for the year ended 31 March 2021 9 - 10
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INFORMATION AND OTHER ITEMS

9. Use of Consultants 65 - 72
10. Use of Regulation of Investigatory Powers Act 2000 (RIPA)

There are no updates to report since the last meeting on September 2021

11. **Approved Write-Offs Exceeding £10,000**

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12. **Work Programme**

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Committee Members:

Councillors: D Over (Chairman), A Shaheed, Joseph, Ali, Farooq, Haseeb and Sainsbury (Vice Chairman)

Substitutes: Councillors: Burbage, Iqbal, Jones and Bond

Further information about this meeting can be obtained from Daniel Kalley on telephone 01733 296334 or by email – daniel.kalley@peterborough.gov.uk



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 5:00PM, ON
MONDAY, 13 SEPTEMBER 2021
ENGINE SHED, SAND MARTIN HOUSE, PETERBOROUGH**

Present: Councillors Over (Chairman), Sainsbury (Vice-Chair), S Farooq, I Ali, and Haseeb

Officers in

Attendance: Peter Carpenter, Corporate Director of Resources
Dan Kalley, Senior Democratic Services Officer
Fiona McMillan, Director of Law & Governance and Monitoring Officer
Ben Stevenson, Data Protection Officer

Also in

Attendance: Councillor Andy Coles, Cabinet Member for Finance
Neil Harris, Associate Partner Ernst & Young

15. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Shaheed.

16. DECLARATIONS OF INTEREST

There were no declarations of interest were received.

17. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 29 JULY 2021

The minutes of the meeting held on 29 July 2021 were agreed as a true and accurate record.

18. EY ANNUAL AUDIT PLAN 2020/21

The Audit Committee received a report from EY on their Audit plan for the year 2020/21.

The Corporate Director introduced the report and stated that the report from the external auditors was being presented to committee to ensure that the right processes and procedures were in place. There were new risks around grants

given during the pandemic. In addition members were informed that auditors would be looking into the pension fund numbers when carrying out their audit.

The Associate Partner, EY, then introduced the rest of their report and explained that the external auditors had a responsibility to audit the adequacy and efficiency of resources with Peterborough City Council. At the time of presenting the report EY were underway with carrying out their audit and were on track to get the results to committee in November.

Members were informed that many of the areas of focus for the audit were similar to previous years. There would be a closer look at the management side of controls in place within the authority. Members were informed that the auditors would be looking closely at the Council's financial position as this had deteriorated over the previous years. The external auditors still viewed the Council's financial position as a serious concern going forward. Specialists would be used to challenge the medium-term financial plan of the Council and assess the adequacy of the Council as a going concern.

The external auditors had not changed the risk around the Council plant and equipment. This was a subjective area that came with significant risks and judgement. A specialist had been approached to assess the risk around the recycling centre. The valuation of properties and investment properties would be analysed as there was still material uncertainty around these.

Members were also informed that the loan accounting processes for the Empower Loan was a major risk and a review of the Council's decision-making process and arrangements. One of the challenges was to bring the management of the loan in house and how current and future arrangements were accounted for and disclosed in the Council financial statements.

There were no changes to the way assessments of higher inherent risks were carried out. One of the changes was in relation to the standards to the way the external auditors undertake their work looking at low risk and high-risk estimates. Work was also being carried out around pension liabilities. The pension consulting team were carrying out work to ensure that the information was complete and accurate.

Members were informed that the accounting for PFI liability had not changed since last year. In terms of group accounting EY were no longer the external auditors for Peterborough Limited and this had now been taken on by Azets UK. EY have issued group audit instructions to Azets.

There was to be further focus on the Council's appeals provision and a more general focus on impairment on receivables over the next year.

The final area members were made aware of was around the Council's value for money. The external auditors expected to have an up-to-date understanding of all the Council's arrangements and would report any significant weaknesses throughout the course of the year rather than just once the audit had taken place.

The external auditors had reported extensively on the Council's financial position as well as the arrangements for the Empower loan over the past year

and were to review the decision-making processes around these areas over the course the year and determine if any further reporting and recommendations needed to be made.

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

- In terms of any suspicious transactions EY would use tools at their disposal to check this. Anything suspicious that came back would be looked at in detail.
- The recycling centre was a specialist asset. One of the issues for the valuation was that this was based on the usage of the centre. More specialist knowledge on this was required from an auditing perspective.
- The framework for the issuing of grants was an important aspect of the external audit. This had been made up of around £150 million from central government.
- The Empower Loan had now been brought in house. This would now be dealt with properly and made sure that all the right processes were followed. An asset manager had been appointed to take on this work. It was important that throughout this process there was no disruption to installing of the assets.
- With regards to the pension fund and assets the external auditors looked at what risks there might be for the Council and what processes were in place to mitigate any risks.
- In terms of pension liabilities data was in the process of being gathered and the team were able to access this to input into their findings.
- At the current time with regards to the Combined Authority there were no concerns around value for money. There was a lot of work being carried out at the moment with regards to shared services and there might potentially be impacts on the Council following this.
- Further work was to be carried out on working with the CCG. At the current time the Council had been proactive in holding the CCG to account. However, there was always a risk and this needed to be kept an eye going forward.
- The Council needed to take on board any concerns raised in the report from MHCLG and the peer review being conducted by the LGA. Any views following this would be taken into account.

The Audit Committee considered and **RESOLVED** (unanimously) to:

1. Note the key risks set out by Ernst Young LLP in their report and associated audit approach - Appendix A
2. Note the responses to the Audit Report from Peterborough City Council.
3. Note the delay in the Audit start date, which is after the 31 July 2021, the date recommended in legislation.
4. Notes the increase of audit fees above the Public Sector Audit Appointments scale fee which may increase if additional work is required as set out on page 49 of the report.
5. Comment on the scope and depth of external audit work and to ensure it gives value for money and identify to Ernst Young LLP any other matters the Audit Committee considers relevant to the audit.

19. UPDATE ON RIPA POLICY AND USAGE

The Audit Committee received a report in relation to the updated RIPA policy and its use.

The purpose of the report was to provide Members with the opportunity to note and comment on the updated policy and the Council's use of RIPA.

The Data Protection Officer introduced the report and explained that the report outlined why the Council might use RIPA powers. The Council had mainly used overt surveillance and this worked better than any covert operations. The policy provided more guidance for staff around covert intelligence services. The policy now also covered social media and the publishing of CCTV material.

The Audit Committee considered and **RESOLVED** (unanimously) to:

1. Note the use of powers within the Regulation of Investigatory Powers Act (RIPA)
2. Note the updated policy

20. USE OF CONSULTANTS

The Audit Committee received a report in relation to the use of consultants.

The Corporate Director Resources introduced the report and explained that the report set out the usage of consultants and the spend during the municipal year to date. This had been very low compared to previous years. In addition the report also set out the spend on agency staff.

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

- The trend over the past couple of years was pleasing to see. There was an expectation that the spend might increase during the year due to pressures on delivering savings and sustainability for the Council going forward.

The Audit Committee considered the report on the Use of Consultants up to July 2021 and **RESOLVED** (unanimously) to consider the update report on the use of consultants for the 2021/22 period for the first four months of the financial year (April 2021 - July 2021).

21. SHAREHOLDER CABINET COMMITTEE DECISIONS

The Audit Committee received a report into the decisions made by the Shareholder Cabinet Committee.

The Corporate Director Resources explained that the Shareholder Cabinet Committee had been going for two years and so far everything had been held

in public session. However as more detail on the accounts of the companies becomes available some of the sessions would most likely have to be held in private.

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

- There was potentially a need to look at how the Shareholder Cabinet Committee worked. If more detail was required then the Audit Committee could invite the Chair of that committee to answer questions at a future meeting.

The Audit Committee considered the Decisions made by the Shareholder Cabinet Committee and **RESOLVED** (unanimous) to note the decisions made by the Shareholder Cabinet Committee as set out in the report.

22. FEEDBACK REPORT

The Audit Committee received a report in relation to feedback from previous actions made by the Committee.

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

23. WORK PROGRAMME

The Audit Committee received a report in relation to the work programme for 2021/2022.

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
5:00pm – 6:00pm

AUDIT COMMITTEE	AGENDA ITEM No. 4
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Peter Carpenter - Corporate Director of Resources	
Cabinet Member(s) responsible:	Cllr Coles - Finance	
Contact Officer(s):	Peter Carpenter - Corporate Director of Resources	Tel. 384564

VERBAL UPDATE – AUDIT RESULTS REPORT - (ISA260) FOR THE YEAR ENDED 31 MARCH 2021

R E C O M M E N D A T I O N S	
FROM: Peter Carpenter - Corporate Director of Resources	Deadline date: 29 November 21
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Receive and note the verbal update of the “Audit Results Report - (ISA260)” for the year ended 31 March 2021 from Ernst & Young (EY) on behalf of the Council. 	

1. ORIGIN OF REPORT

- 1.1 To receive an update from Ernst Young regarding the “Audit Results Report - (ISA260)” for the year ended 31 March 2021. Ernst Young will be providing this by way of verbal update at the meeting on 29 November 2021.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This is a report covering the update from Ernst Young regarding the “Audit Results Report - (ISA260)” for 2020/21.
- 2.2 This report is for the Audit Committee to consider under its Terms of Reference No.

This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.5 To consider the external auditors annual letter, relevant reports, and the report to those charged with governance and 2.2.1.7 To comment on the scope and depth of external audit work and to ensure it gives value for money

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	n/a
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4. APPENDICES

- 4.1 None

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AUDIT COMMITTEE	AGENDA ITEM No. 5
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Peter Carpenter - Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Coles - Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

INTERNAL AUDIT PLAN 2021/2022: PROGRESS REPORT

R E C O M M E N D A T I O N S	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <p>1. Note the progress of the Internal Audit plan for 2021 / 2022</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee as a routine planned report within the 2021 / 2022 work programme of the Committee.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.2.1 To consider the annual audit report and opinion of the Corporate Director of Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements".

2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2021 / 2022 as at 30 September 2021.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. INTERNAL AUDIT UPDATE

4.1 INTRODUCTION.

4.1.1 The details of the progress of the 2021 / 2022 plan are documented in **Appendix A** and **Appendix B**. Internal Audit utilise an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, as well as listing the audits completed, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted. We will continue to appraise risk and refine our audit plans, therefore those audits that have yet to be started could be replaced if risk levels change.

