

AUDIT COMMITTEE

MONDAY 27 MARCH 2017
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 13 February 2017	3 - 6
To approve the minutes of the meeting held on 13 February 217.	
4. External Audit: Audit Plan 2016/17	7 - 28
To receive and approve the Draft External Audit Plan	
5. Internal Audit Plan 17/18	29 - 62
To receive and approve the Internal Audit Plan 2017 / 2018	
6. Cambridgeshire and Peterborough City Council Combined Authority Questioning Process	63 - 94
To seek a recommendation to Council to change standing orders, arising from a resolution for Audit Committee and the Member and Officer Working Group to explore.	
7. Risk Management	95 - 118
To receive an update on the strategic risks for the Council	

8. Annual Report of the Audit Committee

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To receive the Draft Annual Audit Committee Report prior to submission to Council

INFORMATION AND OTHER ITEMS

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

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

10. Approved Write-Offs Exceeding £10,000

The Committee is asked to **NOTE** that there have been no approved write-off amounts to report since 13 February 2017, which exceed the Council's Financial Regulation threshold of £10,000.



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 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.

Recording of Council Meetings: Any member of the public may film, audio-record, take photographs and use social media to report the proceedings of any meeting that is open to the public. A protocol on this facility is available at:

<http://democracy.peterborough.gov.uk/ecSDDisplay.aspx?NAME=Protocol%20on%20the%20use%20of%20Recording&ID=690&RPID=2625610&sch=doc&cat=13385&path=13385>

Committee Members:

Councillors: Fuller (Chairman), Aitken (Vice Chairman), D Over, Sims, E Murphy, K Sharp and A Shaheed

Substitutes: Councillors: King, Hussain, B Saltmarsh and Bond

Further information about this meeting can be obtained from Karen 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 13 FEBRUARY 2017

Present: Councillors Fuller (Chairman) Over, Sims, Murphy, Shaheed, Ash.

Others

Present: Councillor Seaton, Cabinet Member for Resources

Officers in

Attendance: Steven Pilsworth, Service Director Financial Services
Michelle Abbott, Senior Lawyer – Adult, Education, Health and Litigation
Paul Cook, Interim Head of Corporate Finance
Jane Webb, Senior Democratic Services Officer

Also in

Attendance: Suresh Patel, Audit Director Ernst & Young

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Aitken, Saltmarsh and Sharp with Councillor Ash attending as substitute for Councillor Sharp.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE MEETING HELD ON 21 NOVEMBER 2016

The minutes of the meeting held on Monday, 21 November 2016 were agreed as a true and accurate record.

4. EXTERNAL AUDIT: THE ANNUAL AUDIT LETTER

The Service Director Financial Services introduced the report to Audit Committee Members which summarised the two reports received from Ernst & Young from their External Audit Report, the Annual Audit Letter and the Grant Claims Certification Report. The Audit Director from Ernst & Young presented the report to year ending March 2016 in accordance with the Committees' Terms of Reference.

Key point raised included:

- The report was based on information discussed in October 2017 with Officers and some elements had moved on;
- For a local authority of this size the budget gaps were considered manageable;
- Final agreement still needed to be concluded with Officers on fees charged by auditors;
- Setting aside money to cushion future budgets had been common practice in local authorities and it was confirmed this had been the case as detailed in the report.

Bridging the deficit had been achieved through savings rather than collecting excess council tax and the savings target was exceeded by approximately £1M;

- Discussions had taken place to reduce the budget deficit for 2017-2018 by utilising reserves to close the gap. This had been subject to agreement and was to be included at the Council meeting on March 8th 2017. The resulting deficit would then be reduced to approximately £4M in 2017-2018 and £14M in 2018-2019; and
- The Audit Director from Ernst & Young presented Appendix B, Certification of Claims and Returns as commissioned by the Department of Work and Pensions (DWP) to certify the Housing Benefit Claims and subsidies. The methodology, report format and the fee were all set by Public Sector Audit Appointments. Due to staffing issues last year Ernst & Young missed the DWP report deadline. An extended deadline was granted and the work was completed within this time. It had not been unusual to find errors due to the complexity of the claim however the number of errors identified were considered small and there were no systematic or control errors identified. The sum of errors amounted to £3700.00.

Officers responded to comments and questions raised by Members. In summary responses included:

- The way the missed DWP submission date was handled was considered appropriate; and
- When underpayments were identified the tenant would be aware of the adjustment.

ACTION AGREED

The Committee:

1. Considered and endorsed the 2015/16 Annual Audit Letter; and
2. Considered and endorsed the 2015/16 Grant Claims: Annual Certification Report.

INFORMATION AND OTHER ITEMS

5. GENERAL DISPENSATION FOR ALLOWANCES

This report was submitted to the Committee following a recommendation requested at its meeting held on 21 November 2016, which considered dispensations which allowed members to vote on matters in which they had a pecuniary interest. One of those pecuniary interests related to the allowances paid to members.

ACTION AGREED

The Committee noted the guidance provided by the Director of Governance relating to dispensations for allowances.

6. USE OF REGULATORY INVESTIGATORY POWERS ACT 2000 (RIPA)

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

7. APPROVED WRITE OFFS EXCEEDING £10,000

The Committee noted that there had been no write offs exceeding £10,000 since 21 November 2016.

8. FEEDBACK REPORT

The Chairman 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. All items had been dealt with and no further action was suggested.

ACTION AGREED

The Committee noted the report.

9. WORK PROGRAMME

The Chairman submitted the latest version of the Work Programme for the Municipal Year 2016/2017 for consideration and approval. The standard report provided details of the proposed Work Programme for the Municipal Year 2016/2017 together with any training needs identified.

Discussion took place regarding the following:

Under the Risk Management Plan, mayoral costs and costs of the combined authority will be met from the gain-share grant from central government. Members expressed concern that the additional charges would fall to this council.

ACTION AGREED

The Committee noted and approved the 2016/2017 Work Programme.

The Chair thanked Steven Pilsworth, Service Director Financial Services for his work on the Committee and wished him well in his new position.

7:00pm – 7:30pm
Chairman

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AUDIT COMMITTEE	AGENDA ITEM NO: 4
27 MARCH 2017	PUBLIC REPORT

Cabinet Member(s) responsible:	Resources Portfolio Holder, Cllr Seaton	
Committee Member(s) responsible:	Councillor Fuller, Chair of Audit Committee	
Contact Officer(s):	John Harrison, Corporate Director: Resources Steven Pilsworth, Service Director Financial Services	Tel. 452398 Tel. 384564

EXTERNAL AUDIT: AUDIT PLAN 2016/17

RECOMMENDATIONS	
FROM : Ernst and Young (EY)	Deadline date : N/A
The Committee is asked to:	
<ol style="list-style-type: none"> 1. Consider the External Audit Plan for 2016/17 and consider points raised by EY in the document: <ul style="list-style-type: none"> • Proposed scope, comfortable with the audit risks, and approach; • Consider and respond to matters relating to fraud; • Consider and respond to the EY view on the value of misstatements; and • Note the audit fees for the year. 2. Provide comment on any amendments necessary 	

1. ORIGIN OF REPORT

This report is submitted to the Audit Committee in line with its Work Programme for 2016/17.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to consider and respond to the Audit Plan for 2016/17 from Ernst and Young (EY), 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, and

2.2.1.7 To comment on the scope and depth of external audit work and to ensure it gives value for money.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	Not applicable
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4. EXTERNAL AUDIT PLAN

- 4.1 The Audit Plan has been prepared to inform the Council about the responsibilities of its external auditors and how those responsible will be discharged. It has been discussed and agreed jointly by Council representatives and External Audit (EY).
- 4.2 The plan (Appendix 1) has been developed to consider the impact of the recent key developments and risks based upon discussion with management and understanding of the City Council and the local government sector.

4.3 There are a number of sections within the Plan as follows:

- a) **Overview** – contains the introductory paragraphs, and the framework for the audit.
- b) **Financial statement risks** – EY complete this to enable them to determine where audit effort should be focused. There are a mix of types of risks identified from the general risk such as management override of controls and fraud which any organisation would face and are not specific to the Council, and those more specific to the Council, such as the property valuation assumptions and methodologies used by the Council's external valuers, changes to the Comprehensive Income and Expenditure Statement and the new Expenditure and Funding Analysis introduced in the Code of Practice on Local Authority Accounting 2016-17, the data on the Council's share of the Local Government Pension scheme provided to the Council by the actuary and the Council's assessment of the boundary with regards to Group Accounts.
- c) **Value for money risks (VFM)** – EY are required to consider whether the Council has in place 'proper arrangements' to secure economy, efficiency, and effectiveness on its use of resources. EY have not identified any significant risks for the Council with respect to Value for Money.
- d) **Audit process and strategy** – EY will assess and test key internal controls and also conduct substantive testing of detail of transactions and amounts.

EY will liaise with Internal Audit to gain an understanding of the control environment, and use computer-based analytic tools to help identify specific exceptions and anomalies.

EY set the materiality level in accordance with national auditing guidelines and standards. The level at which uncorrected audit misstatements are reported to Audit Committee has been set at £496k and has been calculated on the same basis as last year (see External Audit Plan 2016/17 section 4.4, p8). A calculation is made because if misstated amounts below this level are found the correction of them will not have a material effect on the Statement of Accounts. If however the misstatement has arisen due to a control issue rather than a technical accounting adjustment, it will be reported to the Audit Committee in the Annual Report to Management.

- e) **Independence** – EY are required to report to Audit Committee all significant facts and matters that bear on their independence and objectivity.
- f) **Appendix A** – a breakdown of the agreed fees.
- g) **Appendix B** – UK required communications with those charged with governance.

5. CONSULTATION

- 5.1 The Plan has been circulated to relevant officers for comment, including the Corporate Director: Resources, Service Director Financial Services, Head of Corporate Finance, and the Chief Internal Auditor.

6 ANTICIPATED OUTCOMES

- 6.1 Approval of the External Audit Plan 2016/17.

7 REASONS FOR RECOMMENDATIONS

- 7.1 The Plan provides a summary of the Auditor's proposed work for 2016/17. Members can ask questions and make comments to the External Auditor on its contents and coverage.

8 ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The External Auditor can take on board responses received prior to the finalisation of the plan. No specific options are submitted for consideration.

9 IMPLICATIONS

- 9.1 There are no direct implications arising from this Plan for Ernst and Young. Fees identified are commensurate with previous years, and are set by the Public Sector Audit Appointments body.

10 BACKGROUND DOCUMENTS

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

External Audit Plan 2016/17

11 APPENDICES

Appendix 1 – External Audit Plan 2016/17

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Peterborough City Council

Year ending 31 March 2017

Audit Plan

To be presented to the Audit Committee 27 March 2017

Ernst & Young LLP



Building a better
working world

Audit Committee
Peterborough City Council
Town Hall
Bridge Street
Peterborough
PE1 1QT

28 February 2017

Dear Committee Members

2016/2017 Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2016/17 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council and outlines our planned audit strategy in response to those risks. We will present you with an update of progress on our Audit Plan at a subsequent meeting and after our early interim work has been performed.

