

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL,
PETERBOROUGH ON 30 MARCH 2009**

Present: Councillors Hiller (Chairman), North (Vice-Chairman), Gilbert, Kreling, Seaton, Harrington and Khan.

Officers in attendance: Steve Crabtree, Chief Internal Auditor
John Blair, Head of Strategic Finance and Performance Improvement
Chris Hughes, PricewaterhouseCoopers
Gemma George, Governance Support Officer

1. Apologies for Absence

Apologies were received from Councillor Hussain.

2. Declarations of Interest and Whipping Declarations

There were no declarations of interest.

3. Minutes of the Meeting Held on 9 February 2009

The minutes of the meeting held 9 February 2009 were approved as an accurate and true record.

4. Annual Audit and Inspection Letter 2007/2008

The Committee received a report which highlighted the Annual Audit and Inspection Letter for 2007/2008, prepared jointly by the Council's external auditors PricewaterhouseCoopers and the Audit Commission Relationship Manager.

The External Auditor and the Audit Commission Relationship Manager produced an Audit and Inspection Letter yearly, which reviewed the Council's arrangements and progress in relation to the Audit of Accounts and the Use of Resources.

The contents of the letter were highlighted to the Committee and included:

- Summary;
- Purpose, responsibilities and scope;
- Peterborough City Council performance;
- Audit of the Accounts;
- Use of Resources; and
- Closing remarks

Members were advised that there was an error in paragraph 19 of the report surrounding Peterborough City Council performance. The classification highlighting current level of performance under the Comprehensive Performance Assessment had not been stated. Members were advised that Peterborough City Council had been assessed to a three star level.

Members were invited to comment on the letter and the following issues were raised:

- Members questioned whether the Assurance Framework work items were covered in the letter. Members were advised that this item formed part of the

Use of Resources assessment and was separately identified on the agenda (Item 5).

- Members questioned what actions could be taken in order to improve. Members were advised that the letter highlighted significant challenges around translating performance improvement to outcomes. This was most notable in the Use of Resources, value for money, which had an overall assessment of 2 out of 4. In proportion to other Council's our cost were seen as high but this may be down to local factors / priorities.

ACTION AGREED:

The Committee approved the Audit and Inspection Letter 2007/2008.

5. Assurance Framework

The Director of Strategic Resources submitted a report which informed Members of the Assurance Framework, which was an initiative designed to further consolidate the Council's Risk Management Framework.

The Council's Assurance Framework provided a simple but comprehensive method to implementing effective and focused management on obtaining assurance relating to the achievement of key council priorities, its Partners, Stakeholders and the inherent risks to achieving this.

The Framework provided a structure and reporting process which would assist the Audit Committee in carrying out its duties.

Key priorities and key risks where assurance was required had been identified from the Strategic Risk Register, the Annual Governance Statement and the 2008 Assurance Framework. The sources of assurance had been obtained from internal and external sources. The Assurance Framework referenced the documented evidence that identified the key risk areas, their current position and the actions which were being implemented and the mechanisms for reporting on progress.

A total of 65 areas of assurance had been sought from across the Council, which covered all service areas and activities.

Members were advised that the Assurance Framework was not a static document, and would be changed and updated throughout the year as the needs and assurances across Peterborough changed. It had been proposed that a further update would be provided to the Audit Committee on a half yearly basis.

Members were invited to comment on the report and the following observations and issues were highlighted:

- The Committee positively commented on the information provided within the Assurance Framework reporting timetable document which was attached to the main report. This document highlighted the 65 areas of assurance which had been identified.
- A query was raised regarding whether the safeguarding of electronic data, listed as area of assurance number 59 within the document, had been previously highlighted as needing improvement. Members were informed that this area had been previously highlighted in last years Annual Governance Statement. The Assurance Framework document had been prepared whilst a council project to address this had been running. This central government driven project was due for closure soon and there were a few areas that would require further audit to satisfy the safeguarding of electronic data.