4.2 RESOURCES

4.2.1 The 2021 / 2022 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and Complaints. Management of these activities included within the plan was budgeted to be just over 0.5 FTE bringing direct audit time to 5.6 FTE. One full time Senior Auditor post was vacant at the time of producing the plan, leaving 4.6 FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.

4.2.2 The plan continues to highlight those audits that are not achievable within the currently available resource levels, but it remains highly flexible to respond to risks as they arise.

4.2.3 A sharing protocol with Cambridgeshire County Council has been developed to support the delivery of the plan where there is a vested interest in obtaining assurance where a shared service is in operation. It's aim is to avoid duplication and have the potential to use third party assurance where appropriate. Within the plan there are reviews that have been identified as part of this protocol with either PCC or CCC identified as the lead. Quarterly meetings are held to discuss the audits progress

4.3 PERFORMANCE AND OUTPUT

4.3.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: SUBSTANTIAL; REASONABLE; LIMITED; and NO ASSURANCE. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews are included within **Appendix C**, once the review has been agreed and finalised.

There is one report that falls into this category at this time – Cyber Security.

4.3.2 Of the 61 audits planned for the year:

- 24 have been completed;
- 26 are in progress; and
- 11 are yet to be started.

4.3.3 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2021 / 2022 audit plans. There are no significant issues to be brought to the Committee's attention at this time.

4.3.4 The overall report sets out the works completed in the first 6 months of the year. As part of the services approach to focussing on the key risks of the Council, the Audit Plan is regularly reviewed on an ongoing basis. Since the production of the report to September 2021, the Council has received a number of external reports which set out how the Council can look to move to a more sustainable financial position as well as changes in how it is governed. Various workstreams will be required to be set up to oversee the delivery on those recommendations as well as the improvement plans established. Internal Audit as part of its regular refresh of its Audit Plan will look to support and provide challenge where necessary to all aspects of this work.

5. CONSULTATION

- 5.1 This report and accompanying appendices have been issued to the Corporate Director of Resources and the Joint Director of Legal and Governance Services in line with committee report protocols. It was also circulated to PCC Budget CMT for consultation.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work.

7. REASON FOR THE RECOMMENDATION

- 7.1 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.

8. ALTERNATIVE OPTIONS CONSIDERED

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

9. IMPLICATIONS

Financial Implications

- 9.1 During the year, Internal Audit reports will generate a series 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.

Legal Implications

- 9.2 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.

Equalities Implications

- 9.3 Not applicable.

10. BACKGROUND DOCUMENTS

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

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

- Internal Audit Annual Plan 2021 / 2022
- Internal Audit written output (reports, memos, grant certifications)

- 10.1 None

11. APPENDICES

- 11.1 Appendix A: Internal Audit Mid Year Progress Report 2021 / 2022 (to 30 September 2021)

Appendix B: Progress against agreed Audit Plan
Appendix C: Limited Assurance Audit Report(s)



**INTERNAL AUDIT MID-YEAR
PROGRESS REPORT 2021 / 2022
TO 30 SEPTEMBER 2021**

1. **INTRODUCTION**

- 1.1 The purpose of this report is to bring the Committee up to date with progress made against the delivery of the 2021 / 2022 Internal Audit Plan. The information included in the progress report will feed into and inform our overall opinion in the Annual Audit Opinion report issued at the year end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.
- 1.2 Internal Audit use an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted in the table below. We will continue to appraise risk and refine our audit plans, therefore the audits listed in Appendix B that have yet to be started could be replaced if risk levels change.
- 1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance. To obtain this assurance, we look at the number and type of recommendations we make in each report and are summarised below:

AUDIT ASSURANCE OPINIONS	
Assurance	Definitions
Substantial	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There may be some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
Reasonable	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
Limited	The internal control system is poorly designed and / or there is significant non-compliance with controls, 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	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. 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 Should an audit report identify **LIMITED** or **NO** assurance, then as a matter of course those areas are followed up. Our work is carried out to assist in improving control. **However management is responsible for developing and maintaining an internal control framework.**

1.5 Our recommendations are graded, dependent on the severity of the findings, see below:

RECOMMENDATION RATINGS		
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

2. **EXTERNAL WORK and OTHER DUTIES**

- 2.1 The Chief Internal Auditor also is charged with management responsibility for both the Insurance and the Investigations Teams at Peterborough City Council (PCC), and separate reports are provided to the Audit Committee for these areas. During the year to date these have included outturn reports for Insurance and the Investigations teams. The CIA also undertakes any Stage 2 Corporate Complaint reviews, as deemed appropriate, is a member of the Job Evaluation Panel as well as having some responsibilities for risk management via the Risk Management Board. In addition during this year a leadership programme has been delivered which has included a number presentations from the CIA with regards to the services that are undertaken by the teams.
- 2.2 Some audit staff also support the organisation during the election process. Time has been spend this year assisting with local, the Cambridge and Peterborough Combined Authority and Police and Crime Commissioner elections.
- 2.3 To the end of September, one member of the team continues to support the Covid-19 Co-ordination Hub on an agreed secondment which is due to continue to the end of March 2022. This was extended from the previous year and is supported by grant funding.
- 2.4 The team is not providing external audit services elsewhere at present. Previous assurance work undertaken for Vivacity-Peterborough has been integrated into this audit plan according to risk and is therefore focussing on governance and the transition back into the business. Further consideration for exploring any additional external work capacity will be reviewed during the year in accordance with the internal audit business case.

3. **RESOURCES**

- 3.1 The 2021 / 2022 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and Complaints. Management of these activities included within the plan was budgeted to be just over 0.5 FTE bringing direct audit time to 5.6 FTE. One full time Senior Auditor post was vacant at the time of producing the plan, leaving 4.6 FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.
- 3.2 In addition to the above there was an assumption that a member of the team previously seconded to the covid support hub would be returning to audit activities from April 2021. This did not happen with the secondment being further extended until March 2022. A senior auditor was procured via the new agency agreement during June which resulted in resources of 3.6 FTE for the first quarter of the year.
- 3.3 At this point in the year the Senior Auditor post remains vacant. However, a recruitment process has been undertaken resulting in the post being filled from 2 November. The individual appointed has been covering the seconded role to date so the overall impact is that the team has one Senior Auditor for 75% the year rather than the establishment of two. This brings the FTE for the year, for staff in post, to 4.35 FTE (excluding the CIA's other areas of responsibility).
- 3.4 The audit plan, detailed in Appendix B, continues to highlight those audits that are not achievable within the currently available resource levels. All reviews that have materialised in year due to changing risk or new areas of work have been assessed, prioritised as required and are identified as 'NEW'. As new areas of work are identified through our assessment process it will result in other audit activities moving to the category of non-deliverable due to resources. To date 5 reviews included within the original plan have been either identified as no longer required, reassessed to be revisited due to timing, service changes such as restructuring or they have a lower priority than new areas of work. The 5 reviews are Housing / Revenue Account, Property Asset Management, Parking Services, IT Disaster Recovery Project and ICT Shared Services.

4. **PERFORMANCE and OUTPUTS**

- 4.1 A detailed commentary of the progress of the 2021 / 22 Annual Plan is documented at **Appendix B**. The table below gives a summary of the status of all audit projects. The figures for the 'current plan' include the additional grant work and reprioritised audit activities. As the plan continues to be prioritised on an ongoing basis these figures may be subject to change.

	Peterborough
Planned Activity	
Original Plan	57
Actual Activity	
Complete	24
In Progress	26
Yet to do	11
Current Plan	61

- 4.2 As stated in 3.1/2 the annual plan has previously based on resources of 4.6 FTE and the anticipated FTE is now expected to be 4.35. A breakdown of how time has been spent as of 30 September 2021 is detailed in the table below.
- 4.3 The table below shows the proportion of time spent to September 2021 on PCC audit work and other duties and highlights how that impacts on the resource levels.

	Posts		Resources Planned for	Audit Work PCC	Other duties (see para 2.1)
	No.	FTE	FTE	%	%
Chief Internal Auditor	1.0	1.0	1.0	37%	63%
Group Auditor	2.0	1.6	1.6	96%	4%
Principal Auditor	1.0	0.5	0.5	100%	-
Senior Auditor	2.0	2.0	0.75	100%	-
Auditor	1.0	1.0	1.0	97%	3%
TOTAL	7.0	6.1	4.85	66%	26%

- 4.4 There has been significant non audit additional work carried out by the Chief Internal Auditor in the first six months, compared to that originally planned. This is due to an increased amount of time required to focus on complaints along with being an integral part of a Leadership Programme where training has been delivered to the organisation. The Leadership Programme has concluded therefore the percentage split between audit/non audit work is likely to change during the second half of the year.
- 4.5 There has been one finalised reports with a **LIMITED** assurance rating to date. The executive summaries of the Cyber Security report is attached at **Appendix C**. Audit Committee will be advised of any future reports falling within these categories as part of the audit committee timetable.
- 4.6 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2020 / 2021 audit plans. There are no significant issues to be brought to the Committee's attention at this time.

5 COVID – 19

- 5.1 We have continued to spend time on government led initiatives to support the economy, the key one being Business Support Grants. Initial advice was given during the scheme set-up and work continues to be underway to provide assurance that payments have been in line with the criteria set. This work is being carried out under the guidance from the Department of Business, Energy and Industrial Strategy and includes monthly reporting requirements; risk assessments for each scheme; development of post-payment assurance plans and testing work to identify fraud and error.
- 5.2 In addition to the Business Support Grant, Internal Audit have been required to certify a further 5 covid related grants which are detailed within the grants certification in Appendix B.

APPENDIX B

PROGRESS AGAINST AGREED AUDIT PLAN

Where audits are “shaded”, these represent those jobs not started at 30 September 2021.

AUDIT ACTIVITY	COMMENTARY
AUDIT ACTIVITIES Provision for Governance and Anti-Fraud activities that are not subject to risk assessment	
Annual Audit Opinion	Produce report detailing work carried out and Head of Internal Audit Opinion of Governance, Risk and Control, in accordance with PSIAS. Completed - Annual Opinion 2020 / 2021 presented to Audit Committee on 29 July 2021.
Annual Governance Statement Review	<ul style="list-style-type: none"> • Review of senior management self-assessment assurance statements. • Development of the AGS in conjunction with the Corporate Director of Resources Completed - Annual Governance Statement 2020 / 2021 presented to Audit Committee on 29 July 2021.
Annual Investigations Report	Completed Annual Report 2020 / 2021 presented to Audit Committee on 29 July 2021.
Mid-Year Audit Progress Report	Completed Annual Audit Progress Report 2021 /2022 being presented to Audit Committee at this meeting, on 29 November 2021.
Internal Audit Effectiveness	On-going On-going monitoring, review and update against the PSIAS standards and associated action plan.
Audit Committee Support	On-going This includes a review of Audit Committee effectiveness, update of the Audit Committee Handbook, provision of training and attendance at meetings.