We welcome the opportunity to discuss this Audit Plan with you on 27 March 2017 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Suresh Patel
Executive Director
For and behalf of Ernst & Young LLP
Enc

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the Chief Executive and via the PSAA website (www.psa.co.uk).

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment from 1 April 2015' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Peterborough City Council give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended;
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness; and
- ▶ Any additional specific sector requirements.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

We will provide an update to the Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2017.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council identified through our knowledge of the Council's operations and discussion with those charged with governance and officers. At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)

Our audit approach

Risk of fraud in revenue and expenditure recognition

Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.

In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We will:

- ▶ Review and test revenue and expenditure recognition policies.
- ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias.
- ▶ Develop a testing strategy to test material revenue and expenditure streams.
- ▶ Review and test revenue cut-off at the period end date.

Risk of management override

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

Our approach will focus on:

- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- ▶ Reviewing accounting estimates for evidence of management bias.
- ▶ Evaluating the business rationale for significant unusual transactions.

Other financial statement risks

Financial statements presentation – Expenditure and funding analysis and Comprehensive income and expenditure statement

Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the code) this year changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new.

'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with SeRCOP. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Council's segmental analysis.

This change in the code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.

Our approach will focus on:

- ▶ Reviewing the expenditure and funding analysis, CIES and new notes to ensure disclosures are in line with the code
- ▶ Reviewing the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported.
- ▶ Agreeing the restated comparative figures back to the Council's segmental analysis and supporting working papers.

Early conversations with the finance team indicate that the restated CIES and EFA will be ready for audit at our interim audit in February/March and the working papers will include a reconciliation back to the segmental analysis.

Valuation and impairment of property, plant and equipment and investment property

Property, Plant and Equipment (PPE) and Investment Properties (IP) represent the largest asset value on the Council's balance sheet.

PPE are initially measured at cost and then revalued to fair value (determined by the amount that would be paid for the asset in its existing use) on a 5 year rolling basis. The Council engages an external expert valuer using a number of complex assumptions.

Annually assets are assessed to identify whether there is any indication of impairment.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of external experts and assumptions underlying fair value estimates.

Our approach will focus on:

- ▶ Considering of revaluations in year, the basis of valuation of significant assets and any significant changes in use to ensure they remain appropriate if circumstances change.
- ▶ The valuation expertise used by the Council
- ▶ The reasonableness of the estimations and judgements used.

Pensions Accounting

The Council operates a defined benefits pension scheme. Accounting for this scheme involves significant estimation and judgement.

The Pension liability is the largest balance on the balance sheet and inherently represents a risk of material misstatement.

Our approach will focus on:

- ▶ The expertise of the Actuary used by the Council,
- ▶ The completeness and accuracy of the data provided by the Council to the Actuary, and
- ▶ The reasonableness of the estimations and judgements used by the Actuary.

Assessment of the Group boundary

The Council has a number of joint arrangements which may necessitate the preparation of group accounts.

As last year, the Council will need to identify and consider all of its relationships with its subsidiaries and other partners and assess the nature of these arrangements to determine whether they create functional bodies and other group entities which now fall within the group boundary and therefore require consolidating into the Council's Financial Statements. Group accounts have not previously been prepared by the Council.

The review will need to consider the code requirements. There is a risk that associated group boundary changes may go undetected, and that the required disclosures are not made in accordance with the new standards.

Our approach will focus on the reasonableness of the Council's assessment by:

- ▶ Reviewing the Council's determination of where overall control lies with regard to the operation and delivery of services of the potential group bodies; and
- ▶ Reviewing the consolidation procedures applied by the Council to those bodies that lie within the group boundary.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;

- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

For 2016-17 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has not identified any risks which we view as relevant to our value for money conclusion.

We will update our risk assessment throughout the audit. This will include reviewing the financial resilience of the Council and the robustness of the medium term financial plans and assumptions. We will update the Audit Committee with our findings at the September 2017 Committee.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements; and
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit and regularity audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

Alongside our audit report, we also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Our audit involves:

- ▶ Assessing the key internal controls in place and, where we consider it appropriate to do so, testing the operation of these controls.
- ▶ Review and re-performance of the work of Internal Audit where appropriate.
- ▶ Reliance on the work of experts in relation to areas such as pensions and property valuations.
- ▶ Substantive tests of detail of transactions and amounts.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests.
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions	Actuary/EY Pensions Team
Property, Plant and Equipment and Investment Property	Expert Valuer/ EY Valuations team

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area.

For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Reviewing significant disclosures included in the financial statements;

- ▶ Reviewing entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- ▶ Considering and reporting on auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Council is £9.9million based on 2% of forecast gross expenditure on provision of services. We will communicate uncorrected audit misstatements greater than £496,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Peterborough City Council is £108,533 (excluding VAT).

4.6 Your audit team

We have made a change to your audit team to provide the appropriate capacity at senior level and ensure we meet your client service needs. Suresh Patel, an Executive Director with significant experience of local government audit will lead the team. He will be supported by Kay McClennon who also has significant experience of local government audits. Kay is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team.

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit Committee's cycle in 2016/17. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning	April	April 2016	Audit Fee Letter
Risk assessment and setting of scopes	December 2016- January 2017	27 March 2017	Audit Plan
Testing routine processes and controls. Early substantive testing on areas prepared early by finance team (faster close).	January to March 2017	27 March 2017	Progress report – we will only report by exception if there are any matters to draw to the attention of the Committee at this stage from our interim audit work.
Year-end audit	June-early August	September 2017	Detailed timeline and audit requirements for year-end to be agreed with the Financial Accounting & Control Manager.
Completion of audit	September	September 2017	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; and, overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October	TBC	Annual Audit Letter
<i>Housing Benefit Certification</i>	<i>Potential for early initial testing in April Completion September - November</i>	<i>January 2018</i>	<i>Annual Certification Report</i>

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; and ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY have charged to you and your affiliates for the provision of services during the reporting period are disclosed analysed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We

confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Suresh Patel, the audit engagement partner and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2016/17 £	Scale fee 2016/17 £	Outturn fee 2015/16 £
Opinion Audit and VFM Conclusion	108,533	108,533	117,408
Certification of housing benefit subsidy claim ¹	14,055	13,619	13,619

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 4.2 above;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance and reported to the Audit Committee at the appropriate time for consideration. Any variation to the scale fee also needs to be approved by Public Sector Audit Appointments Limited.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

¹ Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee. These are detailed here:

Required communication	Reference
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	▶ Audit Results Report
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	▶ Audit Results Report
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	▶ Audit Results Report
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	▶ Audit Results Report
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	▶ Audit Results Report
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	▶ Audit Results Report

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Audit Results Report
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Audit Results Report
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Audit Results Report
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Audit Results Report and Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>

EY | Assurance | Tax | Transactions | Advisory

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AUDIT COMMITTEE	AGENDA ITEM No. 5
27 MARCH 2017	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

INTERNAL AUDIT PLAN 17/18

R E C O M M E N D A T I O N S	
FROM : John Harrison, Corporate Director: Resources	Deadline date : N/A
<p>1. The Committee is asked to examine the draft Internal Audit Plan for 2017 / 2018 and:</p> <ol style="list-style-type: none"> 1. Identify any areas for further consideration; 2. Approve the draft Audit Plan and Audit Strategy; 3. Note the contents of the Internal Audit Charter; and 4. Note the contents of the Code of Ethics. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee in line with its agreed Work Programme for 2016 / 2017.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to ensure that the Council reviews and agrees the audit activity for the next audit year.

2.2 This report is for Committee to consider under its Terms of Reference:

- 2.2.1.1 To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.; and
- 2.2.1.15 To consider the Councils 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	
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4. BACKGROUND

4.1 In accordance with legislative, regulatory and best practice requirements, PCC has made arrangements for a continuous internal audit to examine the accounting, financial and other operations of the organisation.

4.2 Resources within the team and the plan are based on a full complement of staff, which at 5.46 FTE. The Chief Internal Auditor post continues to be shared with Cambridge City Council (40%) and South Cambridgeshire District Council (20%) but this arrangement is due to come to an end in September 2017. The distribution of the remaining 40% allocated to PCC is estimated to be 20% internal audit focused and 20% insurance and

fraud investigations (20% equating to 1 day per week). This has been factored into current plan for the first six months.

4.3 This report provides an overview of the stages followed prior to the formulation of the Annual Audit Plan for 2017 / 2018. The Annual Audit Plan will then serve as the work programme for Internal Audit and provide the basis upon which the Chief Internal Auditor will subsequently give Audit Opinions on Peterborough City Council's (PCC) system of internal control and risk management, and corporate governance arrangements for 2017 / 2018.

4.4 A number of key supporting papers have been reviewed – e.g. Audit Charter (how we work), Code of Ethics (clarity on conduct) and Performance Indicators (how we monitor service delivery). In conjunction with these documents, an insight into future audit input envisaged is set out in the Strategy alongside a more detailed analysis of audit assignments being lined up for the next financial year.

5. THE AUDIT CHARTER

5.1 The Public Sector Internal Audit Standards have been primarily introduced to:

- Define the nature of internal auditing;
- Set basic principles for carrying out internal audit;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

5.2 As part of evidencing that these requirements are being adhered to, there is a duty on the Internal Audit Service to have an Audit Charter which demonstrates how these elements are being handled and managed. There is an obligation under the mandatory standards to review and re-present the Audit Charter to Audit Committee annually. The Charter has to be re-evaluated to confirm its ongoing validity and completeness, and thereafter, the documentation requires the scrutiny and endorsement of senior management and the Audit Committee. The Audit Charter can be found attached at **APPENDIX A**.

6. CODE OF ETHICS

6.1 The Code of Ethics sets out the expected behaviours of Internal Audit staff in relation to service delivery and is attached at **APPENDIX B**. The basis of standards of conduct for 2017 / 2018 remain unchanged with reference to those followed by Internal Audit in previous years, as the Code of Ethics developed for the current financial year was originally rewritten to mirror the incoming obligations in this area as per the Public Sector Internal Audit Standards.

6.2 Aside from the Code of Ethics, the Chief Internal Auditor in the role of the Chief Audit Executive will also be cognisant of and comply with requirements laid down in CIPFA's Statement on the Role of the Head of Internal Audit, and it is further acknowledged that all Internal Audit staff will operate in accordance with their own professional bodies' Code of Ethics, as well as any organisational Codes of Ethics or Conduct relating to their employer.

7. INTERNAL AUDIT STRATEGY AND AUDIT PLAN

7.1 The Internal Audit Strategy has the overarching purpose of establishing how the annual programme of audit assignments has been devised, in terms of the process followed when undertaking the annual audit needs assessment, the risk factors applied and how this information is then used to populate the Annual Audit Plans. It is attached at **APPENDIX C**.

