

## AUDIT COMMITTEE

**MONDAY 2 FEBRUARY 2015**  
**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**

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification " that has been disclosed to the Head of Legal Services.

3. **Minutes of the Meeting Held on 3 November 2014** 3 - 6

To approve the minutes of the meeting held on 3 November 2014.

4. **Regulation of Investigatory Powers Act (2000)**

The Committee is asked to **NOTE** that there have been no RIPA authorisations in this quarter.

5. **External Audit: Annual Audit Letter and Grant Claims Annual Certification** 7 - 32

To receive and approve the External Audit report in relation to issues identified as part of their audit works.

6. **Feedback Report** 33 - 40

7. **Work Programme** 41 - 46



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 R Fox and J Okonkowski

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

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## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL, PETERBOROUGH ON 3 NOVEMBER 2014**

Present: Councillors Lee (Chairman), Arculus, Lamb, Thulbourn, F Fox, Herdman, Sandford and Lane.

Officers in

Attendance: Kim Sawyer, Director of Governance  
Steven Pilsworth, Head of Strategic Finance  
Steve Crabtree, Chief Internal Auditor  
Louise Cooke, Group Auditor  
Karen S Dunleavy, Governance Officer

### **1. Apologies for Absence**

Apologies for absence were received from Councillor Harper.

Councillor Lamb was in attendance as a substitute.

### **2. Declarations of Interest**

There were no declarations of interest.

### **3. Minutes of the Meeting held on 22 September 2014**

The minutes of the meeting held on 22 September 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. Internal Audit: half Year Update 2014/15**

The Group Auditor introduced a report on the Internal Audit: Half Year Update 14/15, to the Members of the Audit Committee, which outlined the progress of the internal audit plan and overall performance of the section up to 30 September 2014.

The key points within the report included:

- Audit activities;
- Progress against audits;
- Status of audits and the details of recommendations; and
- Assurance opinion.

The Group Auditor, Chief Internal Auditor and Head of Strategic Finance responded to comments and questions raised. In summary responses included:

- The significant assurance level given to the payroll systems, were interpreted as good. The Audit commenced in the previous financial year and had carried over to the current financial year;

- The Audit Team's exploration of further income streams was in relation to expanding the shared audit services currently undertaken with Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC);
- There had not been an income stream per se generated from shared services with CCC and SCDC, although the service had provided a reduction in costs for the authorities;
- When an Audit is conducted on grant funding, the Team certify that the spend was in accordance with the terms of the grant rather than reviewing strategic decisions around the use of the grant funding;
- When the Audit Team conducted an audit service for Vivacity, a partner organisation, of the Council, the outcome would be reported to the Vivacity's Audit Committee;
- The reference to Vivacity audits within the report were included to demonstrate the Audit Team's time allocation in terms of conducting the audit function; and
- The whistleblowing investigation in relation to alleged irregularity was currently ongoing. Although the Audit Team had conducted their part of the investigation, there was further work required from another party involved. On conclusion of the investigation, the Director of Governance would decide what further action would be required and would report back to Audit Committee if appropriate to do so.

Members of the Audit Committee commented that it was imperative to include Health and Wellbeing for the citizens of Peterborough, as an important priority on the Council's Strategic Priorities list.

**The Committee:**

Noted the progress update.

**The Committee also agreed:**

1. That the Chairman of Audit Committee would write a letter to the Cabinet to request consideration be given to include within the Council's Strategic Priorities the following: 'To achieve the Best Health and Wellbeing for the City'; and
2. The Chief Internal Auditor would ensure that future reports exclude (from the table detailing audit progress) the work carried out by the Council's Audit Team on behalf of other organisations.

**6. Use of Consultants**

The Head of Strategic Finance introduced a report to Audit Committee Members, on the Use of Consultants, which had outlined the yearly comparisons of expenditure including the first six months of 2014. The report had been submitted to Audit Committee as part of an ongoing monitoring responsibility.

The key points within the report included:

- Review of the Use of Consultants;
- The spend trend over the last five years, which had shown a significant reduction;
- A list of companies used within the last year including a project breakdown;
- Spend by department; and
- Consultants/interims that had been in place at the Council for more than one year.

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

- Serco were the main contracted framework supplier for consultants that were commissioned to provide resources for most of PCC's projects;

- The cost of consultants on projects such as Westcombe Management and Honeywell would be recorded separately within the Consultancy Report;
- The Audit Committee Members were in a position to scrutinise the costs in relations to each project at any time using the Council's project management system Verto;
- The consultancy support provided for a Senior Human Resources (SHR) post had reduced significantly compared to previous years; and
- It had proved difficult to recruit to public sector SHR posts due to the high level of expertise and knowledge in local government law required.

**The Committee:**

The Audit Committee considered the update report on the Use of Consultants.

**The Committee also agreed that:**

The Head of Strategic Finance would provide Audit Committee Members with further narrative within future reports on the Use of Consultants costs per project, in particular to ones that were supported by Serco.

**7. Treasury Management**

The Head of Strategic Finance introduced a report to Members of the Audit Committee, which provided an overview of the mid-year progress report on the Council's Treasury Management policies, practices and activities including, the annual strategy and plan.