AUDIT ACTIVITY	COMMENTARY
AUDIT ACTIVITIES Provision for Governance and Anti-Fraud activities that are not subject to risk assessment	
Shareholder Cabinet Committee	Completed Report providing SCC with details of all audit activities undertaken to support the workings of the committee. Presented to Committee on 13 September 2021.
Information Governance Board	Ongoing Attendance at the Information Management Strategic Board, a shared arrangement with PCC and CCC.
Risk Management Board	Ongoing Chief Internal Auditor is a member of the Risk Management Board which is chaired by the Corporate Director of Resources. A review of the risk management process has been undertaken and is detailed independently within this report.
National Fraud Initiative	In Progress Review of data matches and investigation of 2020 matches. Data matches include reviews such as blue badge cases, concessionary fares, benefit / council tax, right to work etc. (Further works have also utilised NFI processes and these are identified separately in relation to Business Grants paid due to Covid-19)
Fraud/Compliance activities	Not Started <ul style="list-style-type: none"> • Investigations into alleged fraud or irregular activity, as required.
Annual Audit Planning	To commence quarter 3 Establishment of the future plans for 2022 / 2023, including a review of the Strategy, Charter and Code of Ethics and a pre-planning report on emerging themes

AUDIT ACTIVITY	Department	COMMENTARY
<p>OTHER RESOURCE PROVISION</p> <p>Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.</p>		
<p>CARRY FORWARD ACTIVITIES</p>		
Payment Data Analysis	Resources	<p>On-going</p> <p>Leading on a project to instigate real time analysis of creditor payments with a view to preventing duplicate payments. £8.5k worth of duplicates discovered during research phase.</p> <p>(A business case has been raised for further development)</p>
Payments in Lieu of Notice	Resources	<p>In draft</p> <p>A review of the process for, and payments made under, PILON arrangements.</p>

AUDIT ACTIVITY	Department	COMMENTARY
OTHER RESOURCE PROVISION Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.		
CONSULTANCY ADVICE		
Waste Collection Refunds	Resources	In progress Consultancy advice on the automated process for customer refunds regarding brown bins
ITSM System Approval Process	Customer & Digital	Complete Advice regarding alternative proposals for providing upfront management authorisation of certain types of ICT service requests in the new Hornbill/ITSM system
Digital Signatures Project	Customer & Digital	In progress Consultancy advice regarding a new project to implement digital signature software across the authority
Mosaic Payment Controls	P&C	Complete Consultancy advice regarding the changes in process for changes in system payments.
Skanska Contract Approvals	P&E	Complete Consultancy advice in relation to contract approval processes to include Financial Regulations and Contract Rules.
FOLLOW UP PROVISION		
IT Asset Management Follow up	Customer & Digital	In progress A follow up of the previous report findings and the implementation of the 11 associated recommendations.
Sundry Debtors Follow up	Resources / Serco	In progress A follow up of the previous report and the implementation of the 12 associated recommendations.

AUDIT ACTIVITY	Department	COMMENTARY
OTHER RESOURCE PROVISION		
Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.		
Teachers Pensions – Premature Retirement Costs Follow up	Governance	In progress A follow up of the previous report and the implementation of the 6 associated recommendations.
External Bodies Oversight – Shareholder Cabinet Committee	Governance	Complete A follow up of the previous report and the implementation of the 6 associated recommendations.
Procurement Card System follow up	Resources	In progress A follow up of the previous report and the implementation of 8 associated recommendations.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
CERTIFICATION Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Disabled Facilities	P&C	In progress	Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Bus Service Operators	P&E	Certified	A DfT grant to support bus services, including community transport services.
Integrated Transport Grant	P&E	Certified	A DfT scheme via the CPCA to help local authorities cut carbon emissions and create local growth.
Highways Maintenance	P&E	Certified	A DfT grant via the CPCA. This grant is used by local authorities for small transport improvement schemes costing less than £5 million and also for planning and managing the road networks
Pothole Action Fund	P&E	Certified	A capital funded DfT grant via the CPCA to support pothole repairs.
National Productivity Investment Fund	P&E	Certified	DfT funding via the CPCA for 2018/19 to improve local road networks and public transport.
Local Transport Capital Funding	P&E	Certified	An additional highways grant from the DfT (non CPCA) to support highways maintenance.

CERTIFICATION (Continued) Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Connecting Families	P&C	Ongoing	A payments by results scheme from Department for Levelling Up, Housing and Communities. Claims are made monthly and there is a requirement to verify 10% of these. We are also required to review the Outcome's Plan, which describes how the Council will apply the qualification and success criteria.
Mayor's Charities Fund	Governance	Certified	<ul style="list-style-type: none"> The accounts maintained in relation to fund-raising for the Mayor's Charities in 2020 / 2021 have been audited in line with the Charity Commission requirements. Following the review of the accounting statements for 2019/20 4 recommendations were made to support the record management process moving forward for the charity. Progress against the implementation of recommendations will be reported independently of the certification work undertaken.
Hampton Hargate School NCTL NEW	P&C	Certified	Various funding streams received from the DfE to support establishments with teaching school status.
City College – Arts Grant Certification NEW	P&C	Certified	Additional funding received from the Arts Council to support cultural organisations during the covid pandemic where services were affected due to government restrictions.
Emergency Active Travel Grant NEW	P&E	Certified	Additional DfT grant funding via the CPCA to support and assist travel arrangement during the Covid pandemic

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
CERTIFICATION (Continued) Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Home to School Transport – Additional Funding NEW	P&C	In progress	Additional covid grant funding allocated via the CPCA to assist and support travel arrangements for students.
Restart Grant Certification NEW	Resources	In progress	Review processes and payments as part of the Covid-19 support grant to ensure conditions are met.
Covid-19 Compliance and Enforcement Grant NEW	P&E	Certified	Additional funding received to support additional regulatory resources as a result of operational changes during the pandemic.

AUDIT ACTIVITY	Department	Assurance Level	COMMENTARY
Prioritised Audits for Review			
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
Section 1 – Audits achievable with planned resources			
Financial Resilience	All		<p>A review of the arrangements in place to ensure that savings targets are robust and that they are achieved.</p> <p>The scope of the review will be determined based on the activity within the organisation and where internal audit can add value. This may cover the review of proposed business cases, reviewing the associated risks of service delivery and progress of some specific savings proposals.</p>
Covid related grant activities.	Corporate		<p>In progress</p> <p>Business Support Grants - Post Payment Assurance work in respect of all post lockdown 1 Business Support Grants (9 schemes with a total expenditure of approx. £25m). This includes the production of fraud risk assessments and assurance plans; extensive testing of transactions; and provision of documentary evidence of our work to BEIS. Work will be ongoing to March 22.</p>
Contracts	Various		<p>A review of contract management and/or open book reviews of the operation of key contracts, for example:</p> <ul style="list-style-type: none"> Peterborough Highways Services – Revised contract with Skanska)
			<p>In progress (CCC acting as Lead)</p> <ul style="list-style-type: none"> Integrated Community Equipment Service (contract is due to commence 1/4/2021. A review of financial and operational performance. Pooled budget with the CCG. Joint contract with CCC).
Information Governance	Governance /All		Review of processes in areas of high data breach / changes of processes due to remote working and or a review of assurance provided by Information Governance Team.

AUDIT ACTIVITY	Department	Assurance Level	COMMENTARY
Prioritised Audits for Review			
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
Section 1 – Audits achievable with planned resources			
Cyber Security	Customer & Digital	Limited	Complete A review of Cyber Security Controls (see Appendix C) There are 12 recommendations comprising 9 high and 3 medium priorities.
Sundry Debtors NEW	Resources/ Serco	Reasonable	Complete A review to assess the adequacy of sundry debt management to ensure that revenue due to the Council is maximised, avoiding the need to write off uncollected debt. There are 12 recommendations comprising 6 medium and 6 low priorities.
Business Continuity	Customer & Digital / All		In Progress Follow up arrangements for work previously undertaken in 2020 and further expanding on strategy to include directorate arrangements
Human Resources / Absence Management	Governance	Reasonable	Complete A review of the absence management system which was implemented during 2020. Audit to review operation of the system and associated management data. There are 7 recommendations comprising 5 medium and 2 low priorities.
Town Deal Funding	P&E		In progress Successful bid for Town Deal funding where up to £23m has been awarded. A review of the audit framework for managing funds following the successful bid for Town Funding (£23m)

AUDIT ACTIVITY	Department	Assurance Level	COMMENTARY
Prioritised Audits for Review The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
Section 1 – Audits achievable with planned resources (Continued)			
Risk Management	Corporate		In draft A review of risk management arrangements to include the function of the Risk Management Board, strategy and risk register information
Programme / Project Management Governance	Customer and Digital		In progress Review of project management processes incorporating POWA - (a new centralised project management system which has replaced VERTO)
Safeguarding Clients Assets - Appointeeships	P&C		In progress A review of appointeeship arrangements resulting from service users being unable to manage personal finances (Joint working with CCC, PCC to lead)
Middleholme Project NEW	P&E		In progress A review of project governance controls over plans to remediate Middleholme and prepare it for onward sale and development.
Payroll and Pension Processes NEW	Resources / Serco		In progress Reviewing the arrangements between Payroll and Pension Services for making amendments to posts etc., the frequency of changes being made and checks performed by each on the accuracy of calculations.