- 7.2 The Public Sector Internal Audit Standards recommends Internal Audit undertake annual assessments of the provisions in these areas and this is set out in the document.
- 7.3 The overarching objective of the Audit Plan is to provide a comprehensive programme of review work, sufficient to enable an informed annual opinion and to develop the organisation's Annual Governance Statement. We have produced an Audit Plan which satisfies the obligations of the Public Sector Internal Audit Standards, and provides an acceptable minimum level of audit coverage capable of generating the requisite audit assurances to the organisation, whilst also being affordable.
- 7.4 The Annual Audit Plan for 2017/18 totals 811 days, encompassing various assignments. The assignments have been developed to ensure that the Corporate Management Team and the Audit Committee have a clear understanding as to the direction of Internal Audit work over the course of the new financial year, but additionally that External Audit receive a steer as to the focus of individual audits over the coming year.
- 7.5 Summary details offers a starting point for more detailed audit planning meetings with management. However, the guidance therein should be viewed with some flexibility, as the scope and subsequent parameters for some audits may need to alter in the event of changing corporate priorities or emerging risks, or terms of reference requiring adoption may not become wholly clear until discussions have been held with management as to the key priorities and risks facing service delivery, as well as due consideration being given to how forthcoming audits might potentially add further value for the organisation.
- 7.6 As in previous years, should any significant additional request work be required by Members, Officers or external organisations, which leads to the potential for resources required exceeding the amount set aside, then the Chief Internal Auditor will establish the course of action to be taken in consultation with the Corporate Director: Resources and the Chair of Audit Committee. It is possible that a resource pressure will arise during the year if audit activities are undertaken on behalf of the Combined Authority (see **APPENDIX C** for further details). In the event of major changes occurring, all Members of the Committee will be advised.

8. CONSULTATION

- 8.1 The new Audit Plan proposals have been referred to / agreed with Corporate Director: Resources (specifically in his role as Section 151 Officer) and the Service Director: Financial Services (in his role as Line Manager), as well as representatives of the Corporate Management Team.
- 8.2 It has also been submitted to External Audit for information and comment.

9. ANTICIPATED OUTCOMES

- 9.1 In reviewing and approving the Audit Charter and related strategic and operational audit planning information, the Audit Committee is making appropriate provisions to ensure that the Internal Audit requirements as stated in the Local Government Finance Act 1982, c.32 and the Accounts and Audit Regulations 2011 are being properly met, and due support is being given to securing an Internal Audit Service, which is compliant with statutory internal auditing standards applicable to public sector organisations.
- 3.2 Approval of the Annual Plan and associated documents. 11.

10. REASONS FOR RECOMMENDATIONS

- 10.1 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. The attached reports demonstrate how the audit service will be provided and how it will contribute to the Statement.

11 ALTERNATIVE OPTIONS CONSIDERED

- 11.1 The Internal Audit plan could be constructed on a cyclical basis, thus covering all areas of the Council over a period of time. This does not concord with current professional guidance and would not seek to target the limited resource available to areas of high risk.

12. IMPLICATIONS

- 12.1 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.

13. BACKGROUND DOCUMENTS

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

- Public Sector Internal Audit Standards 2016
- Accounts and Audit Regulations 2011
- Local Government Act 1972
- Committee papers
- Risk Registers

14. APPENDICES

Appendix A: Audit Charter

Appendix B: Code of Ethics

Appendix C: Audit Strategy and Audit Plan

**PETERBOROUGH CITY COUNCIL
INTERNAL AUDIT CHARTER**

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KEY CONTACTS		
Steve Crabtree	Chief Internal Auditor	 384 557
Julie Taylor	Group Auditor	 384 559
Louise Cooke	Group Auditor	 384 558

March 2017

Next Review: By March 2018

1. INTRODUCTION

- 1.1 Organisations in the UK public sector have historically been governed by an array of differing internal audit standards. The Public Sector Internal Audit Standards (the PSIAS), which took effect from the 1 April 2013, and are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), now provide a consolidated approach to promoting further improvement in the professionalism, quality, consistency, transparency and effectiveness of Internal Audit across the whole of the public sector.
- 1.2 The PSIAS require that all aspects of Internal Audit operations are acknowledged within an Audit Charter that defines the purpose, authority and responsibilities of the service provision. The Charter therefore establishes the position of the service within Peterborough City Council (PCC); its authority to access records, personnel and physical properties relevant to the performance of engagements; in addition to defining the scope of Internal Audit activities. There is also an obligation under the PSIAS for the Charter to be periodically reviewed and presented to the Audit Committee, the Section 151 Officer and senior management. This Charter will therefore be revisited annually to confirm its ongoing validity and completeness, and be circulated in accordance with the requirements specified above.

2. PURPOSE

- 2.1 In accordance with the PSIAS, Internal Auditing 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."

- 2.2 However, it should be appreciated that the existence of Internal Audit does not diminish the responsibility of senior management to establish appropriate and adequate systems of internal control and risk management. Internal Audit is not a substitute for the functions of senior management, who should ensure that Council activities are conducted in a secure, efficient and well-ordered manner with arrangements sufficient to address the risks which might adversely impact on the delivery of corporate priorities and objectives.

3. AUTHORISATION

- 3.1 The requirement for an Internal Audit Service is outlined within the Accounts and Audit Regulations 2003, as amended in 2006 and 2011, which state that *"a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control"*.

- 3.2 This statutory requirement for continuous Internal Audit has been formally recognised and endorsed within PCC's Constitution, making Internal Audit primarily responsible for carrying out an examination of the accounting, financial and other operations of the Council, under the independent control and direction of the Section 151 Officer. The role of Section 151 Officer at PCC is fulfilled by the Corporate Director: Resources.
- 3.3 Further, there are other requirements placed upon the Chief Audit Executive (see Section 4: Organisation and Relationships), to fulfil all aspects of CIPFA's Statement on the Role of the Head of Internal Audit in Public Sector Organisations.
- 3.4 The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised to have full, free, and unrestricted access to any and all of the organisation's:
- Records, documents and correspondence (manual and electronic) relating to any financial and other transactions;
 - Physical properties, i.e. premises and land, plus cash, stores or any other Council property; and
 - Personnel – requiring and receiving such explanations as are necessary concerning any matter under examination and generally assisting the Internal Audit activity in fulfilling its roles and responsibilities.
- 3.5 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

4. **ORGANISATION AND RELATIONSHIPS**

- 4.1 Within the PSIAS, the terms 'Chief Audit Executive,' 'Board' and 'Senior Management' are used to describe key elements of the organisation's governance, and the ways in which they interact with Internal Audit. The PSIAS require that the terms are defined in the context of the governance arrangements in each public sector organisation, in order to safeguard the independence and objectivity of Internal Audit. At PCC, the following interpretations are applied, so as to ensure the continuation of the current relationships between Internal Audit and other key bodies at the Council. The following terms are explained:

- Chief Audit Executive
- Board
- Senior Management
- External Audit
- Other Internal Audit Service Providers
- Other External Review and Inspection Bodies

4.2 Chief Audit Executive

At PCC, the Chief Audit Executive is the Chief Internal Auditor (CIA). This post also provides this role to South Cambridgeshire District Council (SCDC) and Cambridge City Council (CCC) as part of a shared management arrangement which is due to be operational until September 2017. A Memorandum of Understanding exists between all three and this agreement is subject to review. Each authority, as at March 2017, has its own internal staff providing the service. The CIA has a direct line of reporting to the Section 151 Officer at each Council and in response to requirements laid down within the PSIAS, it is further confirmed that the CIA has a direct reporting line and free and unfettered access to the Chief Executive should it be required.

4.3 Board

4.3.1 In the context of overseeing the work of Internal Audit, the 'Board' will be the Audit Committee of the Council, which has been established as part of the corporate governance arrangements at the Council. The Committee is responsible for the following with reference to Internal Audit:

- Internal Audit Plans;
- Progress and performance against approved plans;
- Annual Audit Opinion; and
- Compliance with standards.

4.3.2 Internal Audit will work closely with the committee to facilitate and support its activities. Moreover, the CIA also has a direct reporting line, and free and unfettered access to the Chair should it be needed.

4.4 Senior Management

In the context of ensuring effective liaison between Internal Audit and senior officers, Internal Audit has regular access to Directors and Heads of Service. 'Senior Management' for the purposes of this Charter are the Corporate Management Team of which the Section 151 Officer is a key member.

4.5 External Audit

Internal Audit interact with the Council's External Auditors – Ernst and Young – in order to minimise any potential duplication of work and determine the assurance that can be placed on the respective work of the two parties.

4.6 Other Internal Audit Service Providers

Internal Audit will also liaise with other Council's Internal Audit Service providers, where shared service arrangements exist. In such cases, a dialogue will be opened with the other Council's equivalent Chief Audit Executive to agree a way forward regarding the future auditing of 'shared' services, which will be both efficient and cost effective for all parties involved, and cause least disruption to the area(s) being audited.

4.7 Other External Review and Inspection Bodies

The Internal Audit Section confirms it will likewise co-operate with all external review and inspection bodies that are authorised to assess and evaluate the activities of the Council, to determine compliance with regulations, standards or targets. Internal Audit will, wherever possible, utilise third party assurances arising from this work.

5. **OBJECTIVES AND SCOPE**

- 5.1 The provision of assurance services is the primary role of Internal Audit and there is a duty of care on the Chief Audit Executive to give an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. This responsibility to evaluate the governance framework far exceeds examination of controls applying to the Council's core financial systems. Instead, Internal Audit is required to scrutinise the whole system of risk management, internal control and governance processes established by management.
- 5.2 Internal Audit also has a secondary role, whereby it will provide consultancy services which are advisory in nature and generally performed at the request of the Council to facilitate improved governance, risk management and control, and potentially contribute to the annual audit opinion.
- 5.3 A risk based Audit Plan will be developed each year to determine an appropriate level of audit coverage to generate an annual audit opinion, which can then be used to assist with the formulation of the PCC's Annual Governance Statement. Moreover, audit work performed will seek to enhance the Council's overall internal control environment. In the event of deficiencies in arrangements being identified during audit assignments, Internal Audit will put forward recommendations aimed at improving existing arrangements and restoring systems of internal control to a satisfactory level, where relevant.