The Head of Strategic Finance responded to comments and questions raised by Members. In summary responses included:

- The majority of indicators were set by PCC's Capital Programme. The Council would set its boundaries and would authorise limits within the Capital Programme in order to set the level of borrowing to gain the best interest rates for future financial years;
- Expenditure met by the Council's Invest to Save Scheme would be approved by the Key Decision and Cabinet Member Decision (CMDN) making process where required;
- It was envisaged that there was to be a degree of investment return for Axiom Housing;
- The Council would not publicise the value of assets prior them being advertised for disposal;
- The income generated as a result of the sale of assets could only be spent on capital expenditure;
- The business cases for Invest to Save projects were evaluated for feasibility by the Head of Strategic Finance and would require his approval; and
- The Capital Programme would detail any forthcoming expenditure for projects, however, it was not possible to provide the same level of detailed expenditure for projects to be financed by the Invest to Save Schemes. The reason was that the ISS funding would provide the opportunity for the Council to enter into further investments for the City that were not amenable at the time of agreeing the Council's budget at Full Council.

Councillor Arculus stated that he wished for it to be recorded in the minutes that he did not agree with the principles of Invest to Save Scheme setting and funding.

**The Committee:**

Reviewed current performance against the Treasury Management Strategy (TMS) set in the Medium Term Financial Strategy (MTFS).

**The Committee also agreed:**

That the Head of Strategic Finance would:

1. Hold a discussion session with Audit Committee Members with regards to the Invest to Save Scheme, which was subject to budget approval by Council and further approval by the Key Decision and CMDN processes, in order to formulate a proposal for further transparency on forthcoming projects intended to be funded by the ISS;
2. Report the conclusion of any transparency proposal identified regarding the ISS to a future meeting of Audit Committee; and
3. Arrange a briefing session for Audit Committee Members to discuss the processes of asset disposal.

**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.

The Chairman provided an update on the progress of the Review of the Risk Register and the Code of Conduct Review and advised Members that both items would be presented to Audit Committee in January and March 2015.

**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:**

A Report back to Audit Committee on the Invest to Save Scheme and the further transparency proposal.

7.00pm – 8:09pm  
Chairman

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 5
<b>2 FEBRUARY 2015</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Committee Member(s) responsible:	Councillor Lee, Chair of Audit Committee	
Contact Officer(s):	John Harrison, Executive Director - Resources	☎ 452 398

## EXTERNAL AUDIT REPORTS

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM :</b> PricewaterhouseCoopers	<b>Deadline date :</b> N/A
<p>The Committee is asked to consider, and endorse the final reports produced by External Audit in the following areas:</p> <ul style="list-style-type: none"> <li>(i) 2013/14 Annual Audit Letter; and</li> <li>(ii) 2013/14 Grant Claims: Annual Certification Report.</li> </ul>	

### 1. ORIGIN OF REPORT

This report is submitted to the Audit Committee in line with its Work Programme for 2014/15.

### 2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to introduce various reports from PricewaterhouseCoopers (PwC), the Council's external auditors, in accordance with the Committees' Terms of Reference – 2.2.1.5 *To consider the external auditors annual letter, relevant reports, and the report to those charged with governance.*

### 3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
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### 4. ANNUAL AUDIT LETTER

- 4.1 During the year, PwC have undertaken various reviews on behalf of the authority, the Annual Audit Letter collates and summarises those reports, the bulk of which was reported to Audit Committee in the ISA 260 on the 22<sup>nd</sup> September 2014. The following reports have been received and agreed with senior management. PwC will be in attendance to discuss matters arising in each report.

Appendix	Report	Issue Date
A	2013/14 Annual Audit Letter	28 <sup>th</sup> October 2014
B	Grant Claims : Annual Certification Report 2013/14	20 <sup>th</sup> January 2015

**4.2 2013 / 2014 Annual Audit Letter (Appendix A)**

The External Auditor and the Audit Commission Relationship Manager produce an Annual Audit Letter reviewing the Council's arrangements and progress in relation to the Audit of the Accounts. Cabinet will also consider this report in February 2015.

**4.3 2013 / 14 Grant Claims: Annual Certification Report (Appendix B)**

Annual report into the review and verification of grant claims across PCC.

**4.4 Report to Management: Interim and Final Audit 2013/14**

In previous years a Report to Management has been submitted. This year all significant matters were reported within the ISA 260, which was reviewed by Audit Committee on the 22nd September 2014, therefore PWC consider that a separate report that repeats these items is not needed.

**5. CONSULTATION**

The various appendices have been discussed, and actions agreed by senior management at various times before being finalised. In addition, will Cabinet discuss and approve their content.

**6 ANTICIPATED OUTCOMES**

Acknowledgement and approval of the works undertaken by External Audit.

**7 REASONS FOR RECOMMENDATIONS**

Audit Committee is requested to note the contents of the report and to comment on issues identified within the various commissioned works.

**8 ALTERNATIVE OPTIONS CONSIDERED**

None

**9 IMPLICATIONS**

Implications have been identified separately in each agreed Action Plan.

**10 BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)  
None

**11 APPENDICES**

Appendix A - 2013/14 Annual Audit Letter; and  
Appendix B – 2013/14 Grant Claims: Annual Certification Report.