AUDIT ACTIVITY	Department	Assurance Level	COMMENTARY
Prioritised Audits for Review			
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
Section 1 – Audits achievable with planned resources (Continued)			
Risk Management – Shared Service Process NEW	Resources		In progress PCC is making use of POWA software to record its operational and corporate risks following moving away from VERTO. CCC are looking to migrate their risks on to the same platform. The review is focusing on the risk management processes in place at each to ensure there is consistency and that the software can meet each requirements.
Financial Systems	Corporate		Pro-active fraud testing of vulnerable financial systems, eg, Payments IDEA - Data mining exercise to identify and prevent past and current duplicate payments
Regional Adoption Agency	P&C		A review of new system services and processes (Joint working with CCC – PCC to lead)
Brexit Procurement Processes	Resources / Legal and Governance		Review of changes to procurement processes resulting from the green paper review requiring constitutional changes (due to be implemented 2022)
City College - Vivacity	P&C		Review to cover the newly formed Governance / Board arrangements, associated policies and insourcing arrangements.
Aragon - Vivacity	P&E		A review of the newly formed Governance / Board arrangements, associated policies and insourcing arrangements for the leisure aspects (Sports Centres etc) of the business now being managed by Aragon.
Planning Approval Process	P&E		A review of the Governance arrangements and information to inform committee decision making

AUDIT ACTIVITY	Department	Assurance Level	COMMENTARY
Prioritised Audits for Review The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
Section 1 – Audits achievable with planned resources (Continued)			
CHC Joint Funded Assessment Tool	P&C		A review of the process for administering and managing the joint funded tool (Joint working with CCC – PCC to lead)
Housing / Revenue Account	P&E		A review of the Housing Revenue Account Project Review reassessed as ‘not required’ due to the HRA Project being suspended.
Property Asset Management	Resources/NPS		A review of the organisations property asset management system (Technology Forge) to incorporate all aspects of property management Review reprioritised as ‘on hold’ following a potential project to replace Technology Forge.

Prioritised Audits for Review

The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements. The shaded areas represent audits that will not be possible with current resources.

Section 2 – Audits not achievable with planned resources

SERVICE OR SYSTEM	COUNCIL OBJECTIVE	DIRECTORATE	OUTLINE AUDIT SCOPE	Priority	
				Rating	Score
Parking Services	3	Place & Economy	A review of the Parking Strategy and achievement of the associated savings targets.	H	50
Aragon	1,4,6	Place & Economy	A review of refuse collection arrangements, processes and performance	H	50
Aragon	1,4,6	Place & Economy	A review of billing and charging arrangements to ensure prompt settlement of accounts.	H	50
University PropCo	1,2	Place & Economy	A review of the governance of this joint venture between the Council and the Combined Authority, which will be responsible for the delivery and management of the proposed university buildings.	H	50
IT Disaster Recovery	All	Customer & Digital	A review of the Disaster Recovery Project (ITDS77) which is due to be implemented during 2021	H	50
ICT Joint Strategy – Shared Service Review	All	Customer & Digital	Review of the shared service arrangement with CCC following the insourcing of the previous PCC serco contract	H	50
City College	2	People & Communities	A review of the arms length governance arrangements.	M	49
Peterborough Investment Partnership	1	Place & Economy	A review of the business case and project for the replacement of the Regional Pool Facility	M	49

SERVICE OR SYSTEM	COUNCIL OBJECTIVE	DIRECTORATE	OUTLINE AUDIT SCOPE	Priority	
				Rating	Score
Human Resources / Expenses Module	3, 6	Chief Exec	A review of the expenses module due to be implemented within the HR management system .	M	48
Covid Grant Reconciliation	All	Resources	A review of the processes and controls to ensure that all grants are captured and reconciled	M	48
Payroll	All	Corporate	A review of system processes to include legislative changes	M	46
Mobile Phone Refresh	All	Customer & Digital	A review of the project process and delivery outcomes .	M	45
Bushfield Court	3, 7	Place & Economy	A review of the policy regarding the re-establishment of the building for homeless accommodation	M	45
Mental Health and Wellbeing	7	Corporate	A review of Management overview of the Council's Mental Health Strategy and its implementation. to support and address changing working environments resulting from the pandemic and potential future arrangements .	M	39
Council Tax	All	Resources	Review of system controls and processes to include single person discount and impact on collection resulting from Covid..	M	38

Appendix C**FINAL AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE**

AUDIT ACTIVITY	ASSURANCE RATING	DATE TO AUDIT COMMITTEE
Cyber Security	Limited	November 2021

Executive Summary – Cyber Security

Introduction

From 2009 to 2020, IT services, including cyber security, were provided for the Council under a managed ICT contract with Serco Ltd. In October 2020, IT services were transferred back in-house with ICT personnel returning back to the Council under TUPE arrangement.

IT & Digital Services (ITDS) are provided by a shared services team that support Peterborough City Council (PCC) and Cambridgeshire County Council (CCC). PCC and CCC share IT infrastructure and have joint IT governance arrangements including an Information Management Strategic Board (IMSB) and Cyber Security Board (CSB) which was formed at the end of 2020 to be chaired by the Assistant Director of IT and Digital Services, although this governance forum has not yet started.

Cyber security controls are regular tested by specialist IT external auditors, including:

- Cyber Essentials Compliance Review, by Intertek NTA.
- Ransomware Security Assessment, by NCC Group.
- Penetration Testing, by Pen Test Partners and Barclays as part of Payment Card Industry (PCI) testing.

PCI compliance is required to ensure that processes for handling, storing and transmitting credit card information occur within a secure environment. PCI compliance self-assessments are performed quarterly, and Data Security and Protection Toolkit (DSPT) self-assessments, required for health and care organisations, are performed annually.

Objectives and Scope

The overall objective of this review was to assess the adequacy and effectiveness of Council cyber security controls in place for the following key areas:

- Vulnerability assessments
- Penetration testing
- Software and hardware patching
- Anti-virus software processes
- Security breach monitoring and reporting
- Data back-up and recovery testing
- Physical data centre and server access controls
- Access management controls

- Asset security management
- Incident management
- Cyber Security training and awareness processes

The adequacy of Cyber security strategy, policy, procedures and risk management procedures was assessed as well as management consideration of cyber security controls over remote working arrangements.

The audit considered self-assessments and external IT audit reviews, and assessed the progress of action taken to address previously raised audit findings.

Main Findings

- The creation of a Cyber Security Board was initiated in 2020 to provide specific governance over IT and cyber security. However, no meetings have yet taken place.
- Council cyber security arrangements are subject to extensive external IT audit which have identified remedial actions which need to be addressed, e.g. use of unsupported operating systems, Citrix and server patch management, and Cyber Incident Management Plan updates.
- IT action plans indicate that key remedial actions remain outstanding. IT action plans provided do not include target dates for completion. There needs to be enhanced oversight and challenge of outstanding cyber security actions.

Conclusion and Opinion

The Council relies on external IT audits to identify key cyber security process weakness. These audits have identified key corrective actions required such as the replacement of unsupported operating systems. Key remedial actions remain outstanding, and IT plans provided contain no target dates for addressing outstanding actions.

It is our opinion that there is an opportunity to enhance cyber security governance by reinstating the Cyber Security Committee, updating policies and procedures, and allowing greater oversight and challenge of IT and cyber security management. Cyber security remedial action plans provided by IT appear incomplete without target action dates, and with key actions outstanding. Without effective planning, oversight and challenge of required remedial activity, the Council remains exposed to higher risk of cyber-attack and disrupted service.

The audit opinion is Limited Assurance.

AUDIT COMMITTEE	AGENDA ITEM No. 6
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Pete Carpenter, Corporate Director of Resources	
Cabinet Member(s) responsible:	Cllr Coles, Cabinet Member for Finance	
Contact Officer(s):	Pete Carpenter, Corporate Director of Resources Kirsty Nutton, Acting Service Director: Financial Services	Tel. 452520 Tel. 384590

TREASURY MANAGEMENT MID YEAR UPDATE

R E C O M M E N D A T I O N S	
FROM: Pete Carpenter, Corporate Director of Resources	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> Review current performance against the Prudential Indicators as approved in the Treasury Management Strategy (TMS) contained in the Medium-Term Financial Strategy (MTFS). 	

1. ORIGIN OF REPORT

- 1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017), which 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 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management and covers the following:
 - A review of the Treasury Management Strategy Statement;
 - A review of compliance with Treasury and Prudential Limits for 2021/22;
 - The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
 - An update on interest rate forecasts;
 - A review of the Council's borrowing strategy for 2021/22;
- 1.3 The Treasury Management Strategy Statement, (TMSS), for 2021/22 was approved by this Council on 3 March 2021. Following the recent report published by The Chartered Institute of Public Finance and Accountancy (CIPFA) into the Councils financial position, and the recommendations set out in the DHULC action plan, a moratorium on Capital spending is due to be implemented on schemes that are not legally committed and are to be funded from borrowing. It is expected that this will impact in reducing the 2021/22 Forecast Outturn position and associated prudential indicators.
- 1.4 The final performance against the revised strategy will be reported to Audit Committee in July 2022 alongside the Statement of Accounts, and as part of the Outturn Report as part of the reporting of the financial performance for the year.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to report current performance and the forecast outturn position against the Prudential Indicators in the strategy.
- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.1.17 to consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for 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:

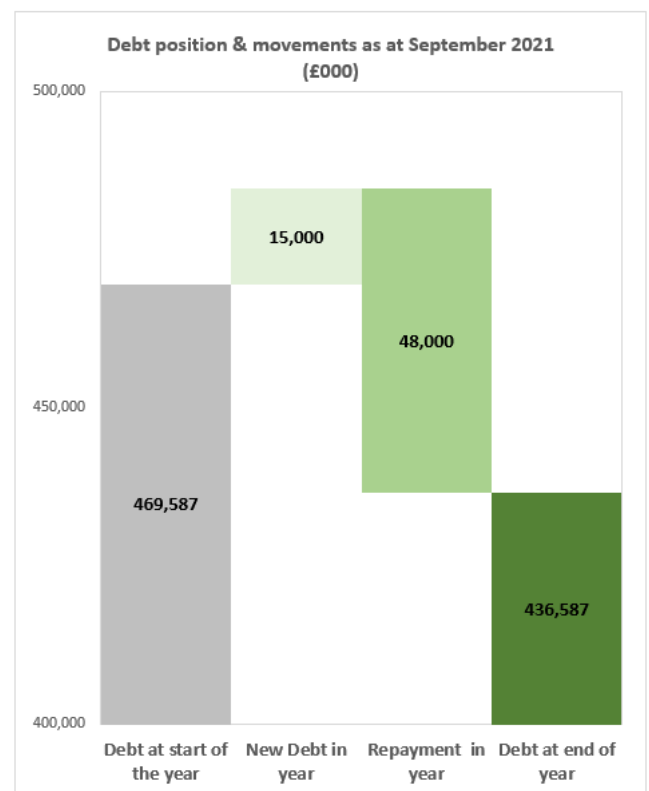
- Capital investment plans are affordable;
- All external borrowing and other long-term term liabilities are within prudent and sustainable levels; and
- Treasury management decisions are taken in accordance with professional good advice.

4.2 The 2021/22 Prudential Indicators are shown in Appendix 1. During the half year ended 30th September 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2021/22.

