

AUDIT COMMITTEE

MONDAY 3 NOVEMBER 2014
7.00 PM

Bourges/Viersen Room - Town Hall

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	
<p>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.</p>	
3. Minutes of the Meeting Held on 22 September 2014	3 - 12
<p>To approve the minutes of the meeting held on 22 September 2014.</p>	
4. Use of Regulation of Investigatory Powers Act 2000 (RIPA)	
<p>The Committee is requested to NOTE that there have been no RIPA authorisations in this quarter.</p>	
5. Internal Audit: Mid Year Progress Report	13 - 46
<p>To receive an update on progress against the Annual Audit Plan together with details of any concerns.</p>	
6. Use of Consultants	47 - 52
<p>To receive an update on the Use of Consultants across the organisation.</p>	

7. Treasury Management	53 – 60
To receive an update on the policy and effectiveness of treasury management.	
8. Feedback Report	61 – 66
9. Work Programme	67 - 72



There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Karen S Dunleavy on 01733 452233 as soon as possible.

Emergency Evacuation Procedure – Outside Normal Office Hours

In the event of the fire alarm sounding all persons should vacate the building by way of the nearest escape route and proceed directly to the assembly point in front of the Cathedral. The duty Beadle will assume overall control during any evacuation, however in the unlikely event the Beadle is unavailable, this responsibility will be assumed by the Committee Chair.

Committee Members:

Councillors: M Lee (Chairman), C Harper (Vice Chairman), N Arculus, Thulbourn, Sylvester, F Fox, R Herdman, N Sandford, and S Lane.

Substitutes: Councillors: D Lamb, S Martin, J Okonkowski and JR Fox

Further information about this meeting can be obtained from Karen S Dunleavy on telephone 01733 452233 or by email – karen.dunleavy@peterborough.gov.uk

Public Document Pack



MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL, PETERBOROUGH ON 22 SEPTEMBER 2014

Present: Councillors Lee (Chairman), Harper (Vice Chairman), Arculus, Sylvester, Murphy, F Fox, Herdman and Lane.

Officers in

Attendance: Kim Sawyer, Director of Governance
John Harrison, Executive Director Strategic Resources
Steve Crabtree, Chief Internal Auditor
Steven Pilsworth, Head of Strategic Finance
Carole Coe, Acting Financial Services Manager - Corporate Accounting
Kevin Dawson, Head of Resilience
Karen S Dunleavy, Governance Officer

Also in

Attendance: Councillor Seaton, Cabinet Member for Resources
Julian Rickett, PricewaterhouseCoopers (PWC)
Jacqui Dudley, PricewaterhouseCoopers (PWC)

1. Apologies for Absence

Apologies for absence were received from Councillors Thulbourn and Martin. Councillor Murphy was in attendance as a nominated substitute.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Meeting held on 30 June 2014

The minutes of the meeting held on 30 June 2014, were approved as an accurate and true record.

4. Use of Regulation of Investigatory Powers Act 2000 (RIPA)

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

5. Risk Management: Strategic Risks

The Head of Resilience introduced the report on Risk Management and Business Continuity to the Committee, which had also been reviewed by Corporate Management Team (CMT) on 24 June 2014. The Committee was also advised by the Head of Resilience, that an exercise was underway to explore risk appetite with CMT, with the intension to include CMT's recommendations into the current Risk Policy.

The key points within the report included:

- Review of current Departmental Registers;
- Meetings of the Risk Group;
- Corporate Business Continuity Plan to be reviewed and revised in line with international standards;
- Business Impact Assessments (BIA) templates, recently reviewed by the British Standards Institute;
- Continued review of the risk management procedures by the Council's Internal Audit Team;
- Quarterly reviews of the risk register by CMT, with updates provided on the Council's: intranet, web page and on E-Learning; and
- Strategic issues.

The Executive Director of Resources and the Head of Resilience responded to comments and questions raised. In summary responses included:

- The business continuity process and plan had recently been reviewed by the Audit Team. The outcome of the review would be available within the next couple of months;
- The finance position had moved into a red risk rating for the current year, which had been due to a significant budget pressure increase of £17m to £22m. The budget pressures were due to a further investment requirement for Children's Services funding, in particular to improve services for safeguarding. There was currently a cross party budget setting working group tasked with reducing the financial impact for the Council;
- There had been recent improvements made on safeguarding issues, which were positively recognised by an external improvement board;
- It was felt by some Members that the Council's budget setting figures should be available;
- Some authorities had made broad allocations through their budget setting process rather than actually setting budgets; and
- A review of the Risk Register would take approximately three weeks to complete, which was due to be initiated at the end of September 2014. Due to time constraints involved, it would not be possible to include the outcome of the review as an agenda item for Audit Committee on 3 November 2014.

The Committee:

Considered and noted the content of the report

The Committee also agreed:

1. That the Head of Resilience would circulate the outcome of the Risk Register review undertaken by CMT to Members of the Audit Committee; and
2. That the Executive Director of Resources, would communicate to the Budget Setting Working Group, the comments raised by Councillor Murphy regarding the progress of Peterborough City Council's budget setting.

6. Audit of Statement of Accounts to Those Charged with Governance

The Executive Director of Finance introduced a report to Audit Committee Members, which had detailed the external audit outcome of PricewaterhouseCoopers (PwC) statement of accounts for 2013/14. The Executive Director of Finance also advised the Committee that there were a number of recent changes requested by PwC. The

details of the changes were circulated at the meeting and have been attached at appendix one of these minutes.

The key points within the report included:

- Technical issues raised around the assets and valuation;
- Issue with the County Council's provision of a valuation of a fund, which was inaccurate and would be taken forward by PCC;
- Council Tax Benefit reform outcome had been positive; and
- In terms of the Local Authority Mortgage Scheme, there had been difference of opinion between PCC and PwC on the accounting treatment, however, PwC was not minded to challenge that treatment.

Julian Rickett from PwC, the Council's External Auditor, also highlighted key points to the Committee, which included:

- Executive summary;
- Audit approach;
- Thanks relayed to Officers for co-operation throughout the process;
- Significant audit and accounting matters;
- Accounting issues;
- Misstatements and significant audit adjustments;
- Related parties;
- Internal Controls;
- Risk of Fraud;
- Fees Update; and
- Management Representation Letter.

The Executive Director of Finance, Head of Strategic Finance and PwC responded to comments and questions. In summary responses included:

- There had been no plans for the Council owned Children's Centres, which were currently not in use;
- The conclusion on the 'Authority's arrangements for resources' had related to a final piece of quality review, which would be undertaken until signed off;
- Reassessment of the risks had been due to changes arising from the Audit Commission and had affected all Authorities;
- The difference in opinion with regards to the valuation methods undertaken for Council assets had been between PwC and Wilks Head and Eve (WHE). The Council would not instruct its valuers over which methodology to adopt, unless a specific issue had arose;
- PwC were content with WHE's valuation undertaken of the Council's assets; the issue had been over the methodology used for the valuation of land. The difference of opinion raised, had not created a significant issue over the truth and fairness of the accounts;
- There had always been an element of judgement applied for the valuation of assets;
- A reference to land in the accounts referred to a school in Hampton where the Council owned the building but not the land. The situation was rare and not common practice;
- The Council's use of PwC was due to end in 2015/16. There would be a two year rotation cycle applied before the Council was permitted to commission the services of PwC. Prior to this, the Audit Commission normally requested that the lead Partner

was rotated. The Council was in a position to challenge the Audit Commission and request that the lead Partner remained for a further year if desired;

- The most efficient position would be to retain the PwC lead Partner for a further financial year;

The Committee

1. Received and approved the report to those charged with governance (ISA260) 2013/14 Audit from PricewaterhouseCoopers (PwC, the Council's external auditors; and
2. Received and approved the audited Statement of Accounts 2013/14.

The Committee also agreed that:

1. Councillor Murphy would provide the Head of Strategic Finance and the Cabinet Member for Resources, with details of the requests made to officers in relation to the future of the Children's Sure Start Centres; and
2. The Head of Strategic Finance would provide a briefing note to Members of the Audit Committee regarding Children's 'Sure Start' Centres following further clarification from Councillor Murphy.

7. Outcome of Code of Conduct Review

The Director of Governance introduced the report to the Committee, which had provided detail over the recent review of the Council's standards and conduct arrangements for Councillors, recently undertaken by the Code of Conduct (CoC) Review Working Group. The Director of Governance also advised the Committee that the Code of Conduct Working Group's recommendation to Council was one of adoption of the Local Government Authority's (LGA) Code of Conduct template.

The key points highlighted included:

- The Council's CoC had changed in 2011;
- The 2011 Code was adopted and introduced within a relatively short time-frame with the first part of the code, Members behaviour, remaining unchanged. The second part of the Code had covered disclosable pecuniary interests;
- Various codes were considered by the CoC Review Working Group, such as LGA, (National Association Local Councils) NALC and the Department of Communities for Local Government (DCLG);
- The Nolan Principles would head up the code;
- None of the adopted codes had dealt with predetermination or bias;
- The CoC Review Working Group had aimed for a sleek and not overly complicated version;
- A briefing was due to be held at an All Party Policy on the proposed LGA Code of Conduct template, prior to submission to Council; and
- Many authorities had adopted similar templates.

In general, Members commented that:

- The LGA template was not best suited for PCC Members;
- The DCLG template should be given further consideration;
- The LGA template was too prescriptive in telling Members how to undertake their role, such as in relation to their representation of the electorate;

- The LGA model was too repetitive in respect of the use of Nolan Principles and required a more meaningful approach.

The Committee was requested to:

1. Recommend to Council that a revised Code of Conduct be adopted, in that:
 - a. Part 1 of the Code (general conduct) should be deleted and replaced with the wording from the Local Government Association template Code;
 - b. The revised description of the Principles of Conduct in Public Life were incorporated within the Code; and
 - c. Part 2 of the Code (interests) remained unchanged.
2. That enhanced training concerning the common law on interests and bias be offered to all Councillors.
3. It be noted that the Group also recommended that the revised wording of the Integrity Principle was to be incorporated into Council Standing Orders, which had currently been the case.

The Committee:

REFUSED the Code of Conduct Review Group's recommendation.

AGREED that the Review Group would be requested to:

1. Revisit their recommendation over which Code of Conduct template to adopt;
2. Consider the comments made by some Members of the Audit Committee in particular to the preferred DCLG Code of Conduct template; and
3. Share the outcome of the CoC review with each political party for comment prior to any formal adoption.