- 5.4 In accordance with the PSIAS, the Internal Audit Service will evaluate and contribute to the improvement of:
- The design, implementation and effectiveness of the organisation’s ethics related objectives, programmes and activities.
 - The effectiveness of the Council’s processes for performance management and accountability.
 - The Council’s IT governance provisions in supporting the organisation’s corporate priorities, objectives and strategies.
 - The Council’s risk management processes in terms of significant risks being identified and assessed; appropriate risk responses being made that align with the organisation’s risk appetite, the capturing and communicating of risk information in a timely manner, and its use by staff, senior management and members to carry out their responsibilities and inform decision making generally.
 - The provisions developed to support achievement of the organisation’s strategic objectives and goals.
 - The systems formulated to secure an effective internal control environment.
 - The completeness, reliability, integrity and timeliness of management and financial information.
 - The systems established to ensure compliance with legislation, regulations, policies, plans, procedures and contracts, encompassing those set by the Council and those determined externally.
 - The systems designed to safeguard Council assets and employees.
 - The economy, efficiency and effectiveness with which resources are used in operations and programmes at the Council.
- 5.5 In addition to the areas recorded above, where Internal Audit will give input to their continuing enhancement; the Service will also provide support to the Director in the discharge of his duties as the Section 151 Officer with responsibility for the probity and effectiveness of the Authority’s financial arrangements and internal control systems.
- 5.6 **Managing the risk of fraud and corruption is the responsibility of management.** However, as part of the scope of Internal Audit, it will be alert in all its work to the risks and exposures that could allow fraud or corruption to occur and will monitor the extent and adequacy of risk controls built into systems by management, sharing this information with External Audit and other corporate investigators.
- 5.7 In the course of delivering services encompassing all the elements stated above, should any significant risk exposures and control issues subsequently be identified, Internal Audit will report these matters to senior management, propose action to resolve or mitigate these, and appraise the Audit Committee of such situations.
- 5.8 PCC’s Anti-Fraud and Corruption arrangements are managed by the CIA, who is responsible for the associated corporate policies. The Anti-Fraud and Corruption Policy and the Whistleblowing Policy both make reference to the requirement to notify the CIA of all suspected or detected fraud, corruption or impropriety.

6. INDEPENDENCE

- 6.1 The Internal Audit Section operates within an organisational framework that preserves the independence and objectivity of the assurance function, and ensures that Internal Audit activity is free from interference in determining the scope of internal auditing, performing work and communicating results. The framework allows the CIA direct access to and the freedom to report unedited, as deemed appropriate, to the Audit Committee, the Chief Executive, Section 151 Officer and the Corporate Management Team.
- 6.2 The CIA, from January 2014, has assumed line management responsibility for the Insurance function. Furthermore, from December 2014, this was increased to cover responsibility for the Corporate Investigations team, following the transfer of a number of employees to the Department of Works and Pensions. Any reviews within these activity areas will be kept separate and reviewed independently of the CIA.
- 6.3 The remaining Internal Auditors have no operational responsibilities or authority over any of the activities that they are required to review. As a consequence, they do not develop procedures, install systems, prepare records, or engage in any other activity, which would impair their judgement. In addition, Internal Auditors will not assess specific operations for which they were previously responsible, and objectivity is presumed to be impaired if an Internal Auditor provides assurance services for an activity for which they had responsibility within the previous 12 months. Internal Auditors may however provide consulting services relating to operations over which they had previous responsibility. The CIA will confirm to the Audit Committee, at least annually, the organisational independence of the Internal Audit activity.

7. PROFESSIONAL STANDARDS

- 7.1 PCC's Internal Auditors operate in accordance with the PSIAS, 2013.
- 7.2 The Internal Auditors are also governed by the policies, procedures, rules and regulations established by PCC. These include, but are not limited to Financial Regulations and Contract Standing Orders, the Anti-Fraud and Corruption Policy and the Code of Conduct. Similarly, the Council's Internal Auditors will be aware of external bodies' requirements (e.g. as identified by CIPFA) and all legislation affecting the Council's activities.
- 7.3 The Council's Internal Auditors will additionally adhere to the Code of Ethics as contained within the PSIAS. Internal Auditors will also demonstrate due professional care in the course of their work and consider the use of technology-based audit and other data analysis techniques, wherever feasible and considered beneficial to the Council. All working arrangements and methodologies followed by PCC's Internal Auditors are set out in the Audit Manual.

8. **AUDIT RESOURCES**

- 8.1 The CIA will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit management experience, to enable them to deliver the responsibilities of the role.
- 8.2 The CIA will ensure that the Internal Audit Service has access to staff that have an appropriate range of knowledge, skills, qualifications and experience to deliver requisite audit assignments. The type of reviews that will be provided in year include systems reviews, contract audits, grant certification work, consultancy input to new / modified systems, and special / fraud investigations. In the event of special investigations being required, there is limited contingency in the Audit Plans to absorb this work and this will be pursued in conjunction with the Corporate Investigations team. However, additional resources may need to be made available to the Internal Audit Service when such input is necessary.

9. **AUDIT PLANNING**

- 9.1 The CIA will develop an annual audit strategy, together with annual audit plans and a summary of annual audit coverage using a risk based methodology. This will take into account documented corporate and operational risks, as well as any risks or concerns subsequently notified to Internal Audit by senior management. This will be submitted to Directors and / or the Corporate Management Team for their approval prior to being taken forward to the Audit Committee for final endorsement, in advance of the new financial year to which they relate.
- 9.2 Any difference between the plan and the resources available will be identified and reported to the Audit Committee. It will outline the assignments to be carried out and the broad resources and skills required to deliver the plan. It will provide sufficient information for the Council to understand the areas to be covered and for it to be satisfied that sufficient resources and skills are available to deliver the plan. Areas included in the audit plan are highlighted in **Table 1**.

TABLE 1: AUDIT ACTIVITIES

- Core system assurance work
- Governance, Risk Management and Assurance Framework
- ICT governance and risk
- Corporate / Cross Cutting audits (including value for money reviews)
- Contracts and projects
- Departmental specific reviews
- Compliance activity e.g. schools
- Grant claim certification work
- Fraud and irregularities
- Follow up activity
- Internal consultancy / advice on risks, controls and procedures
- Fee paying audit work
- Member support

9.3 The audit plan will be kept under review to identify any amendment needed to reflect changing priorities and emerging risks. It will be flexible, containing an element of contingency to accommodate assignments which could not have been readily foreseen. However, on occasions, specific audit requests take precedence over the original audit plan and will be required as additional work rather than as a replacement. Resources, such as specialist or additional auditors may be required to supplement this. Internal Audit will reserve the right to make a charge for any additional work that is over and above that originally planned and this will be done in consultation with the Director.

10. REPORTING

10.1 The process followed for completing each audit is set out in **Table 2**. Upon completion of each audit assignment, an Internal Audit report will be prepared that:

- Provides an opinion on the risks and controls of the area reviewed, and this will contribute to the annual opinion on the internal control environment, which, in turn, informs the Annual Governance Statement; and
- Provides a formal record of points arising from the audit and management responses to issues raised, to include agreed actions with implementation timescales;
- Prompts management to implement agreed actions within targeted dates; and
- Is quality checked by senior officers within Internal Audit prior to dispatch.

10.2 Exit meetings are accommodated enabling management to discuss issued Draft Audit Reports. Accountability for responses to Internal Audit recommendations lies with the Chief Executive, Directors, and / or Heads of Service, as appropriate, who can either, accept and implement guidance given or formally reject it. However, if audit proposals to strengthen the internal control environment are disregarded and there are no compensating controls justifying this course of action, an audit comment will be made in the Final Audit Report, reiterating the nature of the risk that remains and recognising that management has chosen to accept this risk. Furthermore, depending on the severity of the risk, the matter may be escalated upwards and drawn to the attention of the Audit Committee.

TABLE 2: WORKING ARRANGEMENTS DURING AUDITS	
Audit Brief	Set up and agreed with manager(s).
Fieldwork	Assignment undertaking including interviews, testing etc.
Exit Meeting	Held at conclusion of fieldwork, or once draft report has been produced, to discuss issues found (if not already provided during course of fieldwork).
Draft report	Produced within 15 working days of completion of fieldwork. Head of Service / Line Manager to formally respond within 10 days, including acceptance (or not) of actions together with timescale proposals to implement.
Final Report	Internal Audit incorporates all management comments within the report and re-issue as a final within 5 days of receiving the response. The report will be distributed in accordance with agreed protocols (see Table 4).
Non response	If management do not respond to the draft report, a reminder will be sent to the original recipients requesting a response within 5 working days. After that time, a notice will be sent to the original recipients and the relevant Director to state that the report will be finalised.

- 10.3 Recommendations are rated and an overall opinion given on the service area reviewed (see **Table 3**). Final Audit Reports will be issued in line with agreed working protocols to the relevant nominated officers and subject to follow up work as necessary. Where there are no responses received from managers despite formally chasing, a report will be deemed as final and issued.

TABLE 3: AUDIT ASSURANCE	
Opinion / Assurance	Description
SUBSTANTIAL	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There is some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
REASONABLE	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
LIMITED	The internal control system is poorly designed and / or there is significant non-compliance with controls, 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	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. 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 GRADES	
Grade	Description
Critical	Fundamental control weakness that jeopardises the complete operation of the service. TO BE IMPLEMENTED IMMEDIATELY.
High	Major control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. To be implemented as a matter of priority.
Medium	Moderate control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. To be implemented at the first opportunity.
Low	Minor control weakness, which, if corrected, will enhance control procedures that are already relatively robust. To be implemented as soon as reasonably practical.

10.4 Following the end of the year, an annual report will be produced setting out Internal Audit's opinion on the state of the internal controls and governance across the Council. This will comment upon:

- The scope including the time period to which the opinions pertains;
- Any scope limitations;
- Consideration of all related projects including the reliance on other assurance providers;
- The risk or control framework or other criteria used as a basis for the overall opinion;
- The overall opinion, providing reasons where an unfavourable overall opinion is given; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

10.5 Significant issues identified will be referred through to senior management for inclusion in the Annual Governance Statement.

10.6 All reports produced are set out in **Table 4**.

TABLE 4: PLANNING AND REPORTING FREQUENCY			
Report Produced	For	Reason	Content
Audit Report	<ul style="list-style-type: none"> • Service Manager / Headteacher • Director / Chair of Governors • Chief Executive • s.151 officer • Monitoring Officer • Leader of the Council • Cabinet Member for Resources • Chair of Audit Committee 	The end of each audit assignment as the main recipient and those charged with implementing the issues identified	<ul style="list-style-type: none"> • Executive Summary • Audit Opinion • Detailed risk issues • Agreed improvement plan
Progress Reports (based around the committee cycle)	Audit Committee	To provide the Council with progress at delivering the audit service and any key governance issues arising.	<ul style="list-style-type: none"> • Progress against annual plan • Any amendments to current annual plan • Details of significant risk issues • Details of non-responses or non-implementation of actions
Annual Opinion and Performance Report	<ul style="list-style-type: none"> • Audit Committee • External Audit • S151 officer • Monitoring Officer 	The end of each year in accordance with PSIAS. An evaluation of the works undertaken and the level of assurance established.	<ul style="list-style-type: none"> • Annual assurance report giving CIA's opinion on the control environment • Achievement of the annual plan and performance data. • Effectiveness of Internal Audit
Annual Audit Plan	<ul style="list-style-type: none"> • Audit Committee • S.151 Officer • External Audit 	Beginning of year. Details of the service delivered and the future plans to provide assurance across the Council in accordance with PSIAS.	<ul style="list-style-type: none"> • Audit Plan and days to be delivered • Audit Charter • Code of Ethics

11 QUALITY ASSURANCE AND IMPROVEMENT

11.1 The PSIAS require that the Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the Internal Audit activity, and includes both internal and external assessments. In the event of an improvement plan proving necessary to formulate and implement, in order to further develop existing service provisions, the CIA will initiate the appropriate action and annually, the results of the quality and assurance programme together with progress made against the improvement plan will be reported to senior management and the Audit Committee.