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 and the Churches, Charities and Local Authorities (CCLA) money market fund. The Council also invests with other Local Authorities and the Debt Management Office (DMO).

4.4 The Council forecasts to borrow to fund the capital investment programme. The Council's approach is for loans to be arranged at fixed interest rates to achieve budget certainty and over varying periods to fit in with the Council's debt maturity profile. However, due to cash flow timings the Council's borrowing has reduced by a net £33m to date, see chart.

4.5 The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10%. Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy. Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards



the end of September. These increases are anticipated to have an impact on the cost of any new borrowing taken after this date as well as on income received from investing surplus cash balances.

- 4.6 The Council's current borrowing strategy has been to take advantage of shorter-term Local Authority loans which are currently available below bank rate, with a view to undertaking some longer term borrowing later in the year. This is because despite the PWLB's long term interest rates having been historically low, they have also been volatile. This approach minimises in-year interest cost and maintains flexibility with regards to options available to be deployed. For example with the capital programme reduction exercise, which forms part of the action plan from the DLUHC reviews, less borrowing is anticipated to be required and further debt repayment activity can occur as and when the short term loans mature and are not replaced with new re-financing loans.

5. CONSULTATION

- 5.1 The Council's Prudential Indicators and Treasury Management Strategy 2021/22 - 2023/24 have undergone full consultation, and been through the scrutiny process, as it forms part of the Annual MTFS.
- 5.2 The Council continues to liaise with its treasury advisors, Link Asset Services.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 As set out in the report.

7. REASON FOR THE RECOMMENDATION

- 7.1 This report is given to the Committee to review performance against the Prudential Indicators in the TMS set in the MTFS.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The Treasury Management Strategy 2021/22 – 2023/24 is required to be prepared in accordance with the Treasury Management in the Public Services: Code of Practice 2017. This report sets out the performance against the associated prudential indicators. The options are therefore limited.

9. IMPLICATIONS

Financial Implications

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

Legal Implications

- 9.2 Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

10. BACKGROUND DOCUMENTS

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

- 10.1 The Prudential Code for Capital Finance in Local Authorities – 2017 Edition, CIPFA; and Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2017 Edition, CIPFA.

11. APPENDICES

- 11.1 Appendix A - Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at 30 September 2021.

Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at September 2021

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.

Following the recent report published by The Chartered Institute of Public Finance and Accountancy (CIPFA) into the Councils financial position and the recommendations set out in the DHULC action plan, a moratorium on Capital spending is due to be implemented on schemes that are not legally committed and are to be funded from borrowing, therefore it is expected that the 2021/22 Forecast Outturn position will reduce. At the time of drafting this report it was not possible to factor the capital programme amendments into the forecast outturn, however any impact shall be beneficial with the objective of helping to create an overall sustainable budget.

The actual and forecast outturn, compared to those contained in the MTFs for the Prudential Indicators for this financial year are detailed below. The indicators include the Invest to Save schemes however the costs of borrowing associated with these schemes will be offset by the income generated by these projects.

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	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
Capital Expenditure	133.4	21.5	86.1
Invest to Save	13.5	3.7	10.9
Total	146.9	25.2	97.0

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	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
CFR b/fwd	622.0	598.8	598.8
Underlying Need to Borrow	64.5	5.5	35.8
Underlying Need to Borrow - Invest to Save	13.5	3.7	10.9
Repayment of debt - Minimum Revenue Provision	(17.8)	(14.6)	(14.6)
Total CFR C/fwd	682.2	593.4	630.9

3. Indicator 3: Actuals and Estimates of the Ratio of Financing Costs to Net Revenue Budget

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

Ratio of gross financing costs to net revenue Stream	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
Total Ratio	15.2%	11.2%	13.6%

4. Indicator 4: Proportion of Gross Debt to the Capital Financing Requirement (CFR)

This indicator shows the proportion of the Council's external borrowings (Gross Debt) against the CFR. In order to ensure that borrowing levels are prudent over the medium term and only for capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) and the next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. The gross debt amount includes borrowing undertaken through lease arrangements and PFI (see following indicator).

Proportion of Gross Debt to the CFR	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
Gross Debt	619.4	484.6	546.5
CFR	682.2	593.4	630.9
% of Gross Debt to CFR	90.8%	81.7%	86.6%

This indicator shows that the Council is maintaining an under-borrowed position. This means that the capital borrowing need (the CFR), is not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow is being used. This strategy continues to be prudent as investment returns remain low and counterparty risk continues to be variable. The forecast outturn for the % of Gross debt to CFR is 86.6% which is less than that of the indicator at 90.8%. The indicator relates to the proportion of debt compared to the CFR which is within the target, £630.9m against £682.2m.

5. Indicator 5: 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	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
Borrowing	702.2	436.6	498.5
Other Liabilities	48.0	48.0	48.0
Total Operational Boundary	750.2	484.6	546.5

6. Indicator 6: 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	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
Borrowing	780.2	436.6	528.5
Other Liabilities	48.0	48.0	48.0
Total Authorised Limit	828.2	484.6	576.5

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 currently anticipate borrowing in advance of need due to the additional cost of holding the funds until required.

7. Indicator 7: 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 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 majority of borrowing was at fixed rates to provide budget certainty.

Upper limit for fixed rate exposure	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
Upper Limit	744.4	436.6	528.5
% of fixed interest rate exposure	100%	100%	100%

8. Indicator 8: Variable interest rate exposure

Upper limit for variable rate exposure	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Forecast Outturn £m
Upper Limit	186.1	-	-
% of variable interest rate exposure	25%	0%	0%

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.

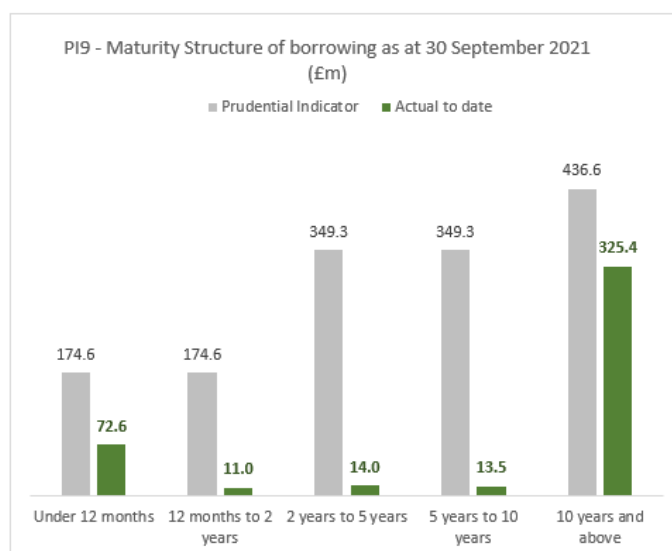
9. Indicator 9: Maturity structure of borrowing

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 2021 is £436.6m shown in the indicator below.

Period	Upper Limit	2021/22 Actual at 30.09.2021 (£m)	
Under 12 months*	40%	16.6%	72.6
1 – 2 years	40%	2.5%	11.0
3 – 5 years	80%	3.2%	14.0
6 – 10 years	80%	3.1%	13.5
Over 10 years	100%	74.5%	325.5
Total Borrowing			436.6

* The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans.

Although the loans are due to mature in 20-32 years' time, they are classed as loans repayable within the financial year due to LOBO's having a call-in date every 6 months.



10. Indicator 10: Total Investments for periods longer than 365 days

Authorities are able to invest for longer than 365 days excluding loans. 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.

	2021/22 Indicator £m	2021/22 Actual at 30.09.2021 £m	2021/22 Fore cast Outturn £m
Principal sums invested >365 days	10.0	0.0	0.0

This indicator reflects the Council's current lending policy of keeping investments short term for liquidity purposes. Also, the Council has minimised its available cash balances as an alternative to new borrowing and does not have the available cash balances to invest for long periods. This is in line with the current strategy for revenue savings and avoids the 'cost of carry' associated with taking borrowing in advance of need.

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AUDIT COMMITTEE	AGENDA ITEM No. 7
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Peter Carpenter, Corporate Director, Resources	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Corporate Director, Resources	Tel. 452520

INVITATION TO OPT INTO THE NATIONAL SCHEME FOR AUDITOR APPOINTMENTS FROM APRIL 2023

RECOMMENDATIONS	
FROM: Peter Carpenter, Corporate Director, Resources	Deadline date: 29 November 2021
<p>It is recommended that Audit Committee:</p> <p>1. Confirm to Public Sector Audit Appointments that it will opt into the national scheme for auditor appointments from April 2023 by agreeing at this Committee and then passing to Council for approval.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee following a referral from the S151 Finance Officer.

2. PURPOSE AND REASON FOR REPORT

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

- Confirm to Public Sector Audit Appointments that it will opt into the national scheme for auditor appointments from April 2023 by agreeing at this Committee and then passing to Council for approval.

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.8

To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	n/a
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4. **BACKGROUND AND KEY ISSUES**

- 4.1 The Council has opted into PSAA's present auditor appointment arrangements.
- 4.2 In June 2017 PSAA completed a procurement to let audit contracts from 2018/19. Ernst & Young LLP was successful in winning a contract in the PSAA procurement, and PSAA appointed them as the auditor of Peterborough City Council for the period up to 2022/23 Financial year.
- 4.3 The Council received notification on the 22nd September that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to the Council.
- 4.4 The national scheme timetable for appointing auditors from 2023/24 means PSAA now need to issue a formal invitation to the Council to opt into these arrangements. In order to meet the requirements of the relevant regulations, PSAA also attach a form of acceptance of their invitation which the Council must use if it decides to join the national scheme. PSAA have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.
- 4.5 Given the very challenging local audit market, the PSAA believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why they believe that is the best solution both for individual bodies and the sector as a whole.
- 4.6 PSAA would like to highlight three matters to the Committee:
1. If the Council opts to join the national scheme, PSAA need to receive the Council's formal acceptance of this invitation by Friday 11 March 2022;
 2. The relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. PSAA appreciate this will need to be built into your decision-making timetable. PSAA have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
 3. If the Council decide not to accept the invitation to opt in by the closing date, it may subsequently make a request to opt in, but only after 1 April 2023. PSAA are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow PSAA to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if PSAA need to embark on a further procurement or enter into further discussions with our contracted firms.
- 4.7 The national scheme from 2023 will build on the range of benefits already available for members:
- transparent and independent auditor appointment via a third party;
 - the best opportunity to secure the appointment of a qualified, registered auditor;
 - appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
 - on-going management of any independence issues which may arise;

- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

4.8 It is the Director of Resources view that opting in to the new PSAA arrangements is still the best route for appointment of Council Auditors.

