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## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL, PETERBOROUGH ON 21 MARCH 2016**

Present: Councillors Aitken (Vice Chairman), F Fox, Harper, Shaheed, Sharp, Lane, Sylvester and Scott OBE.

Also Present: Councillor Seaton Cabinet Member for Resources

Officers in  
Attendance:

Kim Sawyer, Director of Governance  
Steven Crabtree, Chief Internal Auditor  
Kevin Dawson, Head of Resilience  
Karen S Dunleavy, Democratic Services Officer

Also in

Attendance: Kay Mcclennon, Ernst and Young  
Clare Armitage, Ernst and Young

### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Over, Councillor Harper was in attendance as a substitute.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES OF THE MEETING HELD ON 8 FEBRUARY 2016**

The minutes of the meeting held on Monday, 8 February 2016 were approved as an accurate and true record.

### **4. RISK MANAGEMENT: STRATEGIC RISKS**

The Head of Resilience introduced the report to Audit Committee Members, as a planned report on Risk Management.

Key points highlighted included:

- Risk Management Review
- Risk Management Policy

The Head of Resilience, responded to comments and questions raised by Members. A summary of responses included:

- The risks highlighted for the shortage of school places was a national issue, which had also applied to Peterborough. It had been confirmed to the resilience team recently that work was underway to mitigate the issue;
- The continued amber and red risks would be mitigated by Directors. Some of risks would be on a cycle, such as in relation to the budget which would remain as a high risk area, whereas some may spiral downwards. It would be very difficult to predict the direction of a new risk;

- The Cabinet Member for resources advised that the Strategic Risk Register would highlight key items that could have a significant impact on the Council;
- A demand for school places could be solved by the provision of temporary mobile classrooms to manage the situation;
- There were budget reserves in place if the Council were required to act quickly to a significant risk; and
- School admissions would remain the responsibility of the Authority when schools move to Academy status as per the recent Government direction.

**The Committee:**

Note the latest Risk Management Report.

**5. Outcome of the Code of Conduct Review**

The Director of Governance introduced the report to Audit Committee Members, which sought a recommendation for an appropriate Code of Conduct (CoC) for the Council to adopt. Members of the Committee also received tabled comments from Elected Members outlining their preferred option.

The Committee was asked to review the three options as its preferred Code of Conduct for Members and select the appropriate Code to recommend for adoption at the Annual Council meeting:

- a) Option 1 - the existing Code of Conduct with a minor amendment on other interests at paragraph 9.2;
- b) Option 2 – the amended Code of Conduct based on the Local Government Association model; and
- c) Option 3 – The amended Code of Conduct based on the Department of Communities and Local Government (DCLG) model.

The Director of Governance, responded to comments and questions raised by Members. A summary of responses included:

- The decision had been made by Audit Committee to move away from the Local Government Association (LGA) model as it was too prescriptive in telling Elected Members how to carry out their function; and
- The CoC review group was unable to meet sooner due to logistical issues and other Council commitments.

A motion was proposed and seconded to recommend the DCLG Code of Conduct for recommendation to Council for adoption. The motion was carried, three in favour, two against, one abstention and two no votes.

**The Committee:**

Agreed that option 3, the Department for Communities and Local Government (DCLG) model would be recommended to Council for adoption.

**6. Internal Audit: Draft Internal Audit Plan 2016 / 2017**

The Chief Internal Auditor introduced the report to Audit Committee Members, which outlined the Draft Internal Audit Plan 2016/2017, which had been in line with the Committee's agreed Work Programme for 2015/2016.

Key points highlighted included:

- Audit Charter;
- Code of Ethics;
- Audit Strategy and Audit Plan; and
- Performance Indicators.

The Chief Internal Auditor, responded to comments and questions raised by Members. A summary of responses included:

- The team had intended to make full use of the allocation of resources and page 92 of the report provided a full breakdown on the allocation. It had been expected that some tasks would overlap between financial years;
- The allocation of audit resources shared with two other authorities had reflected the number of days spent at other Councils;
- The resources allocated for audit reviews had changed over time due to varied reasons, however, the level of auditors in comparison to the audit reviews required, had been correctly applied and would be reviewed as necessary. Any variation required for the internal audit plan following a review would be reported back to Audit Committee as appropriate;
- Members raised concerns over the amount of resources available to conduct internal audits and requested that consideration should be given to closely monitor the issue;
- Costs for audit reviews for each shared authority were charged respectively;
- The audit feedback performance targets had been consistent for each year and had scored 4 – 4.5 against the target of 3.75 set.

The Cabinet Member for Resources suggested that audit support in terms of the integration of the Digital Strategy was considered by the Audit Committee.

#### **The Committee:**

Examined the draft Internal Audit Plan for 2016 / 2017 and:

1. Identified any areas for further consideration;
2. Approved the draft Audit Plan and Audit Strategy;
3. Noted the contents of the Internal Audit Charter;
4. Noted the contents of the Code of Ethics; and
5. Noted the performance indicators set for the service.

#### **The Committee Also Agreed:**

That the Chief Internal Auditor would arrange a meeting between the Audit Committee Chair, Cabinet Member for Resources and the Chief Internal Auditor to discuss the specific technical skills and resources required in order to undertake ICT audits to ensure that projects were fully integrated and in line with the Digital Strategy.

## **7. Draft Annual Audit Committee Report**

The Director of Governance introduced the report to Audit Committee Members, which outlined the work of the Audit Committee over the municipal year 2015/2016.

#### **The Committee:**

Approved the draft Annual Audit Committee report for submission to Council.

## **8. Account and Audit Regulations 2015**

The Chief Internal Auditor introduced the report to Audit Committee Members, which outlined the implications of the changes to the Audit and Accounts Regulations 2015. The changes were due to be effective from Financial Year 2017/2018.

Key points highlighted included:

- Draft accounts deadline date had changed from 30 June to 31 May;
- The draft accounts required signature by the Section 151 Officer for release into the public domain;
- The changes would impact the Audit Committee's work programme.
- The Audit and Accounts Regulations 2015 deadline for the sign off of accounts by Committee was 31 July.

The Chief Internal Auditor, responded to comments and questions raised by Members. A summary of responses included:

- The Audit and Account Regulations requirements would be effective from 2017/2018; and
- Paragraph 4.18 of the report should state that the sign off of accounts responsibility would change to a different meeting date rather than to a different Committee.

### **The Committee:**

1. Noted the impacts of the Audit and Accounts Regulations 2015 as set out in section 4 of the report; and
2. Considered and approved the recommended approach to adjust the Work Programme and meeting dates as result of the change in regulations.

## **INFORMATION AND OTHER ITEMS**

### **9. USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

The Committee noted that there had been no RIPA authorisations in this quarter.

### **The Committee:**

Agreed that a guidance note would be provided to Audit Committee Members, which would outline when an application could be made for the use of Regulation of Investigatory Powers Act 2000 (RIPA).

### **10. APPROVED WRITE-OFFS EXCEEDING £10,000**

The Committee noted that there had been no write-offs for the Council exceeding £10,000.

7:00pm – 7:49pm  
Chairman