8. Feedback report

The Governance Officer introduced the report, which provided feedback on items considered or questions raised at the previous meeting of Audit Committee. It also provided an update on specific matters which were of interest to the Committee or where the Committee had requested to be kept informed of progress.

Members commented that there appeared to be a discrepancy of around £60,000, in relation to the explanations provided within the Commercial Property Decrease in Income briefing note.

The Chief Internal Auditor also provided an update on the outcome of a meeting held on 4 September 2014, to discuss the Council's auditing arrangements. The Chief Internal Auditor also advised that the audit of partnership organisations, included within the Internal Audit Plan 2014/15, had commenced and outcomes would be reported to Members of the Audit Committee once concluded.

The Committee agreed:

1. That the Head of Strategic Finance would provide Audit Committee Members with a briefing note, which would detail the projected income for the Peterborough United Football Club and Commercial Property for 2014/15.

9. Work Programme

The Governance Officer submitted the latest version of the Work Programme for the Municipal Year 2014/2015 for consideration and approval. The standard report provided details of the proposed Work Programme for the Municipal Year 2014/2015 together with any training needs identified.

The Committee:

Noted and approved the 2014/2015 Work Programme.

The Committee also agreed:

That the revised review of the Code of Conduct would be submitted to a future meeting of the Audit Committee.

7.00pm – 7.55pm
Chairman

Note in Support of Item 6

List of Amendments to SOA from the one circulated with the Agenda

Audit work continued after the agenda had been dispatched and PwC have asked for the following changes to be made to the final Statement of Accounts. These changes have been incorporated into the Statement of Accounts signed this evening by the Chair of the Committee and the Executive Director Resources.

Statement of Accounts – SOA

- Explanatory Forward – page 1 introductory paragraph wording change from Medium Term Financial Plan to Medium term Financial Strategy.
- Explanatory Forward – page 2 fourth bullet point Collection Fund and Notes, remove word National from Non Domestic Rates
- Explanatory Forward – page 5 third paragraph deficit on the Fund in 2013/14 amended from £242.2m to £242.3m
- Explanatory Forward – page 6, first column last paragraph remove the duplicate word forecast
- Note 7 – Note under the second table total liability of £242.2m amended to £242.3m and the note under the third table remeasurement of £40.4m amended to £40.5m.
- Note 15 – Within the first table £8,447k has been removed from Communities fees, charges and other service income and from Communities other service expenditure. The Net Expenditure of Communities remains unchanged. Within the second table the same amount has been removed from the allocation of recharges. The Cost of Services Total Income and Total Expenditure remain the same and the last column of the table, Total Income and Total Expenditure remains the same.
- Note 18 – Revised Note attached – the note has been amended to re-categorise elements of the Prior Period Adjustment – the overall Net Book Value at 31 March 2014 of £519,485k and Net Book Value at 31 March 2013 of £495,861k remain the same.
- Note 25 – 2012/13 Capital Financing Requirement for Property Plant and Equipment amended from £47,714k to £45,716k. The closing capital requirement for 2012/13 now adds to £316,098k which agrees with the opening capital financing requirement of £316,098k in 2013/14.
- Collection Fund – Cambridgeshire Authority amended to Cambridgeshire Fire Authority
- Other minor grammar and punctuation

Annual Governance Statement – AGS

- Page 3 point 5 A Medium Term Financial Plan (MTFP) has been changed to Medium Term Financial Strategy (MTFS)
- Page 9 point 6 On completion of their work is changed to On completion of the external auditor's work
- Other minor grammar and punctuation

Property, Plant & Equipment (PPE) – 2013/14	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Heritage Assets	Surplus Assets	Assets under Construction	Total PPE
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2013 Gross Book Value	333,051	51,923	184,378	4,083	570	25,567	21,830	621,402
Additions	11,428	2,353	11,912	57	-	33	35,592	61,375
Revaluation increase / (decrease) recognised in the Revaluation Reserve	10,713	-	-	20	-	-	-	10,733
Revaluation increase / (decrease) recognised in the (Surplus) / Deficit on Provision of Services	(9,188)	-	-	-	-	(1)	-	(9,189)
Derecognition - Disposals	(12,365)	(24,568)	-	-	-	(2,642)	-	(39,575)
Reclassified Assets	3	(37)	-	-	-	-	-	(34)
Assets Under Construction Completed In Year	9,883	-	1,306	-	-	175	(11,386)	(22)
At 31 March 2014	343,525	29,671	197,596	4,160	570	23,132	46,036	644,690
Accumulated Depreciation and Impairment								
At 1 April 2013	(20,999)	(34,556)	(64,412)	(3,207)	-	(2,049)	(318)	(125,541)
Depreciation Charge	(6,803)	(6,621)	(8,804)	-	-	-	-	(22,228)
Depreciation written out to the Revaluation Reserve	1,512	-	-	-	-	-	-	1,512
Depreciation written out to the (Surplus) / Deficit on Provision of Services	712	-	-	-	-	-	-	712
Impairment (losses) /reversals recognised in the Revaluation Reserve	(786)	-	-	-	-	-	-	(786)
Impairment (losses) /reversals recognised in the (Surplus) / Deficit on Provision of Services	(2,989)	-	-	(57)	-	(206)	(34)	(3,286)
Derecognition – Movement on Transfers	(3)	9	-	-	-	-	-	6
Derecognition - Disposals	483	23,923	-	-	-	-	-	24,406
At 31 March 2014	(28,873)	(17,245)	(73,216)	(3,264)	-	(2,255)	(352)	(125,205)
Net Book Value - At 31 March 2014	314,652	12,426	124,380	896	570	20,877	45,684	519,485
<i>Net Book Value - At 31 March 2013</i>	<i>312,052</i>	<i>17,367</i>	<i>119,966</i>	<i>876</i>	<i>570</i>	<i>23,518</i>	<i>21,512</i>	<i>495,861</i>

<i>Property Plant & Equipment (PPE) – Restated 2012/13*</i>	<i>Other Land & Buildings</i>	<i>Vehicles, Plant & Equipment</i>	<i>Infra-structure Assets</i>	<i>Community Assets</i>	<i>Heritage Assets</i>	<i>Surplus Assets</i>	<i>Assets under Construction</i>	<i>Total PPE</i>
<i>Cost or Valuation</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>At 1 April 2012 Gross Book Value</i>	308,989	44,025	173,616	5,808	559	23,835	37,569	594,401
<i>Additions</i>	27,273	7,713	10,694	25	-	10	15,827	61,542
<i>Revaluation increase / (decrease) recognised in the Revaluation Reserve</i>	472	-	-	-	11	-	-	483
<i>Revaluation increase / (decrease) recognised in the (Surplus) / Deficit on Provision of Services</i>	(30,954)	-	-	-	-	-	-	(30,954)
<i>Derecognition - Disposals</i>	(3,358)	(499)	-	-	-	-	-	(3,857)
<i>Reclassified Assets</i>	2,435	-	-	(1,789)	-	-	-	646
<i>Assets Under Construction Completed In Year</i>	28,194	684	68	39	-	1,722	(31,566)	(859)
<i>At 31 March 2013</i>	333,051	51,923	184,378	4,083	570	25,567	21,830	621,402
<i>Accumulated Depreciation and Impairment</i>								
<i>At 1 April 2012</i>	(10,448)	(28,901)	(55,918)	(24)	-	(317)	-	(95,608)
<i>Depreciation Charge</i>	(6,268)	(6,114)	(8,494)	-	-	-	-	(20,876)
<i>Depreciation written out to the Revaluation Reserve</i>	4,052	-	-	-	-	-	-	4,052
<i>Depreciation written out to the (Surplus) / Deficit on Provision of Services</i>	1,339	-	-	-	-	-	-	1,339
<i>Impairment (losses)/reversals recognised in the Revaluation Reserve</i>	(2,992)	-	-	(3,119)	-	-	-	(6,111)
<i>Impairment (losses)/ reversals recognised in the (Surplus) / Deficit on Provision of Services</i>	(6,828)	(10)	-	(64)	-	(1,732)	(318)	(8,952)
<i>Derecognition - Disposals</i>	146	469	-	-	-	-	-	615
<i>At 31 March 2013</i>	(20,999)	(34,556)	(64,412)	(3,207)	-	(2,049)	(318)	(125,541)
<i>Net Book Value - At 31 March 2013</i>	312,052	17,367	119,966	876	570	23,518	21,512	495,861
<i>Net Book Value - At 31 March 2012</i>	298,541	15,124	117,698	5,784	559	23,518	37,569	498,793

This page is intentionally left blank

AUDIT COMMITTEE	AGENDA ITEM No. 5
3 NOVEMBER 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lee, Chair of Audit Committee	
Contact Officer(s):	John Harrison, Director of Strategic Resources Steve Crabtree, Chief Internal Auditor	☎ 452 398 ☎ 384 557

INTERNAL AUDIT: HALF YEAR UPDATE 2013 / 2014

RECOMMENDATIONS	
FROM : John Harrison, Director of Strategic Resources	Deadline date : N/A
Audit Committee are asked that :	
1. The Internal Audit Update Report to 30 September 2014 be received and the Committee note in particular:	
(a) Progress made against the plan and the overall performance of the section.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee as a routine planned report within the work programme of the Committee. It sets out Internal Audit performance and progress with regards to the 2014 / 2015 Audit Plan (Audit Committee approval: 24 March 2014).

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to inform the Audit Committee on Internal Audit activities and performance progress against the Annual Audit 2014 / 2015 as at 30 September 2014.
- 2.2 The report is for the Committee to consider under its Terms of Reference No. 2.2.1.3 – *To consider reports dealing with the management and performance of the providers of internal audit services.*

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
---	-----------	---	-----

4. OVERVIEW

4.1 This report outlines the work undertaken by Internal Audit up to 30 September 2014, progress against our plan and other issues of interest.