[www.pwc.co.uk](http://www.pwc.co.uk)

# *Peterborough City Council*

*Annual Audit Letter*

2013/14

6

Government and  
Public Sector

October 2014

**pwc**

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## **Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies**

*In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.*

An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

# Introduction

## The purpose of this letter

This letter summarises the results of our 2013/14 audit work for members of the Authority.

We have already reported the detailed findings from our audit work to the Audit Committee in the following reports:

- Audit plan for 2013/14;
- Audit opinion for the 2013/14 financial statements, incorporating our conclusion on the proper arrangements to secure economy, efficiency and effectiveness in the Authority's use of resources;
- Report to those charged with Governance (ISA (UK&I) 260); and
- Annual Certification Report (to those charged with governance) for 2012/13.

The matters reported here are the most significant for the Authority.

## Scope of Work

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We met our responsibilities as follows:

Audit Responsibility	Results
Perform an audit of the accounts in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).	We reported our findings to the Audit Committee on 22 September 2014 in our <i>Report to the Audit Committee of the Authority on the audit for the year ended 31 March 2014 (ISA (UK&amp;I) 260)</i> . On 24 September 2014, we issued an unqualified audit opinion.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	On 24 September 2014, we reported to the National Audit Office that the consolidation return was consistent with the audited statutory accounts.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 24 September 2014, we issued an unqualified value for money conclusion.

<b>Audit Responsibility</b>	<b>Results</b>	<b>Audit Responsibility</b>	<b>Results</b>
<i>Consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.</i>	There were no issues to report in this regard.	<i>Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.</i>	We issued our completion certificate on 24 September 2014.
<i>Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.</i>	There were no issues to report in this regard.		
<i>Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.</i>	There were no issues to report in this regard.		

# Audit Findings

## Accounts

We audited the Authority's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 24 September 2014.

We are pleased to report that the draft financial statements and supporting schedules for our audit continue to be produced to a good standard.

In accordance with Auditing Standards, the significant matters arising from our audit were reported within our Report to Those Charged with Governance (ISA (UK&I) 260). This report was presented to the Audit Committee on 22 September 2014. We wish to draw the following points, included in that report, to your attention in this letter:

Accounting for property plant and equipment:

1. Assets under construction; and
2. Review of assets in use.

## Accounting for property, plant and equipment

### 1. Assets under construction

In accordance with IAS 16, the Authority accounts for assets under construction (AUC) at historical cost. When the asset is brought into use, it is revalued at fair value and transferred into the appropriate class within property, plant and equipment (PP&E). It was identified that extensions to two schools included within the AUC balance as at 31 March 2013, were actually completed during 2012/13 and should have been transferred into land & buildings. Both schools, including their extensions, were revalued at 31 March 2013 by the Authority's external valuer. As such the extensions

were incorrectly included within AUC as well as land & buildings, resulting in an overstatement of the total PP&E balance at 31 March 2013 of £11.1m. Whilst the overall net book value of PP&E was £523.8m, this was over the overall materiality level we set and therefore a prior period adjustment was required to correct the 2012/13 balances. The Authority corrected the financial statements for these balances, reducing the PP&E balance as at 31 March 2013 by £11.1m, with a corresponding entry to unusable capital reserves.

### 2. Review of assets in use

At each year end, the Authority requires each service to confirm that all assets held by that service are still in use. As part of our audit procedures, we sought to place reliance on this control and we physically verified a sample of assets to confirm their existence. This year further emphasis was placed on the process by the Corporate finance team, as a result of the implementation of the Technology Forge fixed asset system, due to all the information now being held in one place. This resulted in a "cleansing" of the fixed asset register of assets which were no longer in use by the services. In turn this led to entries in the PP&E note within the financial statements to remove such assets which largely had net nil book values - disposals within the cost of vehicles, plant and equipment included in Note 18 to the accounts total £24.6m. However set against this is depreciation of £23.9m, therefore only £0.7m of net book value had been disposed of in the year.

Our testing identified some assets within Children's Services which had been stated as disposed of within the return made by the service to the Corporate team, however the assets were still in use. In addition, we identified some items which had

been capitalised by the Authority but were no longer the Authority's property, and should have been treated as revenue expenditure funded from capital under statute (REFCUS). These items were clearly trivial for adjustment.

*We include these issues within our Internal Controls section of this report on page 6, as although the amounts involved are clearly trivial for adjustment, we believe controls can be enhanced to further improve accounting for capital.*

### *Use of Resources*

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether the Authority had in place, for 2013/14, proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In line with Audit Commission requirements, our conclusion was based on two criteria:

- the organisation has proper arrangements in place for securing financial resilience; and
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

To reach our conclusion, we carried out a programme of work that was based on our risk assessment.