11.2 Internal Assessments

11.2.1 Internal Assessments must include on-going monitoring of the performance of the internal audit activity. The Service operates in accordance with a number of key performance indicators. Performance is subject to regular review by Audit.

11.2.2 Internal arrangements also include post audit feedback from auditees and should criticism be received, this will immediately be investigated and steps taken to resolve matters raised.

11.2.3 The PSIAS additionally require periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of Internal Audit practices. This obligation is satisfied by the CIA performing an annual self-assessment of the effectiveness of Internal Audit, before the results are submitted to the Audit Committee. Presenting this information to the Audit Committee enables members to be assured that the Internal Audit Service is operating in a satisfactory manner such that reliance can be placed on the subsequent annual audit opinion provided by the CIA.

11.3 External Assessments

11.3.1 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. External assessments can be in the form of a full external assessment, or a self-assessment with independent external verification.

11.3.2 The CIA will agree with the Audit Committee and the Section 151 Officer the form of the external assessments; and, the qualifications and independence of the external assessor or assessment team, including any potential conflict of interest. It was previously considered as part of the shared service arrangements, it would be prudent for each authority to be reviewed at the same time in order to reduce the level of duplication. This may not be appropriate with the shared service due to end but options for the best approach will be considered during 2017/2018.

PETERBOROUGH CITY COUNCIL

INTERNAL AUDIT CODE OF ETHICS

INTRODUCTION

The purpose of a Code of Ethics is to promote an appropriate ethical culture for Internal Audit. The Code sets out the minimum standards for the performance and conduct of Peterborough City Council's (PCC) Internal Auditors. It is intended to clarify the standards of conduct expected when carrying out their duties and promote an ethical, professional culture at all times when undertaking audit duties.

PRINCIPLES

Internal auditors are expected to apply and uphold the following principles:

- **Integrity.** The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.
- **Objectivity.** Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
- **Confidentiality.** Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- **Competency.** Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

INTEGRITY

PCC Internal Auditors shall:

- Perform their work with honesty, diligence and responsibility;
- Observe the law and make disclosures expected by the law and the profession;
- Not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation;
- Respect and contribute to the legitimate and ethical objectives of the organisation; and
- Maintain relationships with colleagues, internal clients and external contacts that are characterised by honesty, truthfulness and fairness.

OBJECTIVITY

PCC Internal auditors shall:

- Not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation;
- Not review any activity for which they have previously had operational responsibility;
- Not accept anything that may impair or be presumed to impair their professional judgement; and
- Disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

CONFIDENTIALITY

PCC Internal auditors shall:

- Be prudent in the use and protection of information acquired in the course of their duties but should ensure that requirements of confidentiality do not limit or prevent reporting within the authority as appropriate;
- Not make unauthorised disclosure of information unless there is a legal or professional requirement to do so; and
- Not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

COMPETENCY

PCC Internal auditors shall:

- Engage only in those services for which they have the necessary knowledge, skills and experience;
- Perform Internal Audit services with the International Standards for the Professional Practice of Internal Audit; and
- Continually improve their proficiency, effectiveness and quality of their services

MANAGING ARRANGEMENTS

To ensure compliance with the Code of Ethics:

- There is an annual review of the Code to reinforce understanding and confirm on-going commitment;
- Quality control processes are in place to demonstrate integrity in all aspects of the work;
- All staff are obliged to declare any potential conflicts of interest;
- Confidentiality will not be tolerated; and
- Staff are aware and understand the organisations aims and objectives together with an appreciation of the policies and procedures which govern the areas to be audited.

**PETERBOROUGH CITY COUNCIL
INTERNAL AUDIT STRATEGY AND PLAN 2017/18**

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 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;
- The Council's IT Strategy;
- Consultations with individual directors and their management teams
- Consultation with the council's external auditor
- Consultation with the Audit committee, at this meeting.

2.2 A number of themes have been considered in the preparation of the 2017 / 2018 Internal Audit Plan. These are:

- **Financial pressures** faced by the Council and the resultant changes to **service delivery arrangements** as well as large scale **projects** designed to introduce more efficient and effective ways of working.
- **Counter Fraud**. Taking a proactive approach and building on the anti-fraud culture within the authority.
- **Contracts and Partnerships**. This is an essential component of the audit process, especially given the increasing dependence on external suppliers and partners, and the move towards a predominantly commissioning approach;
- **Information governance, particularly in relation to data sharing**;
- **Schools**. Governance, statutory and financial management processes linked with the Schools Financial Value Standard (SFVS);
- **IT and Digital Strategies**. Changes to systems and the move towards agile working and greater dependence on mobile/remote technology.
- **Grants** and the increasing requirement for independent verification and certification.
- **Combined Authority** and the potential for aligned reviews if work is to be undertaken for both organisations.

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). This is a slight increase to 2016/17 (0.3) as a result of changes to the shared service arrangement which are envisaged will be effective from October 2017 (see 3.2.1). 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 (see 3.1.3)

Post Name	FTE	
Chief Internal Auditor	0.70	0.60 of post provided to Cambridge City and South Cambs DC until September 2017
Group Auditor	1.46	
Principal Auditor	0.50	
Senior Auditor	1.80	
Auditor	1.00	
Total establishment	5.46	

- 3.1.2 The Chief Internal Auditor is charged with management responsibility for both the Insurance and the Investigations Teams at Peterborough City Council as well as overseeing / undertaking any Stage 2 Corporate Complaints as deemed appropriate. Management time is planned on the basis of 20% to Internal Audit (1 day per week), with the remaining 20% covering the other two service areas (0.5 day per service per week) for the first six months of 2017/18.
- 3.1.3 As stated in 3.1.1 the plan is assuming that the team will be fully resourced during the year. It has recently been identified that a team member will be taking early retirement next year which will create a 0.8fte vacancy. The intention is to recruit to this position and options will be explored as to the requirements for the role and the potential for increasing the post to 1.0fte. On this basis the number of days available have not been reduced but if recruitment is delayed there may be some impact on the delivery of the plan.

3.2 Shared Management Arrangement

- 3.2.1 A shared management arrangement with Cambridge City Council has been in operation since January 2011, and South Cambridgeshire District Council joined in July 2013. The aim has been to share knowledge and best practice, and to increase flexibility and efficiency whilst driving down costs through economies of scale. The audit teams have continued 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. Any savings generated have assisted in meeting budget pressures corporately. During 2016 Cambridge City Council and South Cambridgeshire District Council reviewed their internal audit arrangements and agreed to explore joint working with Huntingdonshire District Council, aligning to the business model already operating for other services within the three authorities. Peterborough City Council were therefore working towards terminating the current shared service arrangement from April 2017. Huntingdonshire District Council have subsequently opted not to join the shared service and Peterborough have agreed to continue to manage the remaining two internal audit

teams until September when alternative management arrangements are likely to be in place. The savings generated over the six month period will go back to the corporate pot to assist in meeting future budget pressures.

3.3 External Works

3.3.1 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. This work is in addition to the shared service arrangements detailed in 3.2 of this report.

3.3.2 In addition to the external work provided to Vivacity Peterborough it is possible that Internal Audit may be requested to provide internal audit services to the new Combined Authority which will be operational from March 2017. This is primarily due to PCC’s finance systems being utilised on behalf of the Combined Authority. A nominal amount of time has been allocated from resources should internal audit services be required. Any work undertaken will be chargeable to the Combined Authority. Audit Committee will be advised of any activity as part of our reporting arrangements together with any potential resourcing impact on the team delivering the audit plan for PCC.

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.
- Continued update and development of audit procedures to ensure that best practice is followed and the service is provided in the most cost efficient manner. This will include ongoing review and refinement of our use of audit software as the team become more agile in ways of working.

4 OVERVIEW OF PLAN

The Plan for 2017 / 2018 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 (see 3.3.2 with regards to Combined Authority).

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 including how we deliver services in different ways and consultancy support work. A continuing theme will be around the financial risks facing the Council and we intend to provide assurance that our processes maximise income and robustly control expenditure. 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 the estimated 811 days shown in Table 1 below.

Table 1: Internal Audit Work Activities		
	Days:	%
Core Systems Assurance Work	51	7
Annual Governance and Assurance Framework	70	9
Anti-Fraud Culture	110	14
Delivering Services in Different Ways	130	16
Strategic and Operational Risks	90	11
External Works	100	12
Certification	70	8
Other Resource Provisions	190	23
TOTAL RESOURCES ALLOCATED	811	100.0

4.1 **Core Systems Assurance Work**

Audits of the main financial systems of the Council are generally undertaken on a cyclical basis. The audit plan for 2017 / 2018 includes reviews of budgetary control, payroll and accounts receivable. Our input to the project to implement a new HR system (which feeds into the Payroll system) will continue this year. The systems implementation was deferred during 2016 but it is understood some modules will be progressed during 2017. We will co-ordinate our work with our External Auditors to ensure that there is no duplication of effort.

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. We will continue to review compliance with this, focussing on the areas of ethics and / or performance management.

4.3 **Anti-fraud Culture**

A greater focus will be made with regards to a pro-active approach to fraud and controls to mitigate fraud risk. This will be directed in part as a result of a report issued by the Home Office highlighting the risk of organised crime associated with procurement activities as well as safeguarding issues arising and conflicts of interests. The report recommends a collaborative approach with other agencies such as the police and this will be developed during the year. In addition to this, it is intended to facilitate the development of a fraud risk register along with any required mitigating actions to provide assurance / help to reduce the risk of fraud. The National Fraud Initiative exercise which is undertaken every two years is also due to commence during 2017.

4.4 **Delivering Council Services through New Ways of Working**

The authority is continually reviewing how it can deliver services more effectively through different ways of working. Our approach will be to focus on the strategic risks faced by the organisation in delivering this area of activity. Internal Audit will focus on providing assurance with regards to:

- Programme and Project Management;
- Contracts;
- Strategic Partnerships; and
- Commercial Activities

4.5 **Strategic and Operational Risks**

A proportionate amount of our time has been allocated to this important area of work. Audits have been included as a result of risks identified by management or Internal Audit, or following a management request. 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:

- Highways Asset Management;
- Information governance; and
- Schools.

4.5 **Grant Certification**

As a result of the organisation continuing to receive and obtain grant funding, the demand for internal audit to certify grant claims continues. Also included in this area of the plan is other verification work carried out in line with Government or other funding requirements.