5. ASSURANCE OPINION

5.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: **FULL**; **SIGNIFICANT**; **LIMITED**; and **NO ASSURANCE**. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews will be included in an appendix to this report, once the audit review has been agreed and finalised. **There is one report that currently falls into this category, and one report presently in draft with limited or no assurance that will be reported next time when it has been finalised.**

5.2 Initial work throughout the first six months has focused on activities which have been date demand led as well as focussing the closure of previous years reviews. These have included 10 audit projects involving the verification and certification of grants. This area of work has been found to be particularly time consuming due to regulations and evidence required to demonstrate we meet European funding rules along with numerous changes in staff administering the grants. As much of the work has been specific to the area being reviewed, the Chief Internal Auditor is unable to provide an opinion on the internal control environment across the organisation at this juncture.

6. AUDIT PLAN 2014 / 2015

6.1 Progress against Plan

6.1.1 **Appendix A** shows the status of those audits included in the original plan, as well as those unplanned audits that have arisen since the plan was approved.

6.1.2 At present 22 audit projects are in progress, 3 are at draft report stage and 1 has been finalised. In addition 11 grant certifications have been completed.

6.1.3 There are 18 audit projects left to be undertaken in the second half of the year, along with the completion of the 22 currently in progress. Progress against the 2014/2015 plan is reasonable and it is anticipated that it will be achieved provided there is no change in business need or focus.

6.1.4 Appendix B is the original plan for 2014/2015, which has been included for the benefit of new members of the Audit Committee.

6.2 Other Performance Matters

6.2.1 There has been 0.33 days of sickness absence per person, compared to a target of 8 days (3%).

6.2.2 Post audit customer satisfaction questionnaires continue to demonstrate that audit reviews are meeting the needs of the organisation with an average score of 5 (the maximum score available is 5).

6.2.3 There has been 100% acceptance of audit recommendations to date.

7. CONSULTATION

- 7.1 This report and the accompanying appendices have been issued to the deputy s.151 Officer for consideration.

8. ANTICIPATED OUTCOMES

- 8.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan and its business plan performance. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work since the last progress report.

9. REASONS FOR RECOMMENDATIONS

- 9.1 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.

10. ALTERNATIVE OPTIONS CONSIDERED

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

11. IMPLICATIONS

11.1 Corporate Resource Implications

During the year, Internal Audit makes a number 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.

11.2 Legal Implications

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.

12. BACKGROUND DOCUMENTS

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

- 12.1 Internal Audit Annual Plan 2014 / 2015

13. APPENDICES

Appendix A - Progress of Audit Plan 2014 / 2015 (To 30 September 2014)

Appendix B - Internal Audit Plan 2014 / 2015

This page is intentionally left blank

APPENDIX A



**ANNUAL AUDIT OPINION
PROGRESS REPORT 2014 / 2015**

1. **INTRODUCTION**

1.1 The purpose of this report is to bring the Audit Committee up to date with progress made against the delivery of the 2014 / 2015 Internal Audit Plan as at 30 September 2014. This report aims to:

- Summarise the process used in setting and delivering the plan;
- Provide an update on performance indicators comparing actual performance against planned where measurable at this stage.
- Advise of any planned changes to reviews, slippage or deletions to that originally agreed on 24 March 2014;
- Advise the Committee of significant issues where controls need to improve to effectively manage risks;
- Track progress on the delivery of agreed actions which will be reported as part of the annual reporting process; and

1.2 The information included in this progress report will feed into, and inform our overall opinion in the Annual Head of Internal Audit Report issued at the year-end. This opinion will in turn be used to inform the Annual Governance Statement (AGS) included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.

2. **INTERNAL AUDIT ROLE AND DETERMINING THE ANNUAL PLAN**

2.1 The provision of assurance is the key role for Internal Audit and this requires the Chief Internal Auditor to provide an annual internal audit opinion based on an assessment of the framework of governance, control and risk management. The role of Internal Audit, therefore, is to understand the key risks to the Council's objectives and to evaluate the adequacy and effectiveness of management's response to those risks.

2.2 In order to achieve this, Internal Audit conducts an annual risk-based audit planning process to determine the audit coverage required across all Council operations. This is designed to align audit effort with those areas assessed as posing the greatest risk to the Council. We use various sources of information, such as the Council's strategic and operational risk registers and the Medium Term Financial Strategy, as well as consulting with directors and their management teams, the council's external auditor and the Audit Committee. A copy of the Annual Plan, as agreed by Audit Committee on 24th March 2014, is attached at appendix B for information.

3. **DELIVERING THE PLAN**

3.1 Audits are conducted using a risk based approach to ensure effort is focused in the most appropriate areas. Once the audit is complete, a report is issued giving an overall opinion using the definitions below. The audit opinion is based upon the number and type of recommendations we make in each report. Certain pieces of work do not result in an audit report with an opinion (such as consultancy work, involvement in working groups, grant certification and follow-ups). It is worth noting that we are reviewing the process of awarding opinions,

including the terminology used, and we will bring our proposals to the Audit Committee with our annual plan for 2015 – 16. The report opinion, along with our consideration of other audit work, is used to formulate the overall Head of Internal Audit Opinion.

AUDIT ASSURANCE OPINIONS	
Assurance	Definitions
Full	The system is designed to meet objectives/controls are consistently applied that protect the Authority from foreseeable risks.
Significant	The system is generally sound but there are some weaknesses of the design of control and / or the inconsistent application of controls. Opportunities exist to mitigate further against potential risks.
Limited	There are weaknesses in the design of controls and / or consistency of application, 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	Controls are weak and / or there is consistent non-compliance, which can result in the failure of the system. 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.

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

3.3 It is managers' responsibility to ensure that effective controls operate within their service areas. However, we undertake follow up work to provide independent assurance that agreed actions arising from audit reviews are implemented in a timely manner.

2 RESOURCING AND PERFORMANCE

2.1 The staffing position in Internal Audit is as reported when the Annual Internal Audit Plan was agreed. This is made up of:

• Head of Internal Audit	0.40	Post shared with Cambridge City and South Cambs DC
• Group Auditor	1.46	
• Principal Auditor	0.60	
• Senior Auditor	2.00	
• Auditor	1.00	
Total in post	5.46 FTE	

2.2 100% of recommendations made in 2014 – 15 have been agreed.

2.3 The level of sickness within the team is very low with 0.33 days sickness per person to September 2014 compared to a corporate target of 8 days (3%).

2.4 Post audit customer satisfaction questionnaires continue to demonstrate that audit reviews are meeting the needs of the organisation with an average score 5 out of 5.

2.5 As part of Internal Audit's strategic plan to increase working efficiencies we are continuing to develop our use of audit automation. The implementation of new audit software, which assists in the recording and management and reporting of our work, is complete. Our shared service partners are reviewing the benefits of sharing the system with us.

3 PROGRESS AGAINST AGREED AUDIT PLAN

Where audits are "shaded", these represent those jobs not started at 30 September 2014.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
CORE SYSTEM ASSURANCE WORK			Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems.					
Budgetary Control	Adult Social Care & Public Health/ Resources							In progress
Main Accounting	Serco/ Resources							Deleted from plan due to the implementation of the new financial system. Budgeted time to be used to review proposals for the new financial system – see below.
Fixed Asset Accounting	Serco/ Resources							To commence in Qtr 4
Council Tax Reduction Scheme	Serco/ Resources							To commence in Qtr 3
Accounts Receivable – Parking Charges	Serco/ Resources							In progress
Financial System Implementation (Agresso)	Serco/ Resources							Initial workshops attended. Consultancy role – no report expected.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE				COMMENTARY
			Critical	High	Medium	Low	
ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK							Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement, as well as high level governance reviews.
Annual Governance Statement Review	All	Complete.	Presented and agreed by Audit Committee on 30 th June 2013				
Assurance Framework	All	To commence	Qtr 4				
Annual Audit Opinion	All	Complete.	Presented to Audit Committee on 30 June 2013				
Annual Audit Plan	All	To commence	Qtr 3				
Internal Audit Effectiveness / Audit Committee Effectiveness	All	Complete.	Presented to Audit Committee on 30 June 2013				
Anti-Fraud Culture	All	NFI Initiative – review of data matches to commence in Qtr 4	Liaison with the Corporate Compliance Team and evaluation of controls resulting from frauds ongoing.				
Information Governance	All	Liaison and strategic overview as part of the Strategic Governance Board and Information Governance Group	On-going				
Risk Management	All	Attendance at Risk Working Group ongoing					
Partnership Governance	Serco/Resources	Review of Serco Contract Management and	in progress				

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks							
Eligibility criteria	Adult Social Care & Public Health							To commence Qtr 3
Framework – IT system	Adult Social Care & Public Health							To commence Qtr 4
Public Health Delivery	Adult Social Care & Public Health							In progress
Commissioning	Commissioning							To commence Qtr 3
Quality Assurance Regime	Children's Services							In progress
Children's Services IT system	Children's Services							To commence in Qtr 4
Petty Cash	Children's Services							In progress
Leaving Care Allowances	Children's Services							In progress
Schools	Children's Services/Resources							Two schools in progress
Capital Project Management	All							To commence Qtr 3
Materials Recycling Facility	Serco/Resources							To commence Qtr 4
Data Security – Mobile Devices	Serco/Resources							To commence Qtr 3
Business Continuity	Governance							In progress

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks							
Procurement	Serco/Resources							To commence Qtr 4
Contracts: Dementia Resource Centre	Adult Social Care	N/A						Complete. Investigation into overspend.
Projects	All							To commence Qtr 3
Community Infrastructure Levy	Growth & Regeneration	Significant	0	0	3	3	6	Draft stage
Value For Money Reviews	All							To be undertaken if time permits.