We issued an unqualified conclusion on the ability of the organisation to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources. However, we would like to bring the following matters to your attention:

- The recurring funding gap identified each year of the MTFS as presented to Cabinet on 5 March 2014 was as follows:

- 2014/15: nil
- 2015/16: £17.6m
- 2016/17: £4.6m
- 2017/18: £1.4m
- 2018/19: £2.5m

- The total savings required over the first five years of the MTFS are therefore £26.1m.
- Since March 2014, other financial pressures have emerged. As a result the forecast deficit for 2015/16 increased to £22m. Officers are working with Cabinet and the cross party Budget Working Group to develop proposals to deliver a balanced budget.
- We considered and discussed the emerging savings options with officers, in order to understand the current plans to address the funding gap. We noted that the plans are at various stages of development.
- We considered the Council's historic record in delivering savings; the monitoring and reporting arrangements in the place and the governance structure in place.

In undertaking this work, we did not identify any matters, in relation to the arrangements in place at the Council to secure financial resilience that would cause us to modify our Use of Resources conclusion. Clearly, however, the ongoing achievement of savings, together with the impact of future financial settlements should remain a key focus for the Council.

### *Annual Governance Statement*

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

### *Whole of Government Accounts*

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The audited pack was submitted on 24 September 2014. We found no areas of concern to report in this context.

### *Certification of Claims and Returns*

We presented our most recent Annual Certification Report for 2012/13 to those charged with governance in February 2014. We certified three claims worth £184 million. In all three cases a qualification letter was required to set out the issues arising from the certification of the claim, however only one of these claims was amended (by £2,821). These details were also set out in our *Annual Certification Report for 2012/13*. We will issue the *Annual Certification Report for 2013/14* in February 2015.

### *Other matters*

In our capacity as appointed auditors, we are also required to consider matters raised with us by local electors. We have been required to undertake additional work to consider two matters brought to our attention in relation to:

1. the proposed plans for the development of ground mounted solar photovoltaic panels (solar farms) and wind turbines; and
2. the use of grant monies.

We received no formal objections during 2013/14.

# Other matters reported to those charged with governance

These are the matters we consider to be **most significant** for the Authority and have been raised with those charged with governance. Other, less significant recommendations have been brought to the attention of the Executive Director Resources.

As part of our audit work in 2014/15, we will follow up the recommendations we have made and report the status of these in future reports.

Recommendation	Management Response	Target Implementation Date
<p><b>Property, plant and equipment</b>  <b>a. Assets under construction</b></p> <p>The Authority needs to ensure more rigorous monitoring of progress of AUC. We recommend closer liaison between the Corporate team who manage the fixed asset register and the service teams who should be aware of the progress of AUC within their area. A review of all AUC should be performed at year end to confirm whether they have been completed.</p>	<p>The problems arose in 2012/13 and 2013/14 within Children's services. The control weaknesses were identified by management and an additional post was created to support links to support the corporate functions of Adults, Childrens, and Communities directorates and oversee the schools capital programme. A new experienced capital accountant was recruited to this position in August 2014.</p>	<p>From August 2014</p>
<p><b>b. Instructions to external valuers</b></p> <p>We recommend that the Authority's procedures regarding instructing the external valuers are reviewed and re-issued to the relevant members of staff. This will ensure that appropriate instructions are given to the external valuer by only the Corporate team. The list of valuations returned should be checked back to the instructions to ensure a complete list of valuations has been received.</p>	<p>With the establishment of the new role overseeing the Schools capital programme new procedures will be implemented to ensure that any valuation instructions are only issued to the Council's valuers by the service capital accountants or the Corporate Capital team.</p> <p>A new year end procedure will be established with the Corporate Capital team to verify that each valuation received and entered to the Asset Register is one that has been correctly requested.</p>	<p>From September 2014</p>

*An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters*

Recommendation	Management Response	Target Implementation Date
<p><b>c. Appropriate treatment of assets as REFCUS (revenue expenditure funded from capital under statute)</b></p> <p>The Authority should consider the nature of assets capitalised and ensure treatment as REFCUS as appropriate.</p>	<p>The implementation in 2012/13 of an Asset Register database, Technology Forge (TF) enables additional data to be held for each asset. Additional data will be requested from the service teams to ensure that the Corporate Capital team have sufficient data to evaluate each asset for capitalisation or treated as REFCUS.</p>	<p>From September 2014</p>
<p><b>Access to datafiles and super user access to applications</b></p> <p>Access to data files should be restricted to non-operational personnel ie. segregation of duties should be maintained between data base access and application access.</p>	<p>The FSS team currently have the ability to carry out system wide set up changes to the look, feel and configuration of the finance system including the tasks listed below:</p> <ul style="list-style-type: none"> <li>• User access</li> <li>• User access levels and limitations</li> <li>• Approval hierarchies</li> <li>• Transactional processing formats and fields</li> <li>• System security and controls</li> <li>• System tolerances</li> <li>• Configuration changes</li> </ul> <p>This access is restricted to a system administration and super-user level of access so that control can be provided over these changes. Any changes are only made when the required audit trail and necessary approval is received.</p>	<p>n/a</p>

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# *Final Fees*

## *Final Fees for 2013/14*

We reported our fee proposals in our audit plan.

We have undertaken additional work this year as a result of accounting issues identified during the course of our audit and targeted work on the use of resources. Our fees will therefore be in excess of the scale fee and we are currently in the process of agreeing the final amount with the Authority and the Audit Commission. We will report the final position in due course.