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 2017 / 2018

VISION FOR THE CITY

STRATEGIC PRIORITIES

- 1 Drive growth, regeneration and economic development.
- 2 Improve educational attainment and skills.
- 3 Safeguard vulnerable children and adults.
- 4 Implement the Environment Capital agenda.
- 5 Supporting Peterborough's culture and leisure trust Vivacity.
- 6 Keep all our communities safe, cohesive and healthy.
- 7 Achieve the best health and wellbeing for the city.

Draft Internal Audit Plan 2017 / 2018

SERVICE / SYSTEM	COUNCIL OBJECTIVE	OUTLINE 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.				
Budgetary Control	ALL	A risk based review concentrating on budget management within one or more directorates, or on a major project. Focus to be on the risks highlighted of: <ul style="list-style-type: none"> • budget managers failing to forecast accurately • budget managers failing to manage budgets within control totals 	High	Core audit assurance Strategic Risk Register – Financial Pressure (red)
Payroll	ALL	A review of payroll arrangements both centrally and within departments to include starter, leavers and variations to pay.	High	Core audit assurance
Accounts Receivable – Debt Recovery	ALL	A follow on review of billing and debt recovery arrangements centrally and within specific departments to establish the effectiveness and progress of recovery arrangements since the previous review.	High	Core audit assurance
HR IT System	ALL	A review of the control framework during the design and implementation of a new HR IT system designed to enable self-service. Modules likely to be introduced include recruitment with others being reviewed as identified. Highlighted Risk: Failure to achieve potential benefits/business needed from IT investment.	High	Major changes to system Core audit assurance Governance Risk Register (red)
			TOTAL AUDIT DAYS	50

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 for 2016/17, including a review of recommendations made by External Audit in their annual letter and verification of implementation / progress; and co-ordination and review of the annual assurance statements made by Directors.	High	Compliance with Accounts and Audit Regulations
Code of Corporate Governance	ALL	Review of our compliance with the new CIPFA framework for Delivering Good Governance in Local Government, with a focus on the principles of ethical values and/or performance management.	High	Compliance with mandatory audit standards
Annual Audit Opinion	ALL	Internal Audit opinion on the state of governance, risk management 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 2018-2019 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 / 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
Annual Investigation Report	ALL	Report and opinion on the activities undertaken by the investigations team regarding counter fraud and the control framework in place within the Council.	High	Corporate responsibility to protect finite resources.
Information Governance	ALL	Liaison and strategic overview as part of the Strategic Governance Board and Information Governance Group.	Medium	Core audit assurance Strategic Risk Register - Amber
Risk Management	ALL	Involvement in risk working group and any emerging issues.	Medium	Core audit assurance
			TOTAL AUDIT DAYS	70

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
ANTI-FRAUD CULTURE				
.The Councils approach to assessing controls and mitigating the risk of fraud				
National Fraud Initiative	ALL	A review of the data matches for the 2017 NFI exercise to include liaison with other authorities and external bodies. Data sets include:	High	Corporate responsibility to protect finite resources
Serious and Organised Crime	ALL	<p>The Serious and Organised Crime (SOC) report was issued in December 2016 and makes various recommendations on the key areas subject to risk of organised crime. A collaborative approach is recommended and selected aspects of the report are to be reviewed:</p> <p>Facilitation of a self-assessment anti-fraud health check – High level review of the SOC check list covering a range of areas such as Strategy, Communication, Data Sharing, Risk Management.</p> <p>Review of Passenger Transport procurement and contract management arrangements – to include responsibility for DBS and safeguarding both at contract procurement and subsequent monitoring during the contract life.</p> <p>Taxi Licensing – Processes for the issuing of taxi licenses to include safeguarding and changes in licensing arrangements,</p> <p>Gifts and Hospitality / Officer and Member External Interests Register – Covering the processes in place to protect against 'Insider Threat' aspects of the SOC report.</p>	High	<p>Corporate responsibility to protect finite resources</p> <p>Strategic Risk Register – Safeguarding (Red)</p>
Fraud Risk Register	ALL	Facilitation of the development of a fraud risk register	High	Corporate responsibility to protect finite resources
Corporate Fraud Policies	ALL	A review and update of the Corporate Fraud Strategy and the associated whistleblowing, investigations and anti-bribery protocols.	High	Corporate responsibility to protect finite resources
TOTAL AUDIT DAYS				105

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority	
			Rating	Reason
DELIVERING COUNCIL SERVICES THROUGH NEW WAYS OF WORKING				
Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks				
Programme / Project Management	ALL	A review of some selected projects or programmes to ensure they are being managed effectively. Examples include E-Sourcing System (Source Dogg), a system supporting tendering and Contract/Supplier Management. Customer Experience Programme (New PCC Intranet), Cityfibre Stage 2, other projects contributing to the delivery of the digital strategy including agile working, Building Control system Highlighted risk: Project and Programme failure through lack of oversight.	High	Core audit assurance
Contracts	ALL	A review of selected contracts to ensure that all aspects of the tendering and management of contracts follows best practice and results in value for money. To include compliance with the Public Contract Regulations and internal Contract Rules. For example, the MRF Contract review or TACT (The Adolescent & Children's Trust)	High	Core audit assurance
Strategic Partnerships	ALL	Review the Council's management of strategic partners, which include Norwich Property Services (NPS), Serco, Skanska, Amey and Vivacity, to ensure that effective governance arrangements are in place. Highlighted Risk: Strategic Partnerships fail to deliver as per contract/expectations.	High	Strategic Risk Registers (Amber)
Commercial Activities	1,4	A review of governance arrangements in those areas where commercial activities and joint ventures are taking place, for example: the Peterborough Investment Partnership, ESCO, Opportunity Peterborough etc. Highlighted Risk: Failure to plan for implications of the Growth Agenda	High	New service delivery arrangements Strategic Risk Register (Amber)
TOTAL AUDIT DAYS				100

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					
Highways Asset Management System		Review of the data quality and completeness of the Asset Management Valuation Toolkit	High	Core audit assurance	
Information Governance	ALL	<p>A review of our compliance with ICO requirements focussing on some specific areas. In particular we will look at:</p> <ul style="list-style-type: none"> • Data Sharing • Freedom of Information. <p>Highlighted Risk: Lack of controls could subject the council to significant risk from litigation, financial penalties and loss of reputation.</p>	High	Strategic Risk Register (Amber)	
School Places	1,2	A review of one aspect of mitigating actions to monitor in year admissions and trends around numbers leaving the city, in particular processes and forms being developed to improve data collection	Medium	Strategic Risk Register (Red)	
Schools	1, 2	Themed reviews of a variety of schools. For example, SEN funding or selected categories from the Schools Financial Value Standard self-assessment.	Medium	Core audit assurance	
Registrars		Review of certificate stocks and finances as part of the HMG Security Policy Framework	Low	Core audit Service / assurance to other organisations	
Blue Badges	6	A review of processes for issuing and cancelling permits.	Low	Follow-up to issues found during NFI work.	
				TOTAL AUDIT DAYS	85

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Priority		
			Rating	Reason	
CERTIFICATION					
Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government.					
Growth and Regeneration	ALL	Bus Service Operators 2016/17 - A grant to support bus services, including community transport services.	High	To meet government and funding requirements.	
Growth and Regeneration	ALL	Local Transport Funding Grant 2016/17 - 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.	High		
Growth and Regeneration	ALL	Local Sustainable Transport Grant 2016/17 – A scheme to help local authorities to cut carbon emissions and create local growth.	High		
People and Communities	ALL	Disabled Facilities Grant 2016/17 - Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.	High		
People and Communities	ALL	Troubled Families - Results based funding to support families meeting certain criteria. Verification of a sample of claims prior to one of the claim submissions in 2017, and a review of Outcomes Plan and procedures.	High		
People and Communities	ALL	Rogue Landlords – Outputs based funding covering criteria such as inspection numbers, street surveyed and enforcement actions.	High		
Growth and Regeneration	4,6	Carbon Reduction Commitment. Annual data validity audit and a review of changes to methodology with regards to a new automated system for data collection.	Medium		
People and Communities	1,2	The National College for Leading and Teaching Grant 2017 – Work undertaken on behalf of The Phoenix School which includes certification of bursaries, school to school support and core grant funding.	Low		
				TOTAL AUDIT DAYS	67

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 2016-17 audits	50
Follow Up Provision	ALL	Revisiting audits after 6 months to monitor the implementation of recommendations	30
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.	50
Committee Support	-	Production of reports and attendance at Council committees and boards	30
TOTAL AUDIT DAYS			160

AUDIT COMMITTEE	AGENDA ITEM No. 6
27 MARCH 2017	PUBLIC REPORT

Report of:	Director of Governance	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer(s):	Pippa Turvey, Democratic and Constitutional Services Manager	Tel. 452460

CAMBRIDGESHIRE AND PETERBOROUGH CITY COUNCIL COMBINED AUTHORITY QUESTIONING PROCESS

R E C O M M E N D A T I O N S	
FROM: The Member Officer Working Group	Deadline date: N/A
<p>It is recommended that the Audit Committee recommend to Council:</p> <ol style="list-style-type: none"> 1. Approval of the Cambridgeshire and Peterborough City Council Combined Authority Questioning Process Protocol (Appendix 1) for inclusion within the Council's Constitution; and 2. Approval of the amendment to Council Standing Orders (Appendix 2) to allow for a report to be received by Council on the actions and decisions of the Cambridgeshire and Peterborough Combined Authority, and to allow Members the opportunity to submit questions on notice to the Combined Authority Council representatives. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Audit Committee following the resolution of Council on 17 November 2016 to:
- (i) agree in principle, for a protocol requiring the Council Leader and the representative on the Overview and Scrutiny Committee to report to each meeting of Council setting out the activities and decisions related to their respective roles within the Combined Authority; and
 - (ii) to request that the Member Officer Working Group develop the protocol through the Audit Committee with a view to inclusion of the protocol in the Council's constitution.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is for the Audit Committee to consider the proposed arrangements to require the Council's representatives to the Combined Authority and Overview and Scrutiny Committee to provide a briefing report to each meeting of Full Council, setting out the activities and any decisions of the Combined Authority, and to allow Councillors the opportunity to submit questions on notice to the Combined Authority Council representatives.
- 2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.10: *To maintain an overview of the Council's constitution with the exception of those matters under the remit of the Executive or a regulatory committee.*

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. **BACKGROUND AND KEY ISSUES**

- 4.1 On 17 November 2016 the Council considered and consented to the establishment of a Cambridgeshire and Peterborough Combined Authority. At this time it was also agreed that an appropriate mechanism be put in place to allow for the Council's representatives on the Combined Authority and the Combined Authority Overview and Scrutiny Committee to report back to Council.
- 4.2 The current representative on the Combined Authority is Councillor Holdich and Councillors Over and Jamil are the current representatives on the Combined Authority Overview and Scrutiny Committee, appointed on 17 November 2016 and 25 January 2017 respectively.
- 4.3 In accordance with the November 2016 resolution of Council, the Member Officer Working Group considered how this mechanism could work in practice at its meeting on 1 February 2017.
- 4.4 Attached at Appendix 1 is a draft protocol that outlines the process for Combined Authority representatives to be able to submit reports to Council on recent decisions and other related matters. It also outlines the ability for all Councillors to be able to submit questions on notice to the Councillors representatives on recent decisions and other related matters.
- 4.5 The process outlined in the protocol will require changes to be made to Councils' Standing Orders. Accordingly, the Councils' Standing Orders have been amended and are attached at Appendix 2, underlining the appropriate changes.
- 4.6 These amendments provide for a report from the Combined Authority representatives. In practice this would be presented in a similar format to the 'Executive Decisions Since the Previous Meeting' report that is already provided to Council. It is proposed that the Mayor will, at a Council meeting, go through the report providing Councillors with the opportunity to ask questions.