EXTERNAL WORKS	Work which generates income for the council
Vivacity	4 audits in progress.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE				COMMENTARY
			Critical	High	Medium	Low	
GRANT CLAIM CERTIFICATION							
Certification of claims in relation to UK and European funding requirements							
Bus Service Operators 2012/13		Certified					A grant to support bus services, including community transport services.
Growth Area Fund 2013/14		Certified					A non ring-fenced capital grant to support a programme of growth and development.
Cleantech Incubation Europe							5 th claim in progress. 6 th claim due in Qtr 4.
Zecos		Certified					6 th claim complete. 7 th claim due in Qtr 4.
Disabled Facilities Grant 2013		Certified					Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Electoral Registration Transformation Programme	Governance	Certified					Funding to support the transition to Individual Electoral Registration.
Local Transport Funding Grant 2013/14.	Growth and Regeneration	Certified					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.
Local Transport Funding - Additional Highways Grant	Growth and Regeneration	Certified					A grant to support local authorities in funding capital costs for integrated transport measures and highway maintenance schemes.
Pinch Point Grant 2013/14	Growth and Regeneration	Certified					A fund to help local authorities keep traffic moving and remove bottlenecks on the local highways network.
Severe Weather Grant 2013/14	Growth and Regeneration	Certified					A scheme to support local authorities with costs in dealing with recovery from flood damage in December 2013 and severe weather between December 2013 and up to 7th February 2014.
Troubled Families	Communities						To be commenced in Qtr 3

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE				COMMENTARY	
			Critical	High	Medium	Low		Total
OTHER RESOURCE PROVISION	Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks. In addition there will be a number of follow ups of previous audit activities. Finally, a number of jobs will overlap between financial years and require some time to complete.							
Carry Forward Provision	Provision for the completion of 2013-14 audits							
Risk Management	Governance						In progress	
Electronic Call Monitoring	Adult Social Care	Limited	0	7	1	2	10	Final issued
Accounts Payable	Serco/Resources	Significant	0	5	7	5	17	Draft issued
Payroll	Serco/Resources	Significant	0	2	2	2	6	Draft issued
Accounts Receivable	Serco/Resources							In progress
Purchasing Cards	Serco/Resources							In progress
Fuel Cards	Serco/Resources							In progress
Local Sustainable Transport Fund Grant	Resources	Certified	N/A	N/A	N/A	N/A	N/A	Complete
Framework – Accounts Payable module	Adult Social Care	Limited	0	6	3	2	11	Draft issued.
Contract Management – Alleged Irregularity	Adult Social Care/ Governance	Investigation into alleged under-delivery of contracted services. Following work completed internally an external investigation has commenced by the contract supplier.						
Whistleblowing Investigation: Alleged Irregularity	Communities/ Governance	Report received from external investigator.						

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS IMPLEMENTED				COMMENTARY
			Critical	High	Medium	Low	
OTHER RESOURCE PROVISION	Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks. In addition there will be a number of follow ups of previous audit activities. Finally, a number of jobs will overlap between financial years and require some time to complete.						
Follow-up Provision:	Revisiting audits after 6 months to monitor the implementation of recommendations						
Electronic Call Monitoring	Communities						Due Qtr 4
Payroll	Resources						Due Qtr 4
ICES	Adult Social Care						Due Qtr 3
The Beeches Primary School	Resources						Due Qtr 3
Payroll Overpayments	Resources						In progress
Travel & Subsistence	Resources						In progress
Direct Payments	Adult Social Care						Due Qtr 4
Translation Services	Communities						Due Qtr 4

AUDIT ACTIVITY	Department	COMMENTARY
Provision for unplanned activities:	Internal Audit	provides control and risk advice to officers/management/members as a result of changing risks. This audit activity covers review work that is additional and was not specified as part of the original audit plan
Translation Services – Payment Proposals	Communities	Advice on proposals to speed up payments for translation services. Complete
Shared Lives – Carer Invoices	Adult Social Care	Investigation into delays and errors in the payment of certain invoices. Complete.
Care Provider Invoicing Proposals	Adult Social Care	Provision of advice regarding the proposal to use Frameworki /Oracle interface to pay residential care costs, and the proposal to pay without invoice. In progress.
School A	Children's Services/ Resources	Investigation into allegations of inappropriate spending. Undertaken jointly with Compliance team. In progress.
Financial Regulations Review	Resources	Provision of a summary of audit observations that have an impact on the review of Financial regs. Complete.
Authorised signatory forms	Resources	Advice on the use of manual signatures as a control within Payroll, Accounts Payable, petty cash etc. Complete
Schools	Resources	Advice on selling unwanted items. Guidance on the use of purchasing cards. Complete

4 AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE

	AUDIT ACTIVITY	ASSURANCE RATING	DATE TO AUDIT COMMITTEE
1.	Electronic Call Monitoring	Limited	3 November 2014

Executive Summary

Introduction

When the new Personal Care & Support Framework Contract was let by Adult Social Care in January 2014, there was a requirement for homecare providers to use Electronic Call Monitoring systems. It is understood that for resources reasons, it was decided that each care provider would be responsible for procuring and operating their own ECM system, rather than PCC procure one centrally that all care providers would use.

ECM typically works by logging phone calls made a carer ringing a Freephone number linked to the ECM system, from the service user's phone number, on arrival and again on departure. Some systems use GPS technology instead to record when a carer is at a service user's home.

Objectives and Scope

The purpose of the audit was to:

- Establish whether contractual requirements for ECM are robust enough to allow PCC to properly monitor service delivery and ensure security of data
- Review how PCC uses ECM data to monitor service delivery and accuracy of billing
- Form a view on reliability of data sets provided

The scope covered contractual arrangements for ECM; how ECM reports are received; comparison of ECM reports to care commissioned and billed, and an assessment of reliability of data. It was agreed that the scope would not include visits to care providers to examine the ECM systems in place.

Main Findings

- Schedule 13 of the new framework contract allows ECM systems to accept “manual overrides” so that legitimate exceptions can be manually entered. ECM reports are submitted by care providers, rather than produced remotely by PCC. This raises concerns about editability of data within and outwith ECM systems.
- None of the five ECM reports provided for examination contained sufficient information to comply with the contractual requirements laid down in Schedule 13. For example, two of them did not detail the scheduled care planned by the care provider. PCC’s template ECM report was not completed until after the new contracts went live.
- ECM data is not tested to ensure it appears reasonable and that it meets contractual requirements. Currently, ECM data is only referred to in exceptional cases, e.g. where invoiced charges are significantly higher than expected, or where there are specific grounds for concern.
- Two ECM reports showed that more than 50% of all visits listed matched exactly to the minute, the actual visit duration, to the commissioned care stated on Frameworki, and/or the planned care entered into the ECM system by the care provider. The same two reports showed in excess of 50% of actual visit start times, end times, and durations ending in 0 or 5. These figures seem disproportionately high, and suggest that a substantial portion are resulting from rounded rather than “real time” data.
- While there is a mechanism in place to detect where care charges are in excess of that expected, there is none to detect lower than expected charges (which could indicate insufficient care provision).

Conclusion and Opinion

Without control over one centralised ECM system for all care providers, PCC must trust the care providers to introduce and operate effective systems. For reliance to be placed on any ECM data, it is necessary to ensure that genuine automated call data is uneditable, readily accessible, and easily distinguishable from manually entered data. Adequate safeguards must exist to prevent data being manipulated to PCC's disadvantage.

Recommendations in this report are made with a view to maximising reliability of data without substantial changes. However, management are now considering introduction of Provider Management Software (PMS) to collate and analyse data from care providers' own systems, or a centrally administered ECM system. Such systems would take time to introduce, and consideration will need to be given to how the interim period is managed. The audit opinion is **Limited Assurance**.

This page is intentionally left blank

**PETERBOROUGH CITY COUNCIL
INTERNAL AUDIT STRATEGY AND PLAN 2014/15**

- 1 INTRODUCTION**
- 1.1 This document is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council. It will be reviewed throughout the year to ensure its continued relevance, both in terms of supporting the council's aims and in achieving a professional, modern audit service.
- 1.2 The Accounts and Audit Regulations 2011 stipulate that a council should maintain "a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk". The regulations also provide that council's "undertake an adequate and effective internal audit of its accounting records and of its system of internal control" in accordance with the Public Sector Internal Audit Standards. The Council's Internal Audit team are bound by the mandatory requirements of these standards.
- 1.3 Internal Audit Role**
- 1.4 Internal audit is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes
- 1.5 The provision of assurance is the key role for Internal Audit. This role requires the Chief Internal Auditor to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. This audit opinion is provided to the Audit Committee and also feeds into the Annual Governance Statement.
- 1.6 The role of Internal Audit, therefore, is to understand the key risks to the Council's objectives and to evaluate the adequacy and effectiveness of management's response to those risks. An overview of risk management and governance processes and key financial controls is also a significant aspect of our work.
- 1.7 Consulting services are advisory in nature and are generally performed at the specific request of management, with the aim of improving operations. Requests of this nature are considered in light of resource availability and our primary role of assurance.

2 INTERNAL AUDIT PLANNING PROCESS

2.1 Annually, Internal Audit conducts a comprehensive risk-based audit planning process to ensure that all areas of the Council operations (and external partners, where appropriate) are provided with an appropriate and structured Internal Audit service to assist in the continuous improvement process. The purpose is to align audit effort with those areas assessed as posing the greatest risk to the Council. The following sources of information have been used in identifying the priorities put forward for audit coverage:

- Council objectives;
- Medium Term Financial Strategy;
- The Council's strategic and operational risk registers;
- Consultations with individual directors and their management teams
- Consultation with PwC, the council's external auditor
- Consultation with the Audit committee, at this meeting.

2.2 A number of themes have emerged in the preparation of the 2014 / 2015 Internal Audit Plan. These are:

- **Financial pressures** faced by the Council;
- **Contracts and Projects**. This is an essential component of the audit process, especially given the increasing dependence on external suppliers and partners, commissioning and different delivery vehicles in the provision of Council services;
- A continuation of Internal Audit work in **high-level corporate management functions**;
- **Information governance and data security**;
- **Schools**. Governance processes linked with the Schools Financial Value Standard (SFVS);
- **IT systems**. Changes to systems and the move towards more mobile/remote technology.
- **Grant Claims**. Increased requirement for Internal Audit to certify grant claims; and
- **Public Health**. Full integration into the Council from April 2013.

3 STRATEGY FOR DELIVERY OF THE PLAN

3.1 Audit Resources

3.1.1 The Internal Audit Service is provided in-house, overseen by a shared Head of Internal Audit. The Internal Audit establishment is 5.46 FTE (detailed below). The Plan has been compiled on the basis of 5.46 FTE in post throughout the year. If resources drop below this level, consideration will be given to the options of recruitment or agency staff. However, we are not planning to recruit to the vacant post.

Post Name	FTE
Chief Internal Auditor	0.40
Group Auditor	1.46
Principal Auditor	0.60
Senior Auditor	2.00
Auditor	1.00
Total establishment	5.46

3.2 Shared Service Arrangement

3.2.1 A shared service arrangement with Cambridge City Council has been in operation since January 2011, and South Cambridgeshire District Council joined in July 2013. The aim is to share knowledge and best practice, and to increase flexibility and efficiency whilst driving down costs through economies of scale. The audit teams continue to remain distinct entities with the main impact for PCC resulting in a 60% reduction in the time available from the Chief Internal Auditor, along with an associated reduction in costs. We will look to increase efficiency by carrying out joint audits where possible and utilising expertise within teams across the whole shared service. This shared service model is due to continue and further opportunities will be appraised where appropriate. The savings generated go back to the corporate pot to assist in meeting future budget pressures.