Our fee for certification of claims and returns is yet to be finalised for 2013/14 and will be reported to those charged with governance in February 2015 within the 2013/14 Annual Certification Report.



In the event that, pursuant to a request which Peterborough City Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. Peterborough City Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Peterborough City Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Peterborough City Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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# *Annual Certification Report 2013/14 Peterborough City Council*

*Government and  
Public Sector – Annual  
Certification Report to  
those charged with  
governance.*

*20 January 2015*



## **The Members of the Audit Committee**

Peterborough City Council  
Town Hall  
Bridge Street  
PETERBOROUGH  
PE1 1HG

20 January 2015

## **Annual Certification Report 2013/14**

We are pleased to present our Annual Certification Report which provides members of the Audit Committee with a high level overview of the results of the certification work we have undertaken at Peterborough City Council for financial year ended 31 March 2014.

We have also summarised our fees for 2013/14 certification work on page 6.

## **Results of Certification Work**

For the period ended 31 March 2014, we certified one claim worth a net total of £74,070,956. The claim was amended and required a qualification letter to set out the matters arising from the certification findings. We have set out further details within the report.

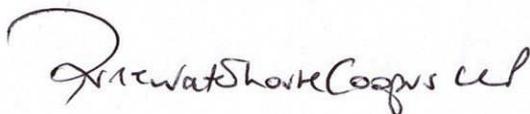
We identified a number of matters relating to the Authority's arrangements for the preparation of the claim during the course of our work, some of which were minor in nature. The most important of these matters are brought to your attention in this report.

We ask the Audit Committee to consider:

- The adequacy of the proposed management action plan for 2013/14 set out in Appendix A; and
- The adequacy of progress made by the Authority in implementing the prior year action plan in Appendix B.

In the future, with the changes to the Audit Commission structure, we anticipate that the Housing Benefit Subsidy claim will continue to be the only claim at the Authority subject to certification under the existing regime. All other requests for auditor assurance work for claims and returns will operate outside of these engagement arrangements.

Yours faithfully,



PricewaterhouseCoopers LLP

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# *Introduction*

## *Scope of Work*

Each year some grant-paying bodies may request certification, by an appropriately qualified auditor, of claims and financial returns submitted to them by local authorities. Certification arrangements are made by the Audit Commission under Section 28 of the Audit Commission Act 1998 and are one way for a grant-paying body to obtain assurance about an authority's entitlement to grant or subsidy or about information provided within a return.

Certification work is not an audit but a different type of assurance engagement which reaches a conclusion but does not express an opinion. This involves applying prescribed tests, as set out within Certification Instructions (CIs) issued to us by the Audit Commission; these are designed to provide reasonable assurance, for example, that claims and returns are fairly stated and in accordance with specified terms and conditions. The precise nature of work will vary according to the claim or return.

Our role is to act as 'agent' of the Audit Commission when undertaking certification work. We are required to carry out work and complete an auditor certificate in accordance with the arrangements and requirements set by the Audit Commission.

We also consider the results of certification work when performing other Code of Audit Practice work at the Authority, including our conclusions on the financial statements and value for money.

International Standards on Auditing UK and Ireland (ISAs), the Auditing Practices Board's Practice Note 10 (Revised) and the Audit Commission's Code of Audit Practice do not apply to certification work.

## *Statement of Responsibilities*

The Audit Commission publishes a 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns'. This is available from the Audit Commission website. It summarises the Commission's framework for making certification arrangements and highlights the different responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns.

# Results of Certification Work

## Claims and Returns certified

A summary of the claims certified for financial year 1 April 2013 to 31 March 2014 is set out in the table below.

The Audit Commission requires that all matters arising are either amended for (where appropriate), and/ or reported within a qualification letter.

A qualification letter was required to set out matters arising from the certification of the claim. In addition, the claim was amended in some respects following the certification work undertaken. The most important of these matters are summarised on page 7.

All deadlines for authority submission of the claim were met. All deadlines for auditor certification were met.

Fee information for the claims and returns is summarised on page 6.

## Summary:

<b>CI Reference</b>	<b>Scheme Title</b>	<b>Form</b>	<b>Original Value</b>	<b>Final Value</b>	<b>Amendment</b>	<b>Qualification</b>
BEN01	Housing Benefit Subsidy	MPF720A	£74,070,956	£74,067,330	Yes	Yes

# Certification Fees

The fees for certification of each claim and return are set out below:

Claim/Return	2013/14 Indicative Fee *	2013/14 Variation**	2013/14 Proposed Final Fee**	2012/13 Billed Fee	Comment
	£	£	£	£	
BEN01 Housing Benefit Subsidy	14,007	4,152	18,159	21,299	2012/13 claim included Council Tax Benefit entries.
<b>Total</b>	<b>14,007</b>	<b>4,152</b>	<b>18,159</b>	<b>21,299</b>	

These fees reflect the Council's current performance and arrangements for certification.

\* Indicative fees may subsequently be updated for Audit Commission approved variations; for example where there was a change in the level of work required.

\*\* Fee variations which are pending Audit Commission approval.

# Matters Arising

The most important matters we identified through our certification work are summarised below; further details can be found in Appendix A.

