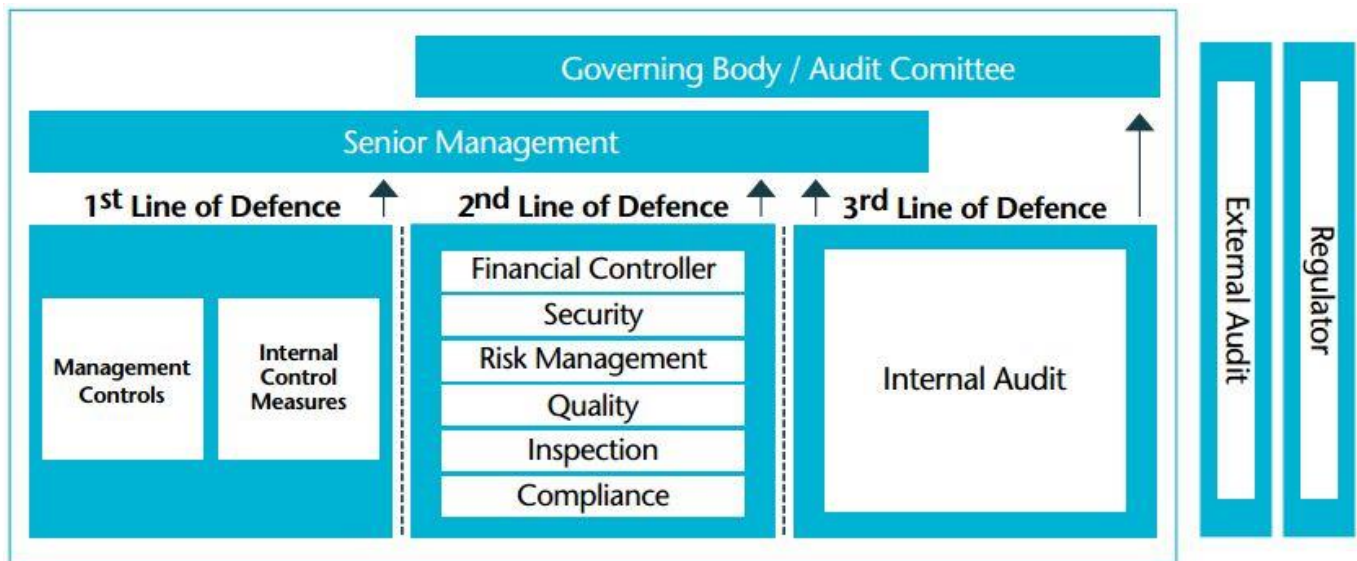


**APPENDIX D****ASSURANCE FRAMEWORK**

The first line of defence (functions that own and manage risks) is formed by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives. Collectively, they should have the necessary knowledge, skills, information, and authority to operate the relevant policies and procedures of risk control. This requires an understanding of the Council, its objectives, the environment in which it operates, and the risks it faces.

The second line of defence (functions that oversee or who specialise in compliance or the management of risk) provides the policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line, conducts monitoring to judge how effectively they are doing it and helps ensure consistency of definitions and measurement of risk.

The third line of defence (functions that provide independent assurance) is provided by internal audit. Sitting outside the risk management processes of the first two lines of defence, its main roles are to ensure that the first two lines of are operating effectively and advise how they could be improved. Tasked by, and reporting to the Audit Committee, it provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control to the organization's governing body and senior management. It can also give assurance to sector regulators and external auditors that appropriate controls and processes are in place and are operating effectively.

**ASSURANCE: Corporate Governance (including partnerships / external organisations)**

Audit works covered during the year included:

- Annual Governance Statement
- Annual Investigations Report
- Annual Fraud Report
- Anti Fraud Policies
- Information Governance Board
- Mayors Charities (Governance)

Separate assurance has been obtained from:

- The Council has a range of arrangements in place which underpins the principles outlined in the CIPFA / SOLACE document “Delivering Good Governance in Local Government” and the Audit Committee noted the contents of the Annual Governance Statement 2021 / 2022 at its meeting in July 2022. The latest AGS (for 2022 / 2023) has been refreshed by the Chief Internal Auditor and the first draft endorsed by the Corporate Leadership Team in May 2023. It sits elsewhere on this agenda. (Conflict / impairment as produced by CIA is reported on separately).
- Since the creation of the Independent Improvement Panel, various governance reviews of existing internal arrangements as well as arms-length partnerships have been commissioned and these external reports have identified both good practice as well as weaker areas requiring attention. All issues are reflected in the AGS.
- Directors Assurance Statements are issued to all to assess the status of the controls within departments. There is an onus on Directors confirming these with their management teams. Sample tests are performed. Analysis from all statements identified the level of controls in place however there was a discrepancy between how well embedded between departments.