3.3 Development of the Audit Service

- 3.3.1 The Internal Audit team will operate to the mandatory professional standards outlined in the Public Sector Internal Audit Standards (PSIAS). This will include:
- Robust quality control of the work conducted
 - Regular training needs assessment to ensure that appropriate skills are available. Joint arrangements will be explored so that officers from all shared service partners can be developed at the same time and also to look for efficiencies in terms of time and cost.
 - Development of audit procedures to ensure that best practice is followed and the service is provided in the most cost efficient manner

- 3.3.2 A key development this year is the implementation of a new audit software system which aims to improve the reporting process, both in terms of individual audit reports and higher level reporting of audit performance and audit coverage. During the year, subject to funding, further modules may be developed that will assist in tracking and reporting upon the implementation of recommendations. The aim also is to introduce this audit software to our shared service partners to improve consistency of working methods.
- 3.3.3 We will continue to look for other partners to enhance the provision of audit. However, we are mindful that any changes will need to be carefully project managed so as to not dilute coverage at Peterborough (or its existing partners). Furthermore, this will also necessitate a re-structure of the service and fundamental change to the service agreement.

4 DETAILED PLAN

The Plan for 2014 / 2015 aims to give the Council the best audit coverage within the resources currently available. Though it is compiled and presented as a plan of work, it must be recognised that it can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Actual audit work therefore may be modified during the year according to the circumstances prevailing at the time.

The basis of the Plan is the work required to fulfil our assurance role, but Internal Audit aims to add value in our work by focusing on those areas that are important to the Council, in terms of strategic priorities as well as the risks that we face. The plan covers core assurance work (financial systems, schools, grant certification, annual governance processes) as well as reviews of the controls mitigating some of our major risks. A key theme this year will be around the financial risks facing the Council and we intend to provide assurance that our processes maximise income and robustly control expenditure. We will also cover other key areas, such as information governance and safeguarding. The Chief Internal Auditor, along with the whole Internal Audit Team, are fully committed to delivering a high quality and responsive Internal Audit service to the City Council. With this in mind, they will be seeking throughout the year to continue to develop the service in accordance with recognised best practice. The overall allocation of time from the estimated 880 days available is as follows:

Table 1: Internal Audit Work Activities		
	Days:	%
Core Systems Assurance Work	100	11
Annual Governance and Assurance Framework	156	18
Strategic and Operational Risks	309	35
External Works	75	9
Grant Certification	75	8
Other Resource Provisions	165	19
TOTAL RESOURCES ALLOCATED	880	100.0

4.1 Core Systems Assurance Work

Audits of the main financial systems of the Council are undertaken on a cyclical basis. The audit plan for 2014 / 2015 includes reviews of budgetary control, the main accounting system, fixed asset accounting, Council Tax Reduction Scheme and accounts receivable. We will co-ordinate our work with our External Auditors to ensure that reliance can be placed on the work provided by Internal Audit.

4.2 Annual Governance and Assurance Framework

The work outlined in this section feeds directly into the production of the Annual Governance Statement and provides a high level overview of the governance arrangements at the Council.

4.3 Strategic and Operational Risks

An increase in resource levels within the Internal Audit team has allowed us to allocate a significant proportion of our time to this important area of work. Audits have been included as a result of risks identified by management or Internal Audit, or following a particular management request and may be corporate or directorate specific. These areas have been identified in light of their increasing number, their importance in relation to the Council's overall aims and objectives and, at times, their complex linkages and funding arrangements. In particular, Internal Audit intends to add value by providing assurance in areas which impact on a number of the Council's strategic risks, including:

- Failure to realise the Growth Agenda (S106)
- Safeguarding (quality assurance regime)
- Financial Position (income maximisation within a variety of areas; expenditure control within projects, contracts and partnerships; value for money studies)
- Information Governance (data security within a variety of systems)
- Strategic Partnerships (Serco; Skanska)

4.4 External Works

PCC Internal Audit provides audit services to Vivacity–Peterborough which is managed through a Service Level Agreement. The contract arrangements have been operational since 2010. These reviews are client confidential and as a result their outcomes are only available to Vivacity. Some further time has been built into the plan to appraise other income generating activities.

4.5 Grant Claim Certification

As a result of the organisation obtaining European and other funding, the demand for internal audit to certify grant claims has increased. The activities undertaken to date have proven to be resource intensive due to the need for a rigorous audit certification process, as well as data quality issues.

4.6 Other Resource Provisions

Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks and special investigations. Contingency time is included for such events along with the provision for consultancy work that may be undertaken by the Chief Internal Auditor or other members of the audit team.

PETERBOROUGH CITY COUNCIL: INTERNAL AUDIT PLAN 2014 / 2015

VISION FOR THE CITY

STRATEGIC PRIORITIES

- 1 Growth, regeneration and economic development to bring new investment and jobs. Supporting people into work and off benefits.
- 2 Improving educational attainment and skills for all children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the city.
- 3 Safeguarding vulnerable children and adults.
- 4 The Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments.
- 5 Supporting the city's culture trust Vivacity to continue to deliver arts and culture.
- 6 Keeping our communities safe, cohesive and healthy.

1.1.1 Draft Internal Audit Plan 2014 / 2015

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
CORE SYSTEM ASSURANCE WORK				
Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems.				
Budgetary Control	ALL	A risk based review concentrating on budget management within one or more directorates.	High	Core audit assurance
Main Accounting system	ALL	A cyclical review of key controls.	High	Corporate responsibility to protect finite resources
Fixed Asset Accounting	ALL	A cyclical review of key controls.	High	Core audit assurance
Council Tax Reduction Scheme	ALL	Joint audit focusing on the changes to council tax benefits.	High	Major changes to system
Accounts Receivable	ALL	A look at how departments recognise and bill for income due, to ensure processes maximise receipts.	High	Core audit assurance Corporate responsibility to protect finite resources
Oracle Financial IT system	ALL	A review of the control framework during the design and implementation of a new/upgraded IT system for the management of Accounts Payable, Accounts Receivable, Ordering and Receiving and the General Ledger.	High	Major changes to system
			TOTAL AUDIT DAYS	100

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK				
Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement, as well as high level governance reviews.				
Annual Governance Statement Review	ALL	Process and framework to feed into work on Annual Governance Statement, including the review of recommendations made by External Audit in their annual letter and verify implementation / progress.	High	Compliance with Accounts and Audit Regulations
Assurance Framework	ALL	Determine what assurance is received in relation to those risks identified in strategic and corporate risk registers. Identify gaps. Consider Internal Audit's role in filling those gaps and also in quality assuring other assurance providers.	High	Core audit assurance
Annual Audit Opinion	ALL	Internal Audit opinion on the state of governance and the internal control framework in place within the Council	High	Compliance with mandatory audit standards
Annual Audit Plan	ALL	Establishment of the annual audit plan for 2015-2016 based on a systematic risk assessment across the Council. This includes a review of the corporate risk registers and the Medium Term Financial Strategy together with consultation with Directors and Heads of Service	High	Compliance with mandatory audit standards
Internal Audit Effectiveness / Audit Committee Effectiveness	ALL	Review of the internal audit service against the new Public Sector Internal Audit Standards and a best practice review of the Audit Committee	High	Compliance with mandatory audit standards
Anti Fraud Culture	ALL	Investigation of matches received from the National Fraud Initiative Liaison with the Corporate Compliance Team and update of Memorandum of understanding Evaluation of control weaknesses that have allowed a fraud to take place or remain undetected and provide recommendations to improve fraud prevention and detection Review impact of the move to DWP of fraud investigation role.	High	Corporate responsibility to protect finite resources
Partnership Governance	ALL	An overview of how we manage the relationships with, and performance of, our partners. For example Serco, Skanska, OP, Safer Peterborough	High	Corporate responsibility to protect finite resources

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
Information Governance	ALL	Liaison and strategic overview as part of the Strategic Governance Board and Information Governance Group	High	Core audit assurance
Risk Management	ALL	Involvement in risk working group. Follow-up of 13-14 audit to ensure actions implemented.	Medium	Core audit assurance
			TOTAL AUDIT DAYS	156

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
STRATEGIC AND OPERATIONAL RISKS				
Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks				
Eligibility criteria	3	Review compliance with the new eligibility criteria within Adult Social Care	Medium	Corporate responsibility to protect finite resources
Framework – IT system	3	Review the operating model within the Adult social Care IT system	High	New system developed Management request
Public Health Delivery	5	Review integrity of data collection/reporting of PH indicators. OR. Review of contract management of service providers within Communities.	Medium	Risk of not meeting PH targets identified
Commissioning	ALL	Review new commissioning procedures, to include a look at whether all aspects of financial accountability have been appropriately incorporated into new directorates/roles.	High	Major change to structure to mitigate budget risks and improve effectiveness in this area.
Children's Services – Quality Assurance Regime	3	Ensure procedures are robust to enable reliance on the assurance.	Medium	A key control mitigating against several risks (safeguarding, capability, change management)
Children's Services – IT system	3	Review access arrangements to ensure appropriate data security and conflicts of interests are managed	Medium	Management request
Petty Cash	3	Follow-up of audit in 2013-4 relating to theft of Children's Services petty cash. Review of accountability (Serco/PCC)	Low	Management request
Children's Services – Leaving care allowances	3	Ensure robust procedures are in place and compliance with them.	Low	Management Request
Schools	1, 2	Review of financial and governance controls in five schools. Assurance required as part of the Schools Financial Value Standard (SFVS)	Medium	Ensure finite resources are appropriately managed Core audit assurance
Resources – Capital Project management	ALL	Review corporate processes designed to ensure effective decision making, monitoring, control and benefits realisation.	High	Project management risk identified.