## *BENo1 Housing Benefit Subsidy Claim*

Our testing identified a number of errors in relation to the Authority's compliance with Housing Benefit regulations. In a number of cases it was possible to quantify these errors and make appropriate amendments to the claim form. However, we also reported a number of matters to DWP in a qualification letter where no amendment could be agreed which would be representative of the whole population.

In summary these matters related to:

### **Rent Rebates – Non-HRA**

- We identified four cases in our initial testing where the Authority had misclassified an overpayment as eligible, which receives subsidy at 40%, rather than technical, which receives nil subsidy. The results of extension testing in this area, which followed our initial testing, identified a further 55 cases, (out of a total of 61), for which there had been a similar misclassification. One amendment amounting to £8,712.83 was made to correct these misclassifications. As such, no reporting to the DWP was required in respect of this matter.
- As a result of errors identified in 2012/13, extension testing was performed on the classification of expenditure on the claim form between expenditure up to the applicable Local Housing Allowance rate, which receives subsidy at 100%, and expenditure above the rate, which receives nil subsidy. Errors totalling £202.40 were identified and related to three out of 40 cases tested.

In respect of the above misclassifications, given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work would have resulted in an amendment that would have allowed us to conclude that the claim form is fairly stated. Therefore the total misclassification was extrapolated and reported in our qualification letter.

The above types of error have been identified by us during testing of prior year claims.

### **Rent Allowances**

- For one case in initial testing, the Authority had assessed the claimant as being in receipt of Jobseeker's Allowance (Income Based). However, no supporting evidence was available to confirm this and this has therefore resulted in an overpayment of £127.34. No similar errors were identified in extension testing.

In respect of the overpayment, given the nature of the population and the inability of the Authority's benefits system to provide a population for testing which consists only of claims whereby the claimant is in receipt of Jobseeker's Allowance (Income Based), it is unlikely that even significant additional work would have resulted in an amendment that would have allowed us to conclude that the claim form is fairly stated. The total overpayment was extrapolated and reported in our qualification letter.

- For five cases in initial testing, the miscalculation, or application of the annual uprating from the incorrect date, of claimants' war pension income resulted in expenditure being misclassified between Rent Allowances and Modified Schemes. Eligible Rent Allowance expenditure receives subsidy at 100% compared to 75% for Modified Schemes. The extension testing, which followed from our initial testing, identified a further 8 cases out of a total of 26, where there had been a similar misclassification. An amendment to the claim form amounting to £565.97 from Rent Allowances to Modified Schemes was made to correct for the net impact of these errors. As such no reporting to the DWP was required in respect of this matter.

The miscalculation of war pension income has been identified by us during testing of prior year claims.

In addition to the extension testing performed on the above matters, the Authority undertook extension testing to address two matters raised in the prior year. No errors were identified from testing in the current year in relation to these two matters.

Aside from the testing of the classification of Non-HRA overpayments, we are pleased to report that the Authority's extension testing was of a good quality. In relation to Non-HRA overpayments, our review of the Authority's testing identified that the Authority only recorded one case (out of 61) as containing an error whereas our review of the work identified 55 errors. Accordingly, we have raised a recommendation for management action at Appendix A.

A correction to the subsidy claim as a result of our findings has resulted in a net reduction of subsidy due of £4,112. The Authority has provided us with copies of correspondence from the DWP confirming this figure.

### *Prior year recommendations*

We have reviewed the progress made by the Authority in implementing the certification action plan that was agreed in response to our findings in 2012/13; details can be found in Appendix B.

# Appendix A - Management Action Plan: Current year issues (2013/14)

## *BEN01 Housing Benefit Subsidy Claim (deadline 30 November 2014)*

Issue	Recommendation	Management response	Responsibility (Implementation date)
<p>Testing of the classification of Non-HRA Rent Rebate overpayments due to a reduction or cessation in rental liability identified the following:</p> <ul style="list-style-type: none"> <li>4 cases from initial testing had been misclassified as eligible overpayments, which receive subsidy at 40%, rather than technical overpayments, which receive nil subsidy; and</li> <li>55 cases, (out of 61), within the extension testing of eligible overpayments should have been classified as technical overpayments.</li> </ul> <p>The rate of error within this small sub-population of extension testing cases is high and demonstrates a gap in the understanding of benefit assessors in respect of the classification of overpayments.</p>	<p>The Authority should review the training and guidance offered to assessors in respect of the classification of overpayments due to a reduction or cessation in rental liability in Non-HRA cases. In addition, consideration should be given to ensuring that the validation procedures in this area are adequate.</p> <p>In accordance with the Certification Instructions, and as a result of the errors identified in the 2013/14 certification, we anticipate that we will be required to perform testing of cases impacting the 2014/15 claim that include Non-HRA eligible overpayments. The Authority should therefore satisfy itself that classification impacting the subsidy in this area is accurate.</p>	<p>The majority of overpayments in this cell come from homeless accommodation and are processed by one officer, (the calculated amount was correct, but the classification was not).</p> <p>a) Following the 13/14 audit completion a full review of all cases within the 14/15 claim was undertaken to correct any errors in the subsequent year.</p> <p>b) Once this had been done specific training was given to the officer concerned to reduce the risk of further error ongoing.</p> <p>c) A further 100% check will be undertaken on this cell prior to the 14/15 submission.</p>	<p><b>Owner:</b> Shared Services</p> <p><b>Implementation Date:</b></p> <p>a) 27 November 2014</p> <p>b) 27 November 2014</p> <p>c) 5 April 2015</p>