- Members commented that investments, listed as area of assurance number 43 within the document, needed further work. Members were advised that on the whole, work in this area had been compliant, for example the Medium Term Financial Strategy made full disclosure of the prudent approach taken, but further work was needed to satisfy audit assurance.
- Members questioned whether children's social services were improving. Members were informed that further work was required, but new changes had been implemented, for example new school CRB checks.
- A query was raised regarding whether further information could be provided on other Council's assurances and also whether Peterborough City Council could be benchmarked against other Council's. Members were advised that Internal Audit was part of a national benchmarking group and the question of benchmarking against other Councils would be posed. Further information would be provided on other Councils assurances where available.
- Members questioned whether the outcome of the further assurance work required, which was highlighted under each of the 65 assurances, would be fed back to the Audit Committee upon completion. Members were advised that this information would not be fed back to the Audit Committee - other than the proposed half yearly update report - although it would be included in the Service Contracts for each department. Members were further advised that if they wished to enquire about outcomes of further assurance work, information could be obtained from either the relevant departmental Director or the relevant Scrutiny Panel.

ACTION AGREED:

The Committee;

- (1) Approved the Assurance Framework which formed part of the Annual Governance Statement;
- (2) Considered whether additional areas of assurance were required; and
- (3) Noted the proposed future reporting timetable.

6. Internal Audit Plan and Strategy 2009/2010

The Director of Strategic Resources submitted a report which outlined the Internal Audit Strategy and Operational Plan for 2009/2010.

The Audit Strategy documented the way in which Internal Audit intended to deliver the service and how it was ensured that work it complied with the standards contained in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006. In particular, it stated how the work of Internal Audit would provide the assurances required for the production of the statutory Annual Governance Statement. This would be achieved by adopting a risk based approach to work, both at the level of annual planning and of individual audits, this would ensure that the Council's key priorities, objectives and risks were targeted. The strategy also commented on some key areas up for review, including partnership governance, contracting arrangements, project management, business continuity and ICT arrangements.

The Annual Operational Plan described the individual audit reviews which were to be undertaken during the year. To determine the scope of the plan for 2009/2010 a systematic risk assessment of all auditable areas had been undertaken. This was informed by the review of the Strategic Risk Register, Divisional Risk Registers, the Assurance Framework, Director and Heads of Service consultation, council and government initiatives and the Medium Term Financial Strategy. The work required to fulfil statutory s.151 responsibilities had also been determined.

The Plan showed the minimum amount of work that the Internal Audit Service (IAS) had assessed should be undertaken after considering available resources.

Members were invited to comment on the report and the following issues were raised:

- A query was raised regarding debt recovery, which was highlighted in the audit activity table, under the Internal Audit Operational Plan. The status of debt recovery was labelled as 'poor financial management', therefore, what were we doing to progress this forward. Members were advised that this point was linked into the Strategic Risk Register, and as such if we did not do anything in this area, it could ultimately lead to 'poor financial management'. However, the Council has been proactive in this area with changes made around debt recovery ensuring that its processes had become more robust.
- A further query was raised regarding review arrangements for the creation of Arms Length Management Organisations (ALMO), would we have sufficient staff to progress this forward. Members were assured that the ALMO proposition was due to be reviewed and experts would be called upon to enable assurance was met and also that the quota of expertise and staff would be sufficient to deliver the project.

ACTION AGREED:

The Committee noted the report.

7. Feedback and Update Report

The Chief Internal Auditor submitted the latest Update and Feedback Report for consideration.

There were no requests from the Committee for any further information to be provided.

ACTION AGREED:

The Committee noted the Feedback and Update Report.

8. Audit Committee Work Programme (Including Any Training Needs)

The Chief Internal Auditor submitted the latest version of the draft Work Programme 2009/2010 for consideration and approval.

ACTION AGREED:

The Committee noted and approved the latest version of the Work Programme.

The meeting closed at 7.27 p.m.