5. **CONSULTATION**

- 5.1 The proposals as set out in this report were considered by the Member Officer Working Group at its meeting on the 1 February 2017. At this meeting additional suggestions to the protocol were made and have been incorporated into the protocol as presented to the Committee.
- 5.2 Group Leaders were briefed on the proposals at their meeting on 13 March 2017. During the discussion, it was suggested that the Audit Committee may wish to consider introducing a separate time limit for Questions on Notice from Combined Authority representatives. The current time limit for Questions on Notice as whole is 30 minutes.

6. **ANTICIPATED OUTCOMES OR IMPACT**

- 6.1 It is anticipated that the introduction of this protocol will ensure effective feedback from the Cambridgeshire and Peterborough Combined Authority to Peterborough City Council and greater transparency of Combined Authority actions and decisions in relation to their impact on Peterborough City Council.

7. **REASON FOR THE RECOMMENDATION**

- 7.1 The recommendations have been proposed in order to allow for an effective questioning process to Peterborough City Council on the actions and decisions of the Combined Authority and the Combined Authority Scrutiny Committee.

8. ALTERNATIVE OPTIONS CONSIDERED

To Maintain the Status Quo

- 8.1 This option is not recommended as this would not allow for an adequate questioning process from the Combined Authority representatives to Peterborough City Council, in a public forum.

To Allow for Questions Without Notice Only

- 8.2 This option was considered by the Member Officer Working Group, but was ultimately dismissed. It was felt that the provision of Questions on Notice to the Combined Authority representatives would allow for greater involvement from Councillors and would allow for questions to be submitted that were not directly related to recent decisions.

9. IMPLICATIONS

Financial Implications

- 9.1 There are no financial implications arising from this decision.

Legal Implications

- 9.2 There are no legal implications arising from this decision.

Equalities Implications

- 9.3 There are no equalities implications arising from this decision.

10. BACKGROUND DOCUMENTS

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

- 10.1 Peterborough City Council Extraordinary Meeting 17 November 2016 - Minutes

- 10.2 Peterborough City Council Meeting 25 January 2017 - Minutes

11. APPENDICES

- 11.1 Appendix 1 – Draft Cambridgeshire and Peterborough City Council Combined Authority Reporting Process Protocol

- 11.2 Appendix 2 – Peterborough City Council Constitution Part 4, Section 1 – Council Standing Orders (as amended)

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CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY
QUESTIONING PROTOCOL TO PETERBOROUGH CITY COUNCIL MEETINGS:

**QUESTIONS ON THE ACTIVITIES AND DECISIONS OF THE COMBINED
AUTHORITY SINCE THE LAST MEETING**

- **The Council's representatives on the Combined Authority will prepare a short paper for inclusion in the agenda setting out the activities and decisions of the Combined Authority, except at extraordinary or special meetings of the Council and the first annual meeting of a new Council.**
- **Members will have an opportunity to ask questions of the Council's representatives on the Combined Authority, in relation to the activities and decisions as set out in the report.**

QUESTIONS ON NOTICE

- **Members will also have an opportunity to submit questions on notice to the Council's representatives on the Combined Authority, in accordance with Peterborough City Council's standing orders.**

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Part 4, Section 1 – Council Standing Orders

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1. ANNUAL MEETING OF THE COUNCIL

1.1. Timing and business

In a year when there is an ordinary election of councillors, the annual meeting will take place within 21 days of the retirement of the outgoing councillors. In any other year, the annual meeting will take place in March, April or May.

1.1.1 The Ceremonial Meeting (Mayor Making)

The Meeting will:

- i. elect a person to preside if the chair of Council (the Mayor) is not present;
- ii. elect the chair of Council (the Mayor);
- iii. elect the vice chair of Council (the Deputy Mayor); and
- iv. receive the retiring mayor's report.

1.1.2 The Business Meeting

The Meeting will:

- i. approve the minutes of the last meeting;
- ii. receive any announcements from the Mayor;
- iii. receive a report from the Returning Officer on the outcome of City Elections;
- iv. upon retirement of the previous Leader, which shall be at least once every four years, elect the Leader of the executive (the Cabinet)
- v. be notified by the Leader of the number of members to be appointed to the Cabinet, those Members' names and their intended portfolio of responsibilities;
- vi. appoint a licensing committee, a health and wellbeing board, at least one overview and scrutiny committee and such other committees as are required or the Council considers appropriate to deal with matters that are neither reserved to the Council nor are executive functions (as set out or will be set out in Part 3(2) of

- this Constitution). No member of the Executive will be allowed to be a member of a Scrutiny Committee or Commission;
- vii. receive the Leader's scheme of delegation of executive functions (as set out at Part 3(3) of this Constitution);
 - viii. approve a programme of ordinary meetings of the Council for the year; and
 - ix. consider any business set out in the notice convening the meeting.
- 1.1.3 Unless otherwise determined by statute, the Mayor may vary the order of the agenda at his/her absolute discretion and may allocate or re-allocate an appropriate time for the transaction of each item.
- 1.2. Selection of Councillors on Committees and Outside Bodies
- 1.2.1 At the annual (business) meeting, the council meeting will:
- i. decide which committees to establish for the municipal year;
 - ii. decide the size and terms of reference for those committees;
 - iii. decide the allocation of seats to political groups in accordance with the political balance requirements;
 - iv. receive nominations of councillors to serve on each committee and outside body;
 - v. appoint to those committees, standing sub-committees and outside bodies except where appointment to those bodies has been delegated by the Council or is exercisable only by the executive; and
 - vi. appoint the Chairs and Vice-Chairs of all the Council's committees, other than those which the Council has decided should be appointed by the committee itself.
- 1.2.2 The Council may decide at subsequent meetings to dissolve committees, alter their terms of reference or to appoint new committees.
- 1.2.3 The Council shall always have the power to exercise any power delegated to a committee, sub-committee or an officer.

2. ORDINARY MEETINGS OF COUNCIL

2.1 Ordinary meetings of the Council will take place in accordance with a programme decided at the Council's annual meeting. The order of business at ordinary meetings will be as follows:

- i. elect a person to preside if the Mayor and Deputy Mayor are not present;
- ii. approve the minutes of the last meeting;
- iii. receive any declarations of interest from members;
- iv. receive any announcements from the Mayor and Leader (which, with the exception of the Mayor, will normally be limited to five minutes), followed by any question on the announcement from a leader of an opposition group (which will normally be limited to one minute);
- v. receive questions from, and provide answers to, the public in accordance with Standing Order 15;
- vi. receive petitions from the public and Members in accordance with Standing Order 16;
- vii. Receive questions from, and provide answers to, Members in accordance with Standing Order 17.2;
- viii. deal with any business from the last Council meeting;
- ix. receive reports from the Cabinet for consideration, including consideration of proposals from the Cabinet in relation to the Council's budget and policy framework and receive questions and answers on any of those reports;
- x. receive any reports from the Council's committees and overview and scrutiny committees for consideration and receive questions and answers on any of those reports;
- xi. receive reports about and receive questions and answers on decisions made by members of the Cabinet since the last meeting of Council;
- xii. receive any reports about and receive questions and answers on the business of joint arrangements and external organisations, including the Combined Authority;
- xiii. consider motions; and

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- xiv. consider any other business specified in the summons to the meeting.

3. **ORDINARY MEETINGS OF COUNCIL AND COMMITTEES**

3.1 Business

Unless otherwise determined by statute, the Mayor/Chairman may vary the order of the agenda at his/her absolute discretion and may allocate or re-allocate an appropriate time for the transaction of each item.

3.2 Urgency

The Mayor/Chairman may determine that an item of business that has not been open to public inspection, both as an item set out in the agenda and any accompanying published report, may be considered because he or she is of the opinion that, by reason of special circumstances, which shall be specified in the minutes, the item should be considered at the meeting as a matter of urgency.

4. **EXTRAORDINARY MEETINGS AND VARIATIONS**

4.1. Calling extraordinary meetings of Council

Those listed below may request the proper officer to call Council meetings in addition to ordinary meetings:

- (a) the Council by resolution;
- (b) the Mayor (or the Deputy mayor if the mayor is unable to act);
- (c) the Monitoring Officer; or
- (d) any five members of the Council if they have signed a requisition presented to the Mayor and he or she has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.

4.2 Calling an Extraordinary Meeting of a Committee or Sub-Committee

In the case of Committee meetings, the Chairman of a Committee or Sub-Committee can, in consultation with the political group representatives, call an extraordinary meeting of the Committee at any time. A special meeting will also be called if three Members of the Committee or Sub-Committee ask the Chief Executive in writing to call a meeting.

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4.3 Business at an Extraordinary Meeting of Council or a Committee or Sub-Committee

The business to be conducted at an extraordinary meeting shall be restricted to the item of business contained in the request for the extraordinary meeting and there shall be no consideration of previous minutes or reports from committees etc. except that the Mayor/Chairman may at his/her absolute discretion permit other items of business to be conducted for the efficient discharge of the Council's business.

4.4 Variation to the meeting schedule, timings and cancellation of meetings

4.4.1 Variations to the meeting schedule will be determined by the Chairman after prior consultation with the Group representatives. The Mayor determines any variation to the Council schedule, in consultation with Group Leaders.

4.4.2 If there is disagreement about the timing of an additional meeting between the Chairman and Group representatives, the meeting will start at the normal time for meetings of that Committee as identified within the Annual Calendar of meetings approved by Council.

4.4.3 Any meeting may be cancelled if there is insufficient business to consider. This will be determined by the Chairman after prior consultation with the Group representatives. For Council, the Mayor will determine in consultation with Group Leaders.

5. PRIVATE MEETING TO NOMINATE THE MAYOR ELECT

5.1 The Chief Executive will invite Members to hold a private meeting each year to nominate the Mayor Elect. This meeting will usually be held in February or March. The notice of the meeting will not be published and the proceedings will have no legal effect.

5.2 There is a written protocol for the nomination of the Mayor Elect and this can be found within Part 5 Section 8 of the Council's Constitution.