# Appendix B - Management Action Plan: Prior year issues (2012/13)

## BEN01 Housing Benefit Subsidy Claim (deadline 30 November 2013)

Issue	Prior year Recommendation	2012/13 Management response	Recommendation Status 2013/14	2013/14 Management response
<p>Errors were identified including:</p> <ul style="list-style-type: none"> <li>Expenditure misclassification;</li> <li>Data input incorrectly into the calculation of benefit resulting in under / overpayment of benefit.</li> </ul> <p>Similar issues were raised in prior years' Annual Certification Reports.</p>	<p>We recommend that the Authority considers why the errors identified in our testing occurred on a case-by-case basis and implement corrective measures as appropriate.</p>	<p><b>Accepted</b></p> <p><b>Action:</b> Some errors were specific to certain officers and others were general errors. With regards to specific errors training has been undertaken to ensure these problems do not occur again. To reduce the risk of other errors occurring there is an ongoing 10% quality control check of all assessments undertaken. Errors found are fed back to both the officer concerned and their team leader and a course of action agreed upon.</p> <p>In November 2013, a new software package has been implemented to allow better management reporting of errors to identify areas that may require further training and/or guidance. Overpayment classification has already been identified as a general area requiring further training, and this training has been undertaken with all benefits staff in January 2014.</p> <p><b>Owner:</b> Shared Transactional Services.</p> <p><b>Timescale:</b> Implemented.</p>	<p>Several manual calculation and classification errors were identified during the 2013/14 certification, as described in the 'matters arising' section. The number of error types was consistent year on year. As errors have again been identified, especially regarding expenditure misclassification, we have raised a similar recommendation focussing on areas for improvement.</p> <p><b>Action partially complete.</b></p>	<p>There were two separate errors in this area in 2013/14.</p> <p><b>a) JSA error</b></p> <p>The first relates to a claim incorrectly processed as JSA(IB) when it was a standard type. This was caused by human error and is likely to be a single occurrence of such an error – additional testing found no further errors. No further action is required here.</p> <p><b>b) War widows upratings</b></p> <p>Uprating errors in 2013/14 contributed to only £16.35 of the stated £565.97 error (at 25% difference in subsidy rates, this equates to £4.09 subsidy). The majority of the errors were where the amounts used in 2013/14 following uprating were incorrect because the previous amount used was incorrect ie an error had occurred on the claim at some point in the past (the oldest example being an error made in May 2008). As all current cases were reviewed for this audit future issues relating to historical errors should not occur again. Upratings in relation to April 2014 will be 100% checked prior to the 14/15 subsidy claim submission.</p> <p><b>Timescale:</b> 5 April 2015</p>

# Glossary

## Audit Commission Definitions for Certification work

### Abbreviations used in certification work are:

**‘appointed auditor’** is the auditor appointed by the Audit Commission under section 3 of the Audit Commission Act 1998 to audit an authority’s accounts who, for the purpose of certifying claims and returns under section 28 of the Act, acts as an agent of the Commission. In this capacity, whilst qualified to act as an independent external auditor, the appointed auditor acts as a professional accountant undertaking an assurance engagement governed by the Commission’s certification instruction arrangements;

**‘claims’** includes claims for grant or subsidies and for contractual payments due under agency agreements, co-financing schemes or otherwise;

**‘assurance engagement’** is an engagement performed by a professional accountant in which a subject matter that is the responsibility of another party is evaluated or measured against identified suitable criteria, with the objective of expressing a conclusion that provides the intended user with reasonable assurance about that subject matter;

**‘Commission’** refers to either the Audit Commission or the Grants Team of the Audit Policy and Regulation Directorate of the Commission which is responsible for making certification arrangements and for all liaison with grant-paying bodies and auditors on certification issues;

**‘auditor’** is a person carrying out the detailed checking of claims and returns on behalf of the appointed auditor, in accordance with the Commission’s and appointed auditor’s scheme of delegation;

**‘grant-paying bodies’** includes government departments, public authorities, directorates and related agencies, requiring authorities to complete claims and returns;

**‘authorities’** means all bodies whose auditors are appointed under the Audit Commission Act 1998, which have requested the certification of claims and returns under section 28(1) of that Act;

**‘returns’** are either:

- returns in respect of grant which do not constitute a claim, for example, statements of expenditure from which the grant-paying body may determine grant entitlement; or
- returns other than those in respect of grant, which must or may be certified by the appointed auditor, or under arrangements made by the Commission;

**‘certification instructions’** (‘CIs’) are written instructions from the Commission to appointed auditors on the certification of claims and returns;

**‘Statement’** is the *Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns*, available from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk);

**‘certify’** means the completion of the certificate on a claim or return by the appointed auditor in accordance with arrangements made by the Commission;