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
Resources - RECAP	4	Review the project management of the expanding Material Recycling Facility. Possibility for a joint audit with our shared service partners.	Medium	Ensure finite resources are appropriately managed Major change
Data Security - IT	ALL	Review the control of data security on mobile/remote technology and the proposed move to cloud based servers. Monitor the implementation of the replacement for GCSx (Public Service Network) and implications for more stringent BPSS	High Low	Information governance risk identified Major change
Business Continuity	ALL	Review processes in place to protect against business interruption risks	Medium	Core audit assurance Risk identified in risk registers
Procurement	ALL	Review corporate procurement process across PCC/Serco to ensure that an effective policy is in place and complied with.	High	Ensure finite resources are appropriately managed
Contracts	ALL	A look at contract letting and managements for some specific contracts	Medium	Ensure finite resources are appropriately managed Core audit assurance
Projects	ALL	Look at some specific projects, either across the life of a project, or concentrating on particular stages such as feasibility, delivery or post-implementation review	Medium	Ensure finite resources are appropriately managed Core audit assurance
S106/POIS/CIL	1	Consider whether the processes in place are effective in maximising income	High	Identified in risk register.
Value For Money	ALL	If time permits, a review of some identified activities to ensure they are being operated cost effectively. Areas for consideration include: phones, Pcards, usage of corporate contracts, business rate retention, New Homes Bonus.	Low	Ensure finite resources are appropriately managed
			TOTAL AUDIT DAYS	309

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
EXTERNAL WORKS				
Work which generates an income for the Council				
Vivacity	5	Works agreed as part of an ongoing Service Level Agreement	High	Contractual requirement
Other	-	Exploration of further income streams	Medium	Income Generation
TOTAL AUDIT DAYS				75

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
GRANT CLAIM CERTIFICATION				
Certification of claims in relation to funding requirements				
Various Grants	ALL	ZECOS (2 per year) CTIE (2 per year) Disabled Facilities Grant DFT (Local Plan Integrated Transport) DFT (Local Transport Plan Highways) GAF Troubled Families	High	To meet government and EU requirements
TOTAL AUDIT DAYS				75

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	TOTAL
OTHER RESOURCE PROVISIONS (CORPORATE SUPPORT)			
Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks. In addition there will be a number of follow ups of previous audit activities. Finally, a number of jobs will overlap between financial years and require some time to complete.			
Carry Forward Activities	ALL	Provision for the completion of 2013-14 audits	30
Follow Up Provision	ALL	Revisiting audits after 6 months to monitor the implementation of recommendations	25
Requested Work Contingency	ALL	Allowance exists to provide flexibility within the audit plan for time spent on providing risk and control advice to officers, management /members and ad hoc requests and consultancy work.	80
Committee Support	-	Production of reports and attendance at Council committees and boards	30
TOTAL AUDIT DAYS			165

This page is intentionally left blank

AUDIT COMMITTEE	AGENDA ITEM No. 6
3 NOVEMBER 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Executive Director Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452520 Tel. 384564

USE OF CONSULTANTS – UPDATE REPORT

R E C O M M E N D A T I O N S	
FROM : Executive Director Resources	Deadline date : N/A
1. That Audit Committee consider the update report on the use of Consultants.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following the Sustainable Growth Scrutiny Committee review into Peterborough City Council's use of consultants, the subsequent endorsement of their recommendations by Cabinet, and the agreement of Audit Committee to undertake an on-going monitoring role.

2. PURPOSE AND REASON FOR REPORT

- 2.1 Sustainable Growth Scrutiny Committee recommended that the on-going monitoring role at Member level is undertaken by Audit Committee. Audit Committee considered their approach to this role at their meeting of 26 March 2012. This report is in line with the approach agreed and subsequent updates, and is in accordance with the Committees' Terms of Reference:

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

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
---	-----------	---	-----

4. REVIEW OF THE USE OF CONSULTANTS

- 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 26th March 2012.
- 4.3 A further report, outlining the information requested, was discussed at the meeting of 5th November 2012. Further updates have been considered at the meetings of 4th February 2013, and again on November 4th 2013. This report continues the regular reporting to Audit Committee

4.4 **Use of consultants**

The definition of consultancy is based upon standard procurement classification. As such it covers a wide range of companies and services. Expenditure is included here if the company meets the standard classification, irrespective of exactly what services have been provided.

- 4.5 The spend for the last five full years, plus in current year to date, for both consultancy and interim spend is shown below. The trend over that period is for a reduction in spend.

	Consultancy £m	Interim £m	Total £m
2009-10	7.1	1.4	8.5
2010-11	5.3	1.1	6.4
2011-12	4.7	0.7	5.4
2012-13	3.5	0.8	4.3
2013-14	3.3	1.2	4.5
2014-15 (6 month period to end September 2014)	1.1	0.5	1.7

- 4.6 Consultancy spend continued to reduce in 2013-14. Interim spend was higher in 2013-14, mainly due to the need to support improvement and transformation projects in Adults and Childrens services.
- 4.7 It should be noted that the exact pattern of spend depends entirely on what projects are underway in the council. These projects may be one-off, but given the scale of some projects they may continue across more than one year. Spend on consultants occurs across both the revenue and capital budgets of the Council.
- 4.8 The policy agreed by Cabinet and Audit Committee to manage use of consultants, including the need for a business case to be produced, remains in place. The Corporate Management Team have reviewed all arrangements, and considered the necessary exit strategies to reduce reliance on interims.
- 4.9 A list of companies used in the current financial year is included in appendix 1, indicating the breadth of these companies and services that are included in the standard classification and in the analysis in this report. Appendix 2 includes the breakdown of spend by department in the current year, and Appendix 3 includes those interims in role for more than one year.

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

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

7 REASONS FOR RECOMMENDATIONS

- 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

- 9.1 Where appropriate, the policy outlines implications for areas such as Legal, Human Resources, Procurement and Finance.
- 9.2 This report does not have implications for specific wards.

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

11 APPENDICES

- Appendix 1 - list of companies used in the last year with project breakdown; and
- Appendix 2 - Spend by department
- Appendix 3 – consultants/interims in place for more than one year.

Appendix 1 - List of companies used this year, with project descriptions

Supplier Name	Project Description	Consultancy	Interim	Total
AECOM Ltd	To carry out feasibility studies on the wind and solar project	87,924		87,924
Cambridgeshire ACRE	Cambridgeshire ACRE. Contribution towards Cambridgeshire & Peterborough Affordable Housing Partnership for 2014/15	2,000		2,000
CarnDu Limited	Safeguarding Advice	951		951
East of England LGA	Asset Management Health Check	12,500		12,500
GatenbySanderson Ltd	Interim Assistant Director Strategic Commissioning, Adult Social Care Health & Wellbeing		77,244	77,244
Grant Thornton UK LLP	GT for financial advice on the Council's JV proposals	44,201		44,201
Green Park Interim and Exec Ltd	Interim Head of Legal Services		65,000	65,000
Hoare Lea	Works for Peterborough Football Ground:Critical appraisal of contractors M&E proposals; Fire Engineering	20,600		20,600
Kealey-HR	HR Arrangements, including provision of HR Director and Head of HR		47,594	47,594
Olsen Partnership Limited	Re branding	2,350		2,350
P McCourt Services Limited	To assist with Monitoring Officer functions and provide senior legal assistance		60,827	60,827
PECT	Assistance for Zero CO2 project	6,125		6,125
Rider Levett Bucknall UK	Rider Levett Bucknall to provide technical advisor and project manager services for the schools capital programme	38,863		38,863
				0
Serco	Care Bill implementation, including review of systems	492,135	299,890	792,026
	Childrens Social care improvement			
	Superfast Broadband project			
	Adult Social Care Procurement Support			
	Adult Social Care Transformation Programme			
	Fletton Quays and Growth			
	Interim Manager LD Commissioning			
	Interim Manager Head of ASC finance			
	Interim Manager Head of Family Support			
	Energy Conservation Works - Phase 1&2			
	Westcombe Industries Interim Management			
	Waste 2020 Programme			
URS Scott Wilson Ltd	Junction 17-2 Improvement Scheme. Design, surveys reports to be undertaken by URS	220,193		220,193
Westco trading limited	Communication support by Westco	222,862		222,862
Grand Total		1,150,704	550,555	1,701,259

Appendix 2 - Spend by department

This table breaks down the consultancy and interim spend for 2014-15 to date outlined in section 4.5 by department:

	Consultancy £	Interim £	Total £
Adult Social Care	101,008	252,955	353,963
Chief Executive	4,910	0	4,910
Childrens Services	137,892	0	137,892
Communities	18,013	0	18,013
Growth & Regeneration	404,371	0	404,371
Resources	261,649	124,179	385,828
Governance	222,862	173,421	396,283
Total	1,150,704	550,555	1,701,259

Appendix 3 - Interims utilised for more than a year as at end of September 2014

The following appendix lists roles that were being utilised at the end of September 2014, and were being utilised in some form 12 months earlier. Note that not all individuals will have been employed continuously in that period, some will have worked for ad hoc periods as necessary, and/or operate on a part time basis.

The Corporate Management Team have reviewed all interim arrangements, and considered the necessary exit strategies to reduce reliance on these interims.

- Interim HR Director
- Interim Head of Legal and Governance
- Interim Head of Finance (Adult social Care)
- Interim MD Westcombe industries
- ICT and information governance
- Interim Manager LD Commissioning
- Adult Social Care Transformation *3 (projects include Dementia Resource Centre, Residential Care, Assistive Technology, Integrated Community Equipment and systems reviews)

AUDIT COMMITTEE	AGENDA ITEM No. 7
3 NOVEMBER 2014	PUBLIC REPORT

Committee Member(s) responsible:	Resources portfolio holder, Cllr Seaton		
Contact Officer(s):	John Harrison, Executive Director Resources	☎ 452398	
	Steven Pilsworth, Head of Strategic Finance	☎ 384569	

TREASURY MANAGEMENT MID YEAR UP-DATE

R E C O M M E N D A T I O N S	
FROM : John Harrison, Executive Director Resources	Deadline date : N/A
<p>Audit Committee is asked to</p> <p>1. To review current performance against the Treasury Management Strategy (TMS) set in the Medium Term Financial Strategy (MTFS).</p>	

1. ORIGIN OF REPORT

- 1.1 The Treasury Management in the Public Services: Code of Practice 2011 recommends that Members receive reports on its treasury management polices, 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 The annual strategy is approved by Council as part of the Medium Term Financial Strategy (MTFS) and the final performance against the strategy is reported to Audit Committee in June alongside the Statement of Accounts. This report forms the mid-year review.