5. CONSULTATION

5.1 This request will be discussed and approved at Audit Committee before being forwarded to full Council for a final approval.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Confirm to Public Sector Audit Appointments that it will opt into the national scheme for auditor appointments from April 2023

7. REASON FOR THE RECOMMENDATION

7.1 The Council has enjoyed a good relationship with its external auditors through the present PSAA arrangements. The arrangements will continue to offer appointment, if possible, of the same auditors to bodies involved in significant collaboration which is important to the Council given its close relationships with the County Council.

7.2 The arrangements will offer a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members. But by far the most important point is that opt in to the scheme offers the best opportunity to secure the appointment of a qualified, registered auditor – which has been a significant issue for the sector in the past 2 years.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The Council could opt out of the PSAA arrangements and source its External Audit arrangements itself but could not guarantee appointment or costs.

9. IMPLICATIONS

Financial Implications

9.1 The cost of audit is already budgeted in the MTFS.

Legal Implications

9.2 None

Equalities Implications

9.3 None

10. BACKGROUND DOCUMENTS

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

10.1 In November 2016 Audit Committee agreed:

1. The adoption of PSAA as the appointing person for the Council, subject to a satisfactory invitation to opt into the PSAA's appointing person arrangements.

11. APPENDICES

- 11.1
 1. Invitation to opt into the national scheme for auditor appointments from April 2023 sent on the 22nd September 2021.
 2. Form of notice of acceptance of the invitation to opt in.

22 September 2021

To: Ms Beasley, Chief Executive
Peterborough City Council

Copied to: Mr Carpenter, S151 Officer
Councillor Over, Chair of Audit Committee or equivalent

Dear Ms Beasley,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

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Appointing Period 2023/24 to 2027/28
Form of notice of acceptance of the invitation to opt in

(Please use the details and text below to submit to PSAA your body's formal notice of acceptance of the invitation to opt into the appointing person arrangements from 2023)

Email to: ap2@psaa.co.uk

Subject: Peterborough City Council Notice of acceptance of the invitation to become an opted-in authority

This email is notice of the acceptance of your invitation dated 22 September 2021 to become an opted-in authority for the audit years 2023/2024 to 2027/2028 for the purposes of the appointment of our auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

I confirm that **Peterborough City Council** has made the decision to accept your invitation to become an opted-in authority in accordance with the decision making requirements of the Regulations, and that I am authorised to sign this notice of acceptance on behalf of the authority.

Name: **[insert name of signatory]**

Title: **[insert role of signatory]** (authorised officer)

For and on behalf of: **Peterborough City Council**

Date: **[insert date completed]**

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AIUDIT COMMITTEE	AGENDA ITEM No. 8
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Fiona McMillan, Director of Law and Governance and Monitoring Officer	
Cabinet Member(s) responsible:	Councillor Fitzgerald, Leader of the Council	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296334

AUDIT COMMITTEE START TIME 2022/23

RECOMMENDATIONS	
FROM: <i>Director of Law and Governance</i>	Deadline date: January 2022
<p>It is recommended that the Audit Committee:</p> <p>1. Agree and recommend to Council the start time for all Audit Committee meetings for the Municipal Year 2022-23.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee meeting following the Full Council decision on 24 July 2019 to allow Committees to decide their own start times for the Municipal Year 2020-21.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to allow the Audit Committee to discuss and agree the start times for meetings from the beginning of the Municipal Year 2022-23. The draft schedule of meetings will be agreed at Full Council on either 22 January or 4 March 2020.

2.2 This report is for the Audit Committee to consider under Council Standing Order section 4.4.1

The timings of normal committee meetings will be agreed by the committee for the next municipal year in January of the preceding municipal year (or as near to this time as possible).

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 At the Constitution and Ethics Committee on 8 July 2019 the Committee agreed by majority to recommend to Council that all Committees can agree their start times for the Municipal Year 2020-21. This was again agreed by majority at the Full Council meeting on 24 July 2019.

- 4.2 The Council standing orders have been updated to reflect this decision and gives Committees the opportunity to decide their own start time.
- 4.3 In order for the start times to be incorporated into the draft meeting schedule it is important for the Committee to make a decision on this before the January Full Council meeting. This is the only opportunity for the Committee to make this decision as the next meeting is after the January Council meeting.
- 4.4 Council standing orders allow the Committee to agree its start time every Municipal Year, thereby allowing the Committee to change the start times if it is felt that the start time was not suitable or working.
- 4.5 The Committee will need to decide the best start time and will need to weigh up attendance at meetings and the impact on the Council and members of the public.
- 4.6 The Committee has for the past two years met at 5pm. For the municipal year 2020/21 all meetings were held virtually due to the ongoing Pandemic and due to the uncertainty over this meeting times for 2021/22 have been kept at the same time.

5. CONSULTATION

- 5.1 Consultation on the start times for the committee is being presented to members at this meeting along with any suggestions with regards to meeting frequency. Any recommendations will be presented to Full Council as part of the meeting schedule report.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 It is anticipated that the Committee will agree a start time for meetings for the Municipal Year 2022-23 and this will be proposed as part of the draft meeting schedule.

7. REASON FOR THE RECOMMENDATION

- 7.1 The recommendation allows the Audit Committee to debate the start time of the meeting and make recommendations following debate.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 N/A

9. IMPLICATIONS

Financial Implications

- 9.1 There are none.

Legal Implications

- 9.2 There are none.

Equalities Implications

- 9.3 There are none.

10. BACKGROUND DOCUMENTS

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

- 10.1 Minutes of the Constitution and Ethics Committee 8 July 2019
Report to Full Council 24 July 2019

11. APPENDICES

11.1 None.

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AUDIT COMMITTEE	AGENDA ITEM No. 9
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Peter Carpenter, Corporate Director Resources	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Corporate Director Resources	Tel. 452520

USE OF CONSULTANTS – UPDATE REPORT

RECOMMENDATIONS	
FROM: Corporate Director Resources	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. consider the update report on the use of Consultants for the 2021/22 period for the first seven months of the financial year (April 2021 - October 2021). 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following a referral from Sustainable Growth Committee on 6 March 2012

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to update Audit Committee as to the level of spend on external Consultants.

The report is presented to enable review of the consultancy and interim policy adopted on 26 March 2012.

- 2.2 This report is for Audit Committee to consider under its Terms of Reference No.

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

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	n/a
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4. BACKGROUND AND KEY ISSUES

- 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 this role at their meeting of 26 March 2012.
- 4.3 A further report, outlining the information requested, was discussed at the meeting of 5 November 2012. Further updates have been considered at subsequent meetings, continuing the regular reporting to Audit Committee.
- 4.4 The expenditure for the last ten full years is shown below.

	Total £m
2011-12	5.4
2012-13	4.3
2013-14	4.5
2014-15	3.1
2015-16	2.5
2016-17	3.0
2017-18	2.4
2018-19	2.7
2019-20	4.5
2020-21	1.7
2021-22 (first 7 months)	0.4



- 4.5 The chart above shows the reducing trend of expenditure on consultancy, with an upswing during 2019/20 primarily resulting from the external support for the Council’s financial improvement programme. The final outturn for 2020-21 shows costs of £1.7m, and cost from April 2021 to October 2021 are £0.4m. Costs for the current financial year are detailed in Appendix 1. The most significant item listed is a payment to Cambridgeshire County Council (CCC) for IT project support. This is budgeted for within individual projects, and reflects where the CCC element of

the jointly resourced team is paid for - conversely there is a recharge to CCC where PCC staff are deployed on CCC projects.

- 4.6 The Council also employs Agency staff through a number of Contracts. The spend for the past 5 financial years on Agency has been:
- 2016/17 - £6.3m
 - 2017/18 - £6.5m
 - 2018/19 - £8.8m
 - 2019/20 - £6.4m
 - 2020/21 - £3.6m
 - 2021/22 - £1.8m (first seven months)

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 OR IMPACT

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

7. REASON FOR THE RECOMMENDATION

- 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

Financial Implications

- 9.1 The report sets out the costs of consultants and agency staff.

Legal Implications

- 9.2 There are no legal implications arising from this report.

Equalities Implications

- 9.3 There are no equalities implications arising from this report.

Carbon Implications

- 9.4 There are no carbon implications arising from this report.

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, 8 November 2011;
- Report to Sustainable Growth Scrutiny Committee, 6 March 2012;
- Reports to Cabinet and Audit Committee 26 March 2012;
- Reports to Audit Committee of 5 November 2012; 4 February 2013;
- Report to Audit Committee of 4 November 2013;

- Report to Audit Committee of 3 November 2014 and supplementary report to Audit Committee of 2 February 2015;
- Report to Audit Committee of 9 November 2015
- Report to Audit Committee of 22 November 2016
- Reports to Audit Committee of 19 November 2018; 11 February 2019
- Reports to Audit Committee of 15 July 2019; 16 September 2019; 18 November 2019; 27 January 2020
- Reports to Audit Committee 14 September 2020; 16 November 2020; 25 January 2021
- Report to Audit Committee 13 September 2021.

11. APPENDICES

- 11.1 Appendix 1 - list of companies used during the period 1 April 2021 to 31 October 2021 with summary of purpose of engagement.