**‘underlying records’** are the accounts, data and other working papers supporting entries on a claim or return.

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

In the event that, pursuant to a request which Peterborough City Council has received under the Freedom of Information Act 2000 or any subordinate legislation made thereunder (collectively, the "Legislation"), Peterborough City Council is required to disclose any information contained in this deliverable, it will notify PwC promptly and will consult with PwC prior to disclosing such deliverable. Peterborough City Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such deliverable. If, following consultation with PwC, Peterborough City Council discloses any of this deliverable or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for Peterborough City Council and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 6
<b>2 FEBRUARY 2015</b>	<b>PUBLIC REPORT</b>

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**

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

### **2. PURPOSE AND REASON FOR REPORT**

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 – Feedback Responses

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## 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
3 November 2014	To write a letter to the Cabinet and request that consideration be given to include within the Council's Strategic Priorities the following:  To achieve the Best Health and Wellbeing for the City.	Chairman of Audit Committee	Completed	3 December 2014
3 November 2014	To ensure that future reports exclude (from the table detailing audit progress) the work carried out by the council's audit team on behalf of other organisations.	Chief Internal Auditor	Will be excluded from half year and out turn reports.	13 January 2015
3 November 2014	To provide a further narrative within future reports, on the use of consultants costs per project, in particular to ones that were supported by Serco.	Head of Strategic Finance	An update with detail on costs for each project where Serco was the supplier has been circulated to Audit Committee Members. This will be included in future updates to Committee. Attached at Appendix B.	22 January 2015
3 November 2014	To hold a discussion session with Audit Committee regarding the Invest to Save Scheme (ISS), which was subject to budget approval by Council and further approval by the Key Decision and CMDN processes, in order to formulate a proposal for further transparency on forthcoming projects intended to be funded by the ISS.	Head of Strategic Finance	Since this was discussed at Audit Committee, a further CMDN for use of the Invest to Save budget to support development of solar panels on schools and corporate buildings has been approved.  It is suggested that Audit	22 January 2015

	Report the conclusion of any transparency proposal identified regarding the ISS funding allocation, to a future meeting of Audit Committee.		Committee may wish to review this report template to see if it contains the information on such proposals that they would expect.	
3 November 2014	Arrange a briefing session for Audit Committee Members to discuss the processes for asset disposal.	Head of Strategic Finance	<p>The process for disposals is outlined in the draft asset management plan (AMP), considered by Cabinet on 19<sup>th</sup> January 2015 (and in the AMP in all previous years).</p> <p>The Head of Strategic Projects can undertake a briefing of Committee to supplement this. This could take place prior to the next meeting of Committee on 23 March 2015.</p>	22 January 2015

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No.
	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Committee Member(s) responsible:	Councillor Lee, Chair of Audit Committee	
Contact Officer(s):	John Harrison, Executive Director - Resources	☎ 452 398

**USE OF CONSULTANTS – UPDATE REQUESTED**

1. The report submitted to Audit Committee on the use of consultants on 3<sup>rd</sup> November 2014, included a list of companies used in the last year with project breakdown and breakdown of spend by supplier. This is attached as appendix 1.
2. Committee asked for further detail on costs for each project where Serco was the supplier. This is included in appendix 2, and will be included in future updates to Committee.

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

## Appendix 2 – breakdown of spend with Serco by project

Project	Consultant	Interim	Total
Adult Social Care Procurement Support	49,434		49,434
Adult Social Care Transformation Programme		69,860	69,860
Care Bill implementation, including review of systems	62,604		62,604
Childrens Social care improvement	89,707		89,707
EDRM	42,120		42,120
Energy Conservation Works - Phase 1&2	6,738		6,738
Fletton Quays and Growth	111,252		111,252
GPP Innovation Forum	4,910		4,910
Honeyhills roof	4,000		4,000
Interim Manager Head of ASC finance		55,440	55,440
Interim Manager Head of Family Support	12,305		12,305
Interim Manager LD Commissioning		95,291	95,291
Interim Renewable Energy Finance Manager		43,335	43,335
Superfast Broadband Project	47,142		47,142
Waste 2020 Programme	61,925		61,925
Westcombe Industries Interim Management		35,964	35,964
<b>Total</b>	<b>492,135</b>	<b>299,890</b>	<b>792,026</b>

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<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 7
<b>2 FEBRUARY 2015</b>	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

<b>DATE: 30 JUNE 2014</b>			
		<b>Section / Lead</b>	<b>Description</b>
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	<a href="#">Governance Kim Sawyer</a>	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	<a href="#">Governance Kim Sawyer</a>	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

<b>DATE: 22 SEPTEMBER 2014</b>			
		<b>Section / Lead</b>	<b>Description</b>
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)

<b>DATE: 3 NOVEMBER 2014</b>			
		<b>Section / Lead</b>	<b>Description</b>
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)

<b>DATE: 2 FEBRUARY 2015</b>			
		<b>Section / Lead</b>	<b>Description</b>
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)

<b>DATE: 23 MARCH 2015</b>			
		<b>Section / Lead</b>	<b>Description</b>
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
*New*	Review of the CMDN template for Invest to Save Scheme.	Kim Sawyer/Steven Pilsworth	Audit Committee to review and discuss the CMDN template for the Invest to Save Scheme.
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)