2. PURPOSE AND REASON FOR REPORT

- 2.1 To report current performance and the forecast outturn position against the strategy.
- 2.2 This is in accordance with the Committees' Terms of Reference – 2.2.1.16 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
---	-----------	---	-----

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:
 - a) Capital investment plans are affordable;

- b) All external borrowing and other long term liabilities are within prudent and sustainable levels; and
- c) Treasury management decisions are taken in accordance with professional good advice.

4.2 The 2014/15 Prudential Indicators are shown in Appendix 1. The Council's performance to date and forecast performance are all within the limits set in the MTFs.

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 (maximum £5m), Bank of Scotland (part of the Lloyds Banking Group, maximum £5m), other Local Authorities and the Debt Management Office (DMO).

4.4 The ratings from all three credit rating agencies for Barclays and the Lloyds Banking Group meet the minimum criteria set out in the Treasury Strategy, per the MTFs. Both banks are used to invest cash on an instant access basis to ensure cash is kept liquid to cover cash flow fluctuations. Daily treasury management practices therefore concentrate on short term cash flow requirements and long term borrowing needs.

4.5 The Council has continued to borrow to fund the capital programme. Loans have been arranged at varying interest rates to achieve budget certainty and for varying periods to fit in with the Councils debt maturity profile.

5. CONSULTATION

5.1 As 'The Prudential Code and Treasury Management Strategy 2014-2024' forms part of the annual MTFs, it has undergone full consultation and been through the scrutiny process.

5.2 The Council continues to liaise with its treasury advisors, Capita Asset Services.

6. ANTICIPATED OUTCOMES

6.1 As set out in the report.

7. REASONS FOR RECOMMENDATIONS

7.1 This report and update is given to the Committee to review performance against the Treasury Management Strategy set in the MTFs.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The 'The Prudential Code and Treasury Management Strategy 2014-2024' is required to be prepared in accordance with the Treasury Management in the Public Services: Code of Practice 2011. This report sets out the performance against the associated indicators. The options are therefore limited.

9. IMPLICATIONS

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

10. BACKGROUND DOCUMENTS

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

- The Prudential Code for Capital Finance in Local Authorities –2011 Edition, CIPFA; and
- Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2011 Edition, CIPFA

11. APPENDICES

- Treasury Management Strategy-Prudential Indicators – Forecast Outturn as at 30th September 2014.

Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at 30th September 2014

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 Council revised the Minimum Revenue Provision (MRP) Policy within the Treasury Management Strategy on 8th October 2014 to allow such provision to align to the terms of the loan to allow the Council to invest directly into Housing Associations.

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. The Council has set out indicators for the next 10 financial years in line with setting a 10 year budget. During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Annual Treasury Management Strategy. The actual and forecast outturn for the Prudential Indicators for the financial year is detailed below. The indicators include the Invest to Save scheme however the costs of borrowing associated with the scheme will be offset by the income generated by these projects.

The 2014/15 Prudential Indicators are shown below and the Council's performance to date against them. All performance is within the limits.

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	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
Capital Expenditure	£167.5m	£36.9m	£174.9m
Invest to Save	£93.3m	£2.3m	£40.5m
Total	£260.8m	£39.2m	£215.4m

The position shows the forecast as at 30th September 2014. The forecast is revised every month. The forecast outturn is higher than the MTFS indicator due to the slippage of the capital budgets from 2013/14 to 2014/15.

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	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
CFR b/fwd	£384.4m	£365.7m	£365.7m
Borrowing	£116.4m	£13.5m	£118.4m
Invest to Save	£93.3m	£2.3m	£40.5m
Total CFR C/fwd	£594.1m	£381.5m	£524.6m

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 net financing costs to net revenue stream	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
Total Ratio	7.1%	6.0%	6.9%

4. Indicator 4: Actuals and estimates of the incremental impact of capital investment on Council Tax

This indicator is intended to show the impact of the Council's decisions about capital investment on the level of Council Tax required to support those decisions over the medium term.

The calculation of this indicator has been done on the basis of the amount of the capital programme that is financed from borrowing. The calculation is based on the interest assumption for borrowing that was included in the capital financing budget for the Medium Term Financial Strategy (MTFS). The revenue costs are divided by the estimated Council Tax base for the year, and performance is shown in the table below.

Incremental impact on capital investment decisions on Council Tax	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
A - CFB Budget-Previous MTFS	£25,769k	£22,087k	£22,087k
B - CFB Budget-Current	£22,087k	£17,199k	£19,297k
C - Incremental change (B-A)	(£3,682k)	(£4,888k)	(£2,790k)
D - Council Tax Base (1,000's)	51.05	51.05	51.05
Total Incremental Impact (C/D)	(£72.13)	(£95.74)	(£56.65)

5. Indicator 5: Proportion of Gross Debt to the CFR

This indicator shows the proportion of the Council's external borrowings (Gross Debt) against the CFR.

Proportion of Gross Debt to the CFR	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
CFR	£594.1m	£381.5m	£524.7m
Gross Debt	£525.8m	£309.3m	£462.4m
% of Gross Debt to CFR	88.5%	81.1%	88.1%

6. Indicator 6: 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	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
Borrowing	£629.3m	£247.8m	£407.4m
Other Long Term Liabilities	£37.4m	£40.4m	£40.4m
Total Operational Boundary	£666.7m	£288.2m	£447.8m

7. Indicator 7: 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	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
Borrowing	£779.9m	£247.8m	£407.4m
Other Long Term Liabilities	£37.4m	£40.4m	£40.4m
Total Authorised Limit	£817.3m	£288.2m	£447.8m

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.

8. Indicator 8: 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 allows flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflects a position where the great majority of borrowing is at fixed rate which provides budget certainty with 100% of borrowing being at fixed rate. 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 great majority of borrowing was at fixed rates to provide budget certainty.

Upper limit for fixed rate exposure	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
Upper Limit	£779.8m	£247.8m	£447.8m
% of variable interest rate exposure	100%	100%	100%

9. Indicator 9: Variable interest rate exposure

This indicator places an upper limit on the total amount of net borrowing (borrowing less investment) which is at variable rates subject to interest rate movements. The intention is to keep the variable rate borrowing below 25% of the total gross borrowing (CFR).

The limit is expressed as the value of total borrowing less investments

Upper limit for variable rate exposure	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
Upper Limit	£195.0m	£0.0m	£0.0m
% 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.

10. Indicator 10: 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 is £247.8m (shown in the indicator below).

Period	Upper Limit Indicator	Actual Borrowing @30.09.14	Actual Borrowing @30.09.14
Under 12 months*	40%	9%	£22.5m
1 – 2 years	40%	7%	£17.0m
2 – 5 years	80%	14%	£34.0m
5 – 10 years	80%	0%	0m
Over 10 years	100%	67%	£174.3m
Total Borrowing			£247.8m

*The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 30-40 years time, they are classed as loans repayable within the financial year due to LOBO's having a call date every 6 months.

11. Indicator 11: Total Investments for periods longer than 364 days

Authorities are able to invest for longer than 364 days; 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.

	2014/15 Indicator	2014/15 Actual @30.09.14	2014/15 Forecast Outturn
Principal sums invested >364 days	£4.0m	£0.0m	£0.0m

This indicator reflects the Council's current lending policy of keeping investments short term for liquidity purposes. Also the Council has run down its cash balances over the last three financial years as an alternative to new borrowing and does not have the available cash balances to invest for long periods.

The indicator was set at £4m to allow for the accounting treatment of the Local Authority Mortgage Scheme (LAMS). At present the Council has £2m deposited in the LAMS scheme with Lloyds TSB and this is treated as capital expenditure, as a loan to a third party, (see section 3.5 of the Treasury Management Strategy). The Council's external auditors highlighted in their recent Statement of Accounts report that there is a debate about the accounting treatment for LAMS. Whilst the Council is confident of its accounting treatment as a capital loan, if the accounting treatment changed for this deposit for to be classed as an investment then this indicator would cover this investment.

AUDIT COMMITTEE	AGENDA ITEM No. 8
3 NOVEMBER 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lee, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

FEEDBACK REPORT

1. ORIGIN OF REPORT

- 1.1 This is a standard report to Audit Committee which forms part of its agreed work programme.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This standard report provides feedback on items considered or questions asked at previous meetings of the Committee. It also provides an update on any specific matters which are of interest to the Committee or where Committee have asked to be kept informed of progress.

3. APPENDICES

Appendix A – Summary of Feedback Responses
Appendix B – Briefing Notes

This page is intentionally left blank

APPENDIX A

AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2014 - APRIL 2015

DATE ISSUE RAISED	AGENDA ITEM / ACTION ARISING	OFFICER RESPONSIBLE	ACTION TAKEN	SIGN OFF DATE
22 September 2014	To circulate the outcome of the Risk Register review, which is due to be undertaken by CMT in September 2014 to Members of the Audit Committee.	Head of Resilience	CMT deferred the review until December 2014.	26 September 2014
22 September 2014	To communicate to the Budget Setting Working Group, the comments raised by Councillor Murphy regarding progress of PCC's budget setting.	Executive Director of Resources	Comments were communicated to the Budget Setting Working Group.	23 September 2014
22 September 2014	To provide the Head of Strategic Finance and the Cabinet Member for Resources, with details of the requests made to Officers of the Council in relation to the future of the Children's 'Sure Start' Centres.	Councillor Murphy	Completed and sent to Head of Strategic Finance and the Cabinet Member for Resources.	30 September 2014
22 September 2014	To provide a briefing note to Members of the Audit Committee regarding Children's 'Sure Start' Centres following further clarification from Councillor Murphy.	Head of Strategic Finance	Currently underway.	
22 September 2014	The Review Group would be requested to: <ol style="list-style-type: none"> 1. Revisit their recommendation over which Code of Conduct template to adopt; 2. Consider the comments made by some Members of the Audit Committee in particular to the preferred DCLG Code of Conduct template; and 	Interim Head of Governance	Code of Conduct Review Working Group to be reconvened. The arrangements are underway.	Ongoing

	3. Share the outcome of the CoC review with each political party for comment prior to any formal adoption.			
22 September 2014	To provide Audit Committee Members with a briefing note, which would detail the projected income for the Peterborough United Football Club and Commercial Property for 2014/15.	Head of Strategic Finance	Briefing note circulated to Members and attached at appendix B.	20 October 2014
22 September 2014	The revised review of the Code of Conduct would be submitted to Audit Committee.	Director of Governance	Code of Conduct Review Working Group to be reconvened. The arrangements are underway.	Ongoing