Areas deemed as requiring improvement relate to external reviews which have been commissioned through CIPFA to look into the various governance practices which had detailed actions to be delivered on. These are routinely reported to CLT.

Further assurance required in future will cover:

- Update of the Local Code of Corporate Governance

Throughout the year, various governance reports are also provided to Committees which set out how governance arrangements have been delivered. These are documented below by Committee.

Committee	Date	Details
Adults and Health Scrutiny	1/23	Cambridgeshire and Peterborough Safeguarding Adults Partnership Board (Annual Report)
	3/23	Mental Health s.75 Partnership Agreement: Annual Report

Cabinet	1/23	Joint Working Agreement between PCC / CCC: Annual Review of Exit Protocol and Procurement Protocol
Childrens and Education Scrutiny	10/22 1/23	Directors Report: Children and Safeguarding (Performance Indicators and Effectiveness) CPS Childrens Partnership Board Annual Report
Climate Change and Environment Scrutiny	2/23	Draft Council Climate Change Action Plan
Constitution and Ethics	7/22 10/22 2/23	PCC Governance Review (timelines) PCC Governance Review (Terms of Reference) Constitution Review
Council	6/22	Independent Improvement and Assurance Panel reports. CIPFA recommendations progress.
Shareholders Cabinet Committee	6/22 11/22	Peterborough Limited Opportunity Peterborough Norfolk Property Services

### **ASSURANCE: Risk Management**

No specific audits have been commissioned in relation to the delivery of risk management. This was due to the timing of the repositioning of the service away from Internal Audit and then the need for the Interim Risk Manager to take on board all the suggestions / requirements to further develop the risk management framework and policy together with refreshing the strategic risk register. The results of these are due to the first Audit Committee in 2023 / 2024.

Nevertheless, ongoing assurance has been maintained by the ongoing attendance and scrutiny performed at the Risk Management Board.

Future years assurance will look at:

- Strategic / Operational risk registers
- Revision of policies

**ASSURANCE: Financial Governance**

Audit works covered during the year included:

- Levelling Up Fund
- Ukrainian Support Fund
- Pensions
- Energy Rebate
- Direct Payments
- Household Support Fund
- Payroll
- Council Tax

PCC Finance has a robust level of internal control and despite prior year council -wide issues in relation to levels of spending it is now demonstrating strong financial management and has been able to set balanced budgets which have been developed by all parties as well as taking into consideration external consultation through the budget simulator. Strong controls are demonstrated by both internal and external audit work and reports.

The External Auditor issued an unqualified opinion on the 2019-2020 Statement of Accounts and has praised the internal team for the quality of working papers etc. Due to issues outside of PCC control, the accounts remain unaudited for 2020 / 2021 and 2021 / 2022. (Ignoring fact that 2022 / 2023 have just been compiled). These remain a risk to the Council the longer they remain unaudited and no assurance can be placed on the records.

Finance completed an assessment of compliance with the CIPFA Financial Management Code and this highlighted that PCC is broadly compliant with the required financial management standards.

There has also been a range of grants administration / certification works undertaken which has also allowed for assurance on the state of financial management.

**ASSURANCE: Procurement / Contract Management**

Audit works covered during the year included:

- Drug and Alcohol Treatment contract
- TACT

The Procurement function was brought back in house late in 2022. Internal processes put in place since are starting to make improvements, but it is too early to gauge how successful:

- Each department has a dedicated procurement lead
- Procurement have developed an annual plan of activities – which Internal Audit will look to utilise to gain further assurance on its successful operations.
- Audit Committee are taking an active interest in procurement processes and in particular breaches of rules etc.

**ASSURANCE: People Management**

Audit works covered during the year included:

- Payments in Liew of Notice (PILON)
- Absence Management
- Teachers Pensions (Premature Requirements)

Separate projects are in train to look at developing the Human Resources systems which include modules relating to expenses. Furthermore, integration with ERP (the Financial accounting software) is also now being explored – this will look to be gained assurance on in 2023 / 2024.

A workforce strategy is being developed to support the Council going forward to meet its new vision. Once adopted, Internal Audit will look to place assurance on it.

HR policies, letters and toolkits are held in one place on the intranet. They are routinely reviewed, updated and promoted across the Council, keeping employees informed of changes.

**ASSURANCE: Programme and Project Management**

Audit works covered during the year included:

- Integrated Transport System
- Spectrum Replacement
- Towns Fund Project

Assurance can be gained from a number of IT projects were there is a clear framework of systems and processes in place and the use of POWER BI to record information is encouraged. However, for non-IT projects, the process need to be improved and more toolkits to be addressed.