**Appendix 1 - List of companies with Summary
2021/22 (April – 31 October 2021)**

Supplier Name	Initiative	Amount
Airey Consultancy Services Ltd	CTR Annual Update Service	695.00
Allen Lane	Housing Accountant	36,309.03
Cambridge City Council	Housing sub-regional co-ordinator role	9,948.00
Cambridgeshire County Council	IT project support (246k) – pending shared ICT service; School Standards (10k); ASC statutory returns (4k)	260,245.42
Firth Consultants Ltd	Investigation into land contamination	1,360.00
Grant Thornton UK LLP	Financial Improvement Programme, Lean Cost Structure	10,680.00
Idox Software Ltd	Technical consultancy for Uniform (planning) system upgrade	3,750.00
Inform CPI Ltd	RV Finder	6,500.00
Kings Hedges Educational Federation	Secondment to School improvement team	30,465.45
Liz Holmes Consultancy	Delivery of training at Literacy Subject Leader Meeting	1,920.00
Mark Stephen Land Management	Soil Testing	1,665.00
Penny O'Shea	Barnack Neighbourhood Plan examination	3,799.80
Saffer Cooper Limited	Homes England IMS	990.00
Savills (UK) Ltd	HRA Business Planner retainer service	8,000.00
Sharpe Pritchard LLP	Legal Services support (Planning)	2,250.00
Shelton Development Services Ltd	Housing grant bid support	1,105.00
The Sports Consultancy	Feasibility study on New Leisure Development for Werrington	20,650.00
Valuation Office Agency	Viability Advice for Planning Application	324.74
Vero HR Ltd	HR Support	1,196.00
ZELLIS UK LIMITED	Resourcelink (HR/Payroll) system Cloud migration	15,151.90
2021/22 Total for April 2021-October 2021		£417,005.34

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AUDIT COMMITTEE	AGENDA ITEM No. 11
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Peter Carpenter – Corporate Director of Resources	
Cabinet Member(s) responsible:	Cllr Coles - Finance	
Contact Officer(s):	Peter Carpenter – Corporate Director of Resources	Tel: 384564

UNCOLLECTABLE DEBTS IN EXCESS OF £10,000

RECOMMENDATIONS	
FROM: Peter Carpenter – Acting Director of Corporate Resources	Deadline date: 29 November 2021
<p>It is recommended that Audit Committee:</p> <p>1. Note the Uncollectable Debts in excess of £10,000 report.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee for information from Cllr Coles (Cabinet Member for Finance) following the publication of a Cabinet Member Decision Notice (CMDN).

2. PURPOSE AND REASON FOR REPORT

2.1 This report is for information following the Cabinet Member for Finance exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (n).

2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.13

To review any issue referred to it by the Chief Executive or a Director, or any Council body.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
---------------------------------------------	-----------	----------------------------------	--

4. BACKGROUND AND KEY ISSUES

4.1 The attached CMDN report details the Cabinet Member's approval to write-off uncollectable debts that exceed £10,000 in relation to accounts receivable (sundry debt), as detailed in the appendices to this report. The aggregate total value of these debts is £262,697.

4.2 All cases requested for write-off follow a lengthy process to recover the outstanding money, sometimes dating back many years. Only once all avenues have been exhausted will the council consider writing off debt.

4.3 It is acknowledged that given the high volume and value of invoices and bills issued there will

always be a requirement to write off an element of debt as uncollectable.

- 4.4 Sundry debt raised each year is normally in excess of £60 million. When the sum recommended for write off in this report is expressed as a percentage of the total debt raised over the period, it represents only 0.03%. If debts less than £10,000 are also included, the total percentage written off is only 0.06% of the total debt raised.
- 4.5 The majority of debt to be written off has been provided for in the council's debt provisions. As a result, the impact on the Council's revenue position as a result of this write off exercise is £23,656. All debt recovery actions available to the council must be exhausted before outstanding debt can be recommended for write-off.
- 4.6 The recent Internal Audit review of Sundry Debt focussed on all aspects of the debt management process, including the governance arrangements for writing off debt. As part of gaining reasonable assurance, it was recognised that the Council conducts quarterly reviews of potential uncollectable debt (exceeding £10k) and that this report to Audit Committee forms part of the formal CMDN process. It was recommended that this aspect of governance is documented within policy guidance for budget managers, and this has now been updated.

5. CONSULTATION

- 5.1 Information concerning the consultation undertaken is detailed within the attached CMDN report.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 It is anticipated that the Committee will note the attached 'Uncollectable Debts in Excess of £10,000' Cabinet Member Decision Notice.

7. REASON FOR THE RECOMMENDATION

- 7.1 Reasons for recommendation are detailed within the attached CMDN report.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Alternative options are detailed within the attached CMDN report.

9. IMPLICATIONS

Financial Implications

- 9.1 Financial implications are detailed within the attached CMDN report.

Legal Implications

- 9.2 Financial implications are detailed within the attached CMDN report.

Equalities Implications

- 9.3 There are no significant equalities implications.

10. BACKGROUND DOCUMENTS

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

- 10.1 Cabinet Member Decision Notice: To approve the write-off of any uncollectable debts in excess of £10,000.

11. APPENDICES

- 11.1 Cabinet Member Decision Notice: To approve the write-off of any uncollectable debts in excess of £10,000.

UNCOLLECTABLE DEBTS IN EXCESS OF £10,000
COUNCILLOR ANDY COLES, CABINET MEMBER FOR FINANCE
November 2021
Deadline date: 29 November 2021

Cabinet portfolio holder: Responsible Director:	Councillor Andy Coles, Cabinet Member for Finance. Peter Carpenter, Corporate Director of Resources
Is this a Key Decision?	NO If yes has it been included on the Forward Plan: N/A Unique Key decision Reference from Forward Plan: N/A
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	NO

R E C O M M E N D A T I O N S
The Cabinet Member is recommended to authorise the write off of the debt shown as outstanding in respect of accounts receivable (sundry debt) accounts included in the Appendices. These detail the financial year and the category for the write off request.

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks the Cabinet Member’s approval to write-off uncollectable debts that exceed £10,000 in relation to accounts receivable (sundry debt), as detailed in the appendices to this report. The aggregate total value of these debts is £262,697.
- 1.2 All cases requested for write-off follow a lengthy process to recover the outstanding money, sometimes dating back many years. Only after all avenues have been exhausted will the council consider writing off debt.
- 1.3 It is acknowledged that given the high volume and value of invoices and bills issued there will always be a requirement to write off an element of debt as uncollectable.
- 1.4 In recent years, sundry debt raised by the Council is normally in excess of £60 million. When the sum recommended for write off in this report is expressed as a percentage of the total

debt raised over the period, it represents only 0.03%. If debts less than £10,000 are also included, the total percentage written off is only 0.06% of the total debt raised.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Finance to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (i).

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO
---------------------------------------------	-----------

4. DETAILS OF DECISION REQUIRED

- 4.1 The Cabinet Member for Resources is requested to approve the write off of uncollectable debt in excess of £10,000. These debts relate to accounts receivable (sundry debt) accounts.

Financial Context

- 4.2 The Council is committed to taking all appropriate action necessary before considering a debt for write off. This includes multiple written reminder letters early in the recovery process, telephone call follow up, senior management dialogue with counterparts, and where necessary, court and enforcement agent action. It can take several years before all actions have been undertaken.
- 4.3 Per annum, the Council currently expects to receive in excess of £60m of sundry invoice income. As a result of activity on this scale, the Council recovers millions of pounds every year in unpaid debt, sometimes dating back years, due to being persistent in recovery activity.
- 4.4 Despite our best endeavours, it is inevitable that a small percentage of debt will not be collected and will ultimately have to be written off. There are a number of reasons why this occurs with the most common being where a company has gone into liquidation, an individual has been made bankrupt, a debtor has died with no funds available within the respective estate, or where it has not been possible to trace a debtor. It is very common for large organisations in both the public and private sectors to incur debt, and the Council is no different in that respect. Writing off debt is standard practice and recommended as part of good budget management.
- 4.5 In addition to the balances to be written off as part of this report, debts with a value less than £10,000 also require write-off consideration. While not forming part of this governance process (due to delegation limits as part of the Council's financial regulations), the values are shown in Appendix 2 for completeness and overall context.

5. CONSULTATION

- 5.1 Consultation between relevant Council Officers, the Head of Finance, the Local Taxation section and key Heads of Service within the Peterborough-Serco Strategic Partnership was undertaken to provide the relevant information for this report.

6. ANTICIPATED OUTCOMES

- 6.1 It is anticipated that the Cabinet Member for Finance will approve the write-off of the debt amounts summarised in Appendix 1.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

7.1 In all cases included in this Cabinet Member Decision Notice the authorisation for write-off is requested due to one of the following scenarios:

- the individual being made insolvent/ bankrupt;
- the ratepayer is deceased with no further income due from the estate;
- all recovery options/ activity have been exhausted concerning disputed balances; &
- the debt has become statute barred following efforts to recover.

7.2 Where debt being written off is in relation to companies that have gone into administration/ individuals being made bankrupt, proof of debt has been lodged with the Administrators or Liquidators in all appropriate cases and either it has been confirmed that no dividend is payable or a final dividend payment has been received. Recovery action has therefore been exhausted and there is no further action that can be taken to obtain any further payments in relation to the debt. Table 2 in Appendix 1 summarises the rationale for the different reasons for write off decisions by year and by value.

7.3 The majority of the aged debt outlined in Appendix 1 has been fully provided for in the council's debt provisions in accordance with the council's debt provision policies, local accounting procedures and statutory accounting regulations. As a result, the impact on the Council's revenue position as a result of this write off exercise is £23,656. All debt recovery actions available to the council must be exhausted before outstanding debt can be recommended for write-off.

7.4 To further strengthen its debt collection procedures, the Council has a robust end-to-end accounts receivable process, including ensuring that all future debt write-off exercises take place on a quarterly basis. This report represents the first exercise for 2021-22 due to the ongoing= impact of Covid-19 on individuals/ organisations and the resulting suspension of active debt recovery action in the early phase of the pandemic.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The alternative option is to not write off this debt. This would result in uncollectable debts continuing to be shown as outstanding, with a bad debt provision apportioned to these balances. It should be noted that once a debt is no longer collectable it should be written off in the Council's accounts and the debt provision adjusted accordingly.

8.2 All other alternative options available to the Council to collect the debt have already been undertaken before making a decision to recommend a debt for write off.

9. IMPLICATIONS

9.1 Financial and legal implications have been included within this report.

9.2 Section 151 of the Local Government Act 1972 requires a local authority to make arrangements for the proper administration of their financial affairs and the write-off of debts falls within such duties.

9.3 There are no equalities implications arising from the recommendation.

Carbon Impact Assessment

9.4 It is considered that there is no/ negligible impact of implementing this decision.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

There are no documents.