RESPONSE TO ACTION POINT

AUDIT COMMITTEE	
22 SEPTEMBER 2014	PUBLIC

COMMERCIAL PROPERTY FORECAST 2014/15

ACTION																																																							
To provide Audit Committee Members with a briefing note, which would detail the projected income for the Peterborough United Football Club and Commercial Property for 2014/15.																																																							
Contact Officer (s)	Steven Pilsworth Carole Coe	384564 384563																																																					
Response:																																																							
1	Update																																																						
1.1	The table below shows the income received from commercial property in 2012/13, 2013/14 and the forecast income for 2014/15.																																																						
1.2	The forecast income for 2014/15 is showing improvement from 2013/14 levels, this is mainly due to the recovery in lettings of the Town Hall units this financial year. Income is not forecast to be back at 2012/13 levels which is primarily due to lower income from the London Road Stadium. Rent has been reduced whilst works are continuing at the Stadium as outlined in a report to Council in July 2013.																																																						
	<table border="1"> <thead> <tr> <th>MAJOR CATEGORIES OF RENTAL UNITS</th> <th>2012/13 Income</th> <th>2013/14 Income</th> <th>2014/15 Forecast Income</th> </tr> </thead> <tbody> <tr> <td>INCOME FROM DISPOSAL MANAGEMENT</td> <td>(51)</td> <td>(1)</td> <td>(15)</td> </tr> <tr> <td>LONDON ROAD STADIUM</td> <td>(500)</td> <td>(38)</td> <td>(161)</td> </tr> <tr> <td>LAXTON SQUARE</td> <td>(28)</td> <td>(28)</td> <td>(28)</td> </tr> <tr> <td>EDITH CAVELL LAND</td> <td>(94)</td> <td>(94)</td> <td>(85)</td> </tr> <tr> <td>HEREWARD CENTRE</td> <td>(40)</td> <td>(79)</td> <td>(79)</td> </tr> <tr> <td>MARKET SHOPS</td> <td>(102)</td> <td>(97)</td> <td>(105)</td> </tr> <tr> <td>TOWN HALL SHOPS</td> <td>(657)</td> <td>(523)</td> <td>(640)</td> </tr> <tr> <td>PYRAMID CENTRE SHOPS</td> <td>(47)</td> <td>(42)</td> <td>(44)</td> </tr> <tr> <td>SUNDRY PROPERTIES</td> <td>(113)</td> <td>(82)</td> <td>(92)</td> </tr> <tr> <td>HERLINGTON CENTRE SHOPS</td> <td>(89)</td> <td>(76)</td> <td>(105)</td> </tr> <tr> <td>THE WIRRINA BISHOPS ROAD</td> <td>(68)</td> <td>(68)</td> <td>(68)</td> </tr> <tr> <td>TOTAL INCOME</td> <td>(1,789)</td> <td>(1,128)</td> <td>(1,422)</td> </tr> </tbody> </table>	MAJOR CATEGORIES OF RENTAL UNITS	2012/13 Income	2013/14 Income	2014/15 Forecast Income	INCOME FROM DISPOSAL MANAGEMENT	(51)	(1)	(15)	LONDON ROAD STADIUM	(500)	(38)	(161)	LAXTON SQUARE	(28)	(28)	(28)	EDITH CAVELL LAND	(94)	(94)	(85)	HEREWARD CENTRE	(40)	(79)	(79)	MARKET SHOPS	(102)	(97)	(105)	TOWN HALL SHOPS	(657)	(523)	(640)	PYRAMID CENTRE SHOPS	(47)	(42)	(44)	SUNDRY PROPERTIES	(113)	(82)	(92)	HERLINGTON CENTRE SHOPS	(89)	(76)	(105)	THE WIRRINA BISHOPS ROAD	(68)	(68)	(68)	TOTAL INCOME	(1,789)	(1,128)	(1,422)		
MAJOR CATEGORIES OF RENTAL UNITS	2012/13 Income	2013/14 Income	2014/15 Forecast Income																																																				
INCOME FROM DISPOSAL MANAGEMENT	(51)	(1)	(15)																																																				
LONDON ROAD STADIUM	(500)	(38)	(161)																																																				
LAXTON SQUARE	(28)	(28)	(28)																																																				
EDITH CAVELL LAND	(94)	(94)	(85)																																																				
HEREWARD CENTRE	(40)	(79)	(79)																																																				
MARKET SHOPS	(102)	(97)	(105)																																																				
TOWN HALL SHOPS	(657)	(523)	(640)																																																				
PYRAMID CENTRE SHOPS	(47)	(42)	(44)																																																				
SUNDRY PROPERTIES	(113)	(82)	(92)																																																				
HERLINGTON CENTRE SHOPS	(89)	(76)	(105)																																																				
THE WIRRINA BISHOPS ROAD	(68)	(68)	(68)																																																				
TOTAL INCOME	(1,789)	(1,128)	(1,422)																																																				

This page is intentionally left blank

AUDIT COMMITTEE	AGENDA ITEM No. 9
3 NOVEMBER 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Matthew Lee, Chair of Audit Committee	
Contact Officer(s):	Karen Dunleavy, Governance Officer	☎ 452 233
	Steve Crabtree, Chief Internal Auditor	☎ 384 557

WORK PROGRAMME

1. ORIGIN OF REPORT

- 1.1 This is a standard report to Audit Committee, which forms part of its agreed work programme. This standard report provides details of the Work Programme for the current municipal year 2014/15.

2. UPDATE

2.1 Work Programme 2014/ 2015 (Appendix A)

The Work Programme is based on previous years agendas. It is also intended for the programme to be refreshed throughout the year in consultation with the Committee membership and senior officers 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 The Work Programme provides the opportunity to Audit Committee Members to review the list of items put forward throughout the year and to suggest any future agenda item for inclusion that falls within the remit of its terms of reference.
- 2.3 Training or briefing sessions 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.

APPENDIX A

DATE: 30 JUNE 2014			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of the Meeting Held on 24 March 2014	Democratic Services Karen Dunleavy	
	Internal Audit: Head of Internal Audit Opinion 2013 / 2014	Internal Audit Steve Crabtree	To receive, consider and endorse the annual report on Internal Audit activities for the year ended 31 March 2014
	Internal Audit: Review of Effectiveness	Internal Audit Steve Crabtree	To receive, consider and endorse the annual review of the effectiveness of Internal Audit for the year ended 31 March 2014 together with any associated action plan
	Compliance Team Annual Report 2013 / 2014	Governance Ben Stevenson	To receive, consider and endorse the annual report on the investigation of fraud and irregularities for the year ended 31 March 2014
	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.
	Draft Annual Governance Statement	Internal Audit Steve Crabtree	To receive, consider and endorse the draft Annual Governance Statement for the year ended 31 March 2014
	Budget Monitoring Report Final Outturn 2013 / 2014	Finance Steven Pilsworth	To receive, consider and endorse the final outturn position for the year ended 31 March 2014
	Draft Statement of Accounts 2013 / 2014	Finance Steven Pilsworth	To receive, consider and comment on the draft Statement of Accounts for the year ended 31 March 2014
Standard	Feedback report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2014 / 2015	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 22 SEPTEMBER 2014			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of the Meeting Held on 30 June 2014	Democratic Services Karen Dunleavy	
	Risk Management: Strategic Risks	Growth and Regeneration Kevin Dawson	To receive details of the strategic risks impacting on the Council and the mitigating actions to address these.
	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.
	Audit of Statement of Accounts To Those Charged with Governance	Finance Steven Pilsworth	To receive the final Statement of Accounts for the year ended 31 March 2014 incorporating the Annual Governance Statement together with the annual report to those charged with governance following their scrutiny by External Audit
	Outcome of the Code of Conduct Review	Kim Sawyer	
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2014 / 2015	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 3 NOVEMBER 2014			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of the Meeting Held on 22 September 2014	Democratic Services Karen Dunleavy	
	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
	Use of Consultants	Finance Steven Pilsworth	To receive an update on the Use of Consultants across the organisation
	Regulation of Investigatory Powers Act (2000)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year, reporting activity when required.
	Treasury Management	Finance Steven Pilsworth	To receive an update on the policy and effectiveness of treasury management
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2014 / 2015	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 2 FEBRUARY 2015			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 3 November 2014	Democratic Services Karen Dunleavy	
	Regulation of Investigatory Powers Act (2000)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year, reporting activity when required.
	External Audit: Report to Management	PwC	To receive and approve the External Audit report in relation to issues identified as part of their audit works
	External Audit: Annual Audit Letter	PwC	To receive and approve the External Audit report in relation to issues identified as part of their audit works
	External Audit: Grant Claims Annual Certification	PwC	To receive and approve the External Audit report in relation to issues identified as part of their audit works
Standard	Feedback Report	Democratic Services Karen Dunleavy	
Standard	Work Programme 2014 / 2015	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 23 MARCH 2015			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest and Whipping Declarations		
Standard	Minutes of the Meeting Held on 2 February 2015	Democratic Services Karen Dunleavy	
	Risk Management: Strategic Risks	Growth and Regeneration Kevin Dawson	To receive an update on the strategic risks for the Council
	Regulation of Investigatory Powers Act (2000)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year, reporting activity when required.
	External Audit: Audit Plan	PwC	To receive and approve the External Audit Plan
	Internal Audit: Draft Internal Audit Plan 2015 / 2016	Internal Audit Steve Crabtree	To receive and approve the Internal Audit Plan 2015 / 2016
	Draft Annual Audit Committee Report	Democratic Services Karen Dunleavy	To receive the Draft Annual Audit Committee Report prior to submission to Council
	Effectiveness of the Audit Committee	Internal Audit Steve Crabtree	To receive an update on the effectiveness of the Audit Committee together with an Action Plan to address any shortcomings
New	Outcome of the Code of Conduct Review	Kim Sawyer	Outcome of second review following Audit Committee action point 22 September 2014
Standard	Feedback Report	Democratic Services Karen Dunleavy	Dependent on updates
Standard	Draft Work Programme 2015 / 2016	Democratic Services Karen Dunleavy	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Kim Sawyer	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Kim Sawyer	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)