**ASSURANCE: Corporate Performance Management**

CLT has overall responsibility for managing performance of the organisation and promoting good practice. It is too early to place assurance on performance management due to :

- Departments/sections Service Plans being introduced in 2023 – ongoing monitoring to be introduced for 2023
- Quarterly reports just being produced for Cabinet
- An annual report on Corporate Performance submitted to Council

**ASSURANCE: ICT AND INFORMATION GOVERNANCE**

Audit works covered during the year included:

- Back Up Protocols
- Spectrum Replacement
- PCI Compliance
- Supplier Verification

Across the Council, mandatory Cyber Training was provided to all staff / Members. This was as a result of ongoing issues across the public sector together with following up on incidents in relation to invoice manipulation. Training was provided by both internal and external sources.

Internal Audit are members of the Information Governance Board which covers PCC and CCC. This provides an invaluable insight into all the additional activities in place to mitigate and prevent any vulnerabilities within the systems being exploited together with Information Governance developments and any breaches of confidentiality.

**ASSURANCE: Asset Management**

The service has been brought back in house from NPS during the year. As part of the new team there is a requirement for a refresh of all its strategies, so it is too early to evidence assurance is appropriate. A separate Capital Group is in place which looks at capital projects and any disposals or acquisitions.

**ASSURANCE: Business Continuity; Emergency Planning and Health and Safety**

Audit works covered during the year included:

- Business Continuity
- Covid-19 (Public Enquiry)

Business Continuity was at the forefront of Council planning throughout the pandemic and were regularly tested and linked across Cambridgeshire to ensure appropriate resilience. All departments have business continuity plans. Post pandemic, there is a need for robust testing / awareness. There are plans for this to be a focus in 2023.

**ASSURANCE: Safeguarding**

Both Adults and Childrens Scrutiny Committees have received annual reports from their respective Partnership Boards.

**ASSURANCE: Climate Change**

Audit works covered during the year included:

- Climate Change (work in progress)

Corporate Action Plans updated and agreed with Members.

### **ASSURANCE: Schools**

Audit resources are not sufficient to accommodate a meaningful programme of school coverage and, as such, it is not possible to establish assurance on the overall operation within PCC schools.

For overall PCC management of governance arrangements in schools, assurance can be taken from the advice and guidance made available to assist schools in complying with the Local Management of Schools / Fair Funding and other statutory requirements. School budgets are routinely monitored by Finance staff and form part of the overall accounts of PCC. Furthermore, there is oversight of completed statutory returns (e.g. Budget and Outturn Statements; consistent financial reporting; pupil premium grant; DSG return etc.) all contribute to assurance on the central oversight of PCC schools.

While the above lowers the risk profile of schools, with the inability to carry out a programme of school audits means only limited assurance can be provided.

For 2023 / 2024, themed audits will be developed.

### **ASSURANCE: Anti-fraud Culture**

Audit works covered during the year included:

- National Fraud Initiative
- Fraudulent Invoices

The Council has a zero tolerance to fraud and corruption in carrying out its responsibilities. There are a number of policies in place to protect the public purse together with ways it will protect staff. Policies include Code of Conduct and Whistleblowing policy

### **ASSURANCE: Third Parties**

**External assurance is received from a number of sources, including CGC, Ofsted, External Audit, together with updates from DHLUC.** All reports are referred through CLT to Members and detailed actions are put in place to address any weaknesses. These action plans are regularly reviewed by PCC (and schools). EY

### **ASSURANCE: Certification Audit Work**

There have been a large amount of grants covered in year:

- Integrated Transport Grant

- Rough Sleeper Initiative
- Business Support Grants
- Highways Maintenance
- City College – Arts Council Grant
- Test and Trace Support Payments
- Pothole Action Fund
- Household Support Fund
- s.31 Biodiversity Net Gain
- Traffic Signals Maintenance
- Disabled Facilities
- Contain Outbreak Management Fund
- Protect and Vaccinate Grant
- Dedicated School Grant Assurance Statement
- Drug Treatment Universal Grant Scheme
- Traffic Signals Maintenance
- Post 16 Young People Funding
- Adult Weight Management Grant
- Protect and Vaccinate Grant
- Supporting Families
- CPCA – Transport
- Hampton Hargate School NCTL
- PIRI
- Education Grants
- Homeless Prevention Grant
- Education Capital Grant

Throughout 2022/2023, grant certification works have been completed on a whole host of grants covering all departments.

While this provides assurance to the organisation in line with grant conditions, they are also labour intensive in relation to evidence gathering, testing and ensuring compliance before being signed off in line with requirements either by the Chief Internal Auditor / Chief Executive or the Executive Director Corporate Services / Chief Executive. Testing identified that no clawbacks of grants were expected.

The level of resources required needs to be factored in to any future bids and carefully monitored should PCC look to maximise grant applications going forward