12. APPENDICES

Appendix 1 - Debt Write-Offs With A Value Over £10,000 by type

Appendix 2 - Debt Write-Offs With A Value Under £10,000 (for information only)

Appendix 1 - Debt Write-Offs With A Value Over £10,000

Table 1: By financial year and % of debt type raised

Financial Year	Adult Social Care			Sundry Debt		
	Write-off (£)	Debt raised in year (£)	Percentage in year (%)	Write-off (£)	Debt raised in year (£)	Percentage in year (%)
2009/10	-	n/a	n/a	-	51,430,000	0.00%
2010/11	-	n/a	n/a	-	51,450,000	0.00%
2011/12	1,248	n/a	n/a	-	47,270,000	0.00%
2012/13	1,882	n/a	n/a	-	48,540,000	0.00%
2013/14	3,780	n/a	n/a	144,597	46,140,000	0.31%
2014/15	51	n/a	n/a	14,519	45,140,000	0.00%
2015/16	6,043	n/a	n/a	40,284	54,270,000	0.06%
2016/17	9,776	5,628,589	0.17%	-	56,610,000	0.00%
2017/18	14,494	5,381,202	0.27%	-	56,914,648	0.00%
2018/19	4,409	4,721,450	0.09%	-	67,843,815	0.00%
2019/20	6,372	5,671,537	0.11%	13,561	68,726,462	0.02%
2020/21	1,159	5,468,315	0.02%	-	69,698,833	0.00%
2021/22	522	3,589,408	0.01%	-	27,972,893	0.00%
Total	49,736	30,460,501		212,961	692,006,651	

Table 2: By financial year and write-off rationale

Financial Year	Company/ ratepayer placed into Administration/ Liquidation/ Bankruptcy/ Entered into a CVA (£)	The ratepayer is deceased with no further income due from the estate (£)	Disputed debts/ incomplete records (£)	Statute Barred (£)	All recovery methods/ attempts exhausted (£)	Total (£)
2009/10	-	-	-	-	-	-
2010/11	-	-	-	-	-	-
2011/12	-	1,248	-	-	-	1,248
2012/13	-	1,882	-	-	-	1,882
2013/14	-	3,780	-	144,597	-	148,377
2014/15	-	51	-	14,519	-	14,570
2015/16	-	6,043	31,680	8,400	204	46,327
2016/17	-	9,776	-	-	-	9,776
2017/18	-	14,494	-	-	-	14,494
2018/19	-	4,409	-	-	-	4,409
2019/20	13,561	6,372	-	-	-	19,933
2020/21	-	1,159	-	-	-	1,159
2021/22	-	522	-	-	-	522
Total	13,561	49,736	31,680	167,516	204	262,697

Appendix 2 - Debt Write-Offs With A Value Under £10,000 (For Information Only)

Table 1: Sundry Debt Write-Off by type and financial year

Financial Year	Adult Social Care Write-Off (£)	Housing Debt Write-Off (£)	Market Debt Write-Off (£)	Property Debt Write-Off (£)	Other Sundry Debt Write-Off (£)	Under £10k Write-Off Total (£)	Total Debt raised in year (£)	write-off as a %
Up to 2008/09	-	483	400	1,674	-	2,557	N/A	N/A
2009/10	1,498	21	-	10,261	112	11,892	51,430,000	0.02%
2010/11	1,911	-	-	11,320	2,316	15,547	51,450,000	0.03%
2011/12	-	220	-	17,984	-	18,204	47,270,000	0.04%
2012/13	8,481	369	-	5,682	4,222	18,754	48,540,000	0.04%
2013/14	1,394	7,403	-	21,725	14,661	45,183	46,140,000	0.10%
2014/15	6,441	7,427	-	10,646	2,242	26,756	45,140,000	0.06%
2015/16	5,228	8,856	-	3,559	2,159	19,802	54,270,000	0.04%
2016/17	3,671	225	2,690	2,752	6,738	16,076	62,238,589	0.03%
2017/18	1,891	3,104	550	5,114	3,532	14,191	62,295,850	0.02%
2018/19	289	2,027	1,590	3,093	943	7,942	72,565,265	0.01%
2019/20	-	3,525	-	9,877	2,070	15,472	74,397,999	0.02%
2020/21	-	-	-	379	1,440	1,819	75,167,148	0.00%
2021/22	-	-	-	-	-	-	31,562,301	0.00%
Total	30,804	33,660	5,230	104,066	40,435	214,195	722,467,152	-

Table 2: Council Tax and Housing Benefit Debt Write-Off by financial year

Financial Year	Council Tax			Housing Benefit		
	Write-off (£)	Debt raised in year (£)	Percentage in year (%)	Write-off (£)	Debt raised in year (£)	Percentage in year (%)
up to 2008/09	189,962			3,108		
2009/10	195,009	£59,936,975	0.33%	403	£1,804,684	0.02%
2010/11	91,443	£61,993,112	0.15%	6,171	£2,173,907	0.28%
2011/12	56,060	£62,824,264	0.09%	1,575	£2,211,795	0.07%
2012/13	59,075	£65,357,199	0.09%	1,315	£2,705,840	0.05%
2013/14	85,597	£70,463,240	0.12%	4,429	£3,222,339	0.14%
2014/15	55,720	£72,502,578	0.08%	6,928	£4,676,459	0.15%
2015/16	23,452	£74,410,461	0.03%	6,276	£3,974,226	0.16%
2016/17	8,614	£79,108,656	0.01%	14,277	£3,905,442	0.37%
2017/18	3,465	£84,345,870	0.00%	8,791	£4,499,133	0.20%
2018/19	2,302	£91,040,667	0.00%	2,358	£2,700,526	0.09%
2019/20	2,814	£96,943,022	0.00%	8,329	£1,638,886	0.51%
2020/21	2,118	£100,450,774	0.00%	10,846	£1,065,571	1.02%
2021/22	156	£108,504,254	0.00%	9,842	£1,305,618	0.75%
	775,787	1,027,881,072		84,648	35,884,426	

AUDIT COMMITTEE	AGENDA ITEM No. 12
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Councillor Over, Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Coles, Cabinet Member for Finance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296 334

WORK PROGRAMME 2021/22

R E C O M M E N D A T I O N S
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> Notes and agrees the Work Programme for the municipal year 2021/22.

1. ORIGIN OF REPORT

1.1 This is a standard report to the Audit Committee which forms part of its agreed work programme. This report provides details of the Draft Work Programme for the following municipal year.

2. PURPOSE AND REASON FOR REPORT

2.1 The Work Programme is based on previous year's agendas. The programme can be 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.

2.2 Training for members on specific aspects of the Audit Committee agenda are available throughout the year and will be arranged on request and will take place on a separate day to that of the committee meeting.

3. IMPLICATIONS

Financial Implications

3.1 There are none

Legal Implications

3.2 There are none

Equalities Implications

3.3 There are none

4. APPENDICES

4.1 Appendix A - Work Programme 2021/22

APPENDIX A

DATE: 29 JULY 2021 - Complete			
		Section / Lead	Description
	Annual Governance Statement	Finance Steve Crabtree	To consider and endorse the development of the Annual Governance Statement as included in the accounts.
	Internal Audit: Annual Audit Opinion	Internal Audit Steve Crabtree	To receive, consider and endorse the annual Internal Audit Opinion for the year ended 31 March 2021.
	Investigations Team Annual Report 2020 / 2021	Internal Audit Steve Crabtree	To receive, consider and endorse the annual report on the investigation of fraud and irregularities for the year ended 31 March 2021.
	Insurance: Annual Report 2020 / 2021	Internal Audit Steve Crabtree	To receive, consider and endorse the annual report on the delivery of Insurance Services for the year ended 31 March 2021.
	Budget Monitoring Outturn 2020 / 2021	Finance Pete Carpenter	To receive, consider and endorse the Capital and Treasury outturn 2020/21
	Annual Governance Statement	Finance Pete Carpenter	To receive the final Statement of Accounts for the year ended 31 March 2021 incorporating the Annual Governance Statement together with the annual report to those charged with governance following their scrutiny by External Audit.
	Audit Committee Effectiveness	Internal Audit Steve Crabtree	To receive and consider the self assessment of the effectiveness of the Audit Committee
	RIPA update	Governance Ben Stevenson	To receive an update for Committee to note.
	INFORMATION AND OTHER ITEMS		
	Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
	Approved Write-Offs Exceeding £10,000	Pete Carpenter / Chris Yates	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Draft Work Programme 2021 / 2022	Democratic Services Dan Kalley	

DATE: 13 SEPTEMBER 2021 - Complete

		Section / Lead	Description
	Risk Management: Strategic Risks	Governance Pete Carpenter	To receive details of the strategic risks impacting on the Council and the mitigating actions to address these.
	Use of Consultants	Finance Pete Carpenter	To receive an update on the use of Consultants
	External Audit: Annual Audit Letter	Ernst and Young	To receive and approve the External Annual Audit Letter identified as part of their audit works
	RIPA Update	Governance Ben Stevenson	
	Shareholder Cabinet Committee decisions	Pippa Turvey/Fiona McMillan Governance	To note the decisions and recommendations from the Shareholder Cabinet Committee
	INFORMATION AND OTHER ITEMS		
	Approved Write-Offs Exceeding £10,000 - None	Finance Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	
	Work Programme 2020 / 2021	Democratic Services Dan Kalley	

DATE: 29 NOVEMBER 2021

		Section / Lead	Description
	Audit Results Report – Year Ended 31 st March 2021	Ernst and Young	
	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 Strategy	Finance Pete Carpenter	Half year review as per requirements
	PSAA Opted-in Authority	Finance Pete Carpenter	
	Audit Committee start times 2022/23	Dan Kalley Democratic Services	Committee to agree it's start times for the municipal year 2022-23
	INFORMATION AND OTHER ITEMS		
	Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	
	Work Programme 2019 / 2020	Democratic Services Dan Kalley	
DATE: 24 JANUARY 2022			
		Section / Lead	Description
	Internal Audit: Approach to Audit Planning	Internal Audit Steve Crabtree	To receive a report on the approach to Audit Planning
	National Fraud Initiative: Investigating Allegations of Fraud	Internal Audit Steve Crabtree	To receive a report setting out the latest outcomes in relation to tackling fraud and corruption through the National Fraud Initiative and future activities to protect the public purse
	Use of Consultants	Finance/HR Pete Carpenter	To receive an update on the use of consultants and agency staff

	Treasury Management Strategy	Finance Pete Carpenter	
	Asset Management Strategy	Finance Pete Carpenter	
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Finance Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	
	Work Programme 2022 / 2023	Democratic Services Dan Kalley	

DATE: 21 MARCH 2022			
		Section / Lead	Description
	Draft Annual Audit Committee Report	Democratic Services Dan Kalley	To receive the Draft Annual Audit Committee Report prior to submission to Council
	Internal Audit: Draft Internal Audit Plan 2022 / 2023	Internal Audit Steve Crabtree	To receive and approve the Internal Audit Plan 2022 / 2023
	Risk Management: Strategic Risks	Governance Pete Carpenter	To receive an update on the strategic risks for the Council
	ICS Update	Finance Pete Carpenter	
	Refunds of Council Tax and Business Rates	Finance	To review and make any recommendations on the Councils refunds of Council Tax and Business Rates.
	INFORMATION AND OTHER ITEMS		
	Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation

	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	