6. APPOINTMENT OF MEMBERS OF COMMITTEES AND SUB-COMMITTEES IN YEAR INCLUDING SUBSTITUTE MEMBERS

6.1 Appointment of Chair or Vice Chair in year vacancy

The Council may remove the Chairman or Vice-Chairman or they can resign. In the event that the Chairman or Vice-Chairman resigns or for some other reason becomes permanently incapacitated, the Council may appoint another Chairman or Vice-Chairman at its next meeting following the resignation or permanent incapacity and in the meantime

the Committee may elect a temporary Chairman or Vice-Chairman until a new appointment is made by the Council. Unless otherwise stated in the Constitution, the Chair and Vice-Chair of a Committee or Sub-Committees shall be a Councillor.

6.2 Appointment of Members to Committees in year vacancy

If a vacancy arises on a Committee or Sub-Committee because a Member of a Committee or a Sub-Committee has resigned their seat by sending a written notice to the Chief Executive or because a Member has resigned, died or otherwise ceased to be a Member, the Chief Executive will appoint a Member to fill the vacancy if the relevant political group asks him or her to do so, in accordance with the seat allocations approved by Council under the Local Government and Housing Act 1989 and the Regulations made thereunder.

6.3 Substitute Members

6.3.1 Number

For each Committee or Sub-Committee, the Council may appoint the same number of substitutes in respect of each political group as that group holds ordinary seats on that committee or sub-committee, however the total number of substitutes made by a political group at a meeting may not exceed 50% of the political group's seat allocation on that committee.

6.3.2 Powers and duties

Substitute members will have all the powers and duties of any ordinary member of the committee but will not be able to exercise any special powers or duties exercisable by the person they are substituting.

6.3.3 Substitution

Substitute members may attend meetings in that capacity only:

- (a) to take the place of the ordinary member for whom they are the designated substitute;
- (b) where the ordinary member will be absent for the whole of the meeting; and
- (c) after notifying the monitoring officer by noon on the day of the meeting of the intended substitution.

6.3.4 When the ordinary member and a designated substitute are unable to attend a meeting, a nominated substitute member of the same group

may attend the meeting after notifying the Monitoring Officer by 12 noon.

7. ATTENDANCE AT COMMITTEES OR SUB-COMMITTEES

- 7.1 The Mayor and the political group leaders can join the debate at any meeting of a Committee but they cannot vote at them.
- 7.2 A Cabinet Member can attend any meeting of a Scrutiny Committee or Scrutiny Commission at which a report under their portfolio is being considered, Cabinet Members can also be invited to attend a Scrutiny Committee meeting at the request of the Committee. The Member will not be allowed to vote.
- 7.3 A Member who has moved a motion at a Council meeting which has been referred to any Committee or Sub-Committee will have notice of the meeting when the motion will be considered, at which they will be entitled to introduce the motion. The Member will not be allowed to vote.
- 7.4 A Committee or Sub-Committee can invite any member who is not a member of the Committee to attend and speak at any one of their meetings. The Member will not be allowed to vote.
- 7.5 Members representing wards in respect of which a report containing exempt or confidential information relates, can attend the meeting at which the report is considered, unless the Chief Executive or the Monitoring Officer advises that the report must remain confidential and it is not necessary for Members (other than Members of the Committee or Sub-Committee) to be at the meeting in order to carry out their duties as a ward member.

8. COMMITTEE AND SUB-COMMITTEE POWERS AND DUTIES AND DELEGATION TO COMMITTEES AND SUB-COMMITTEES

- 8.1 The Monitoring Officer is responsible for maintaining and updating the terms of reference of all the Council's Committees.
- 8.2 All Committees can appoint a sub-committee from within its own membership and can delegate any of their powers and duties to the sub-committees, subject to any conditions the Committee sets for the Sub-Committee.

9. WORKING PARTIES FOR COMMITTEES

- 9.1 Committees can only appoint working parties where it would not be appropriate to refer the matter to a Scrutiny Committee or Scrutiny Commission. The Committee will decide how many Members and

officers working parties will have, and their terms of reference which will be time limited. A working party will not have any powers, but will make recommendations and a report to the Committee that appointed it.

10. TIME AND PLACE OF MEETINGS

10.1 The time and place of meetings will be determined by the monitoring officer and notified in the summons.

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11. NOTICE OF AND SUMMONS TO MEETINGS

11.1 The proper officer will give notice to the public of the time and place of any meeting in accordance with the Access to Information Standing Orders (Procedure Rules). At least five clear days before a meeting, the monitoring officer will send a summons signed by him or her by post to every member of the Council or leave it at their usual place of residence. The summons will give the date, time and place of each meeting and specify the business to be transacted (the agenda) and will be accompanied by the relevant reports.

12. CHAIR OF MEETING

12.1 The person presiding at the meeting may exercise any power or duty of the Mayor/Chairman.

13. QUORUM

13.1 The quorum of a meeting of Council will be one quarter of the whole number of members.

13.2 The quorum of an appointed Committee or Sub-Committee will be more than half of the Members present, apart from the Employment Committee and the Appeals Committee (Service Issues), where the quorum will be three.

13.3 During any meeting if the Mayor/Chairman counts the number of members present and declares there is not a quorum present, then the meeting will adjourn immediately. Remaining business will be considered at a time and date fixed by the Mayor/Chairman. If he or she does not fix a date, the remaining business will be considered at the next ordinary meeting.

14. DURATION OF MEETING

14.1 Meeting recess

The Mayor/Chairman will adjourn the meeting for a period of ten minutes at a convenient time after two hours.

14.2 Interruption of the meeting

Where four hours have elapsed after the commencement of any Council meeting (and in the case of an Extraordinary meeting when two hours have elapsed since commencement of the meeting) the Mayor/Chairman shall interrupt the meeting and call for the vote immediately on the item under discussion. Any Member speaking must immediately cease doing so and sit down. The vote will be taken without further discussion. This rule will not apply to meetings of a quasi-judicial or regulatory nature.

14.3 Motions and recommendations not dealt with

If there are other motions or recommendations on the agenda that have not been dealt with within the four hour period (or two hour period in the case of an Extraordinary meeting), they are deemed formally moved and seconded (together with any amendments). No speeches will be allowed on these items and the vote will be taken in the usual way. This rule will not apply to meetings of a quasi-judicial or regulatory nature.

14.4 Recorded vote

If a recorded vote is called for during this process it will be taken immediately.

14.5 Motions which may be moved

During the process set out in Standing Order 14.2 above, the only other motions which may be moved are that a matter be withdrawn or that a matter be delegated or referred to an appropriate body or individual for decision or report.

14.6 Close of the meeting

When all motions and recommendations have been dealt with, the Mayor/Chairman will declare the meeting closed.

15. QUESTIONS BY THE PUBLIC AT MEETINGS OF COUNCIL

15.1 General

15.1.1 Members of the public who are residents of the City may ask questions of Members of the Cabinet, the Chair of a Committee, the Chair of an Overview and Scrutiny Committee/Commission or a leader of a political group on the Council at meetings of the Council, other than the Annual Meeting and, except at the discretion of the Mayor, Extraordinary Meetings.

15.1.2 The total time allocated for Questions by the Public shall be limited to 30 minutes.

15.2 Order of questions

The order in which questions shall be presented to the meeting shall be determined by a draw for each section of the meeting. The draws shall be conducted by the monitoring officer (or senior officer appointed for this purpose). The draws may be attended by any Member of the Council by prior notice delivered in writing to the monitoring officer before the deadline for submission of questions.

15.3 Notice of questions

A question may only be asked if notice has been given by delivering it in writing or by electronic mail to the monitoring officer no later than midday five working days before the day of the meeting. Each question must give the name and address of the questioner and must name the member of the Council to whom it is to be put.

15.4 Number of questions

At any one meeting no person may submit more than two questions and no more than two such questions may be asked on behalf of one organisation.

15.5 Scope of questions

If the monitoring officer considers a question:

- is not about a matter for which the local authority has a responsibility or which affects the City;
- is illegal, improper, defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Council in the past six months; or
- requires the disclosure of confidential or exempt information

he or she will inform the Mayor who will then decide whether or not to reject the question.

15.6 Record of questions

The monitoring officer will enter each question in a book open to public inspection and will immediately send a copy of the question to the member to whom it is to be put. Rejected questions will include reasons for rejection.

Copies of all questions will be circulated to all members and will be made available to the public attending the meeting.

15.7 Asking the question at the meeting

The Mayor will invite the questioner to put the question to the member named in the notice. Three minutes are allowed for putting the question. If a questioner who has submitted a written question is unable to be present, they may ask the Mayor to put the question on their behalf. The Mayor may ask the question on the questioner's behalf, indicate that a written reply will be given or decide, in the absence of the questioner, that the question will not be dealt with.

15.8 Supplemental question

A questioner who has put a question in person may also put one supplementary question without notice to the member who has replied to his or her original question. A supplementary question must arise directly out of the original question or the reply. The Mayor may reject a supplementary question on any of the grounds in Standing Order 15.5 above. One minute is allowed for putting the supplementary question.

15.9 Answers

Three minutes are allowed for answering a question and two minutes are allowed for answering a supplementary question. Any question which cannot be dealt with, either because of lack of time or because of the non-attendance of the member to whom it was to be put, will be dealt with by a written answer.

15.10 Reference of question to the Cabinet or a committee

Unless the Mayor decides otherwise, no discussion will take place on any question, but any member may move that a matter raised by a question be referred to the Cabinet or the appropriate committee or sub-committee. Once seconded, such a motion will be voted on without discussion.

15.11 There are no speaking rights at committee meetings other than those laid out in the Planning Speaking Scheme, which is available to view within the Committees terms of reference at Part 3 Section 2 of the Constitution.

16. PETITIONS PRESENTED AT COUNCIL

16.1 Petitions may be presented to the Council. The person presenting the petition will be allowed to address the meeting briefly (not exceeding one minute) to outline the aims of the petition. The Mayor will refer the matter to another appropriate body of the Council within whose terms of reference it falls without discussion and in accordance with the Council's petition scheme, detailed in Part 5 Section 9 of the Constitution, unless a relevant item appears elsewhere on the Agenda.

17. QUESTIONS BY MEMBERS AT COUNCIL

17.1 On reports of Cabinet or Committees

At a meeting of the Council, other than the Annual Meeting, a Member of the Council may ask the Leader or the chair of a committee or any representative of the Council on the Combined Authority any question without notice upon an item of the report of the Cabinet or a committee or from the Combined Authority when that item is being received or under consideration by the Council.

17.2 Questions on notice at full Council

17.2.1 Subject to Standing Order 17.4, a member of the Council may ask:

- the Mayor;
- the Leader or member of the Cabinet;
- the chair of any committee or sub-committee; or
- any representative of the Council on the Combined Authority.

up to two questions on any matter in relation to which the Council has powers or duties or which affects the City.

17.2.2 The total time allocated for Questions under this item shall be limited to 30 minutes.

17.3 Questions on notice at committees and sub-committees

Subject to Standing Order 17.4, a member of a committee or sub-committee may ask the chair of it a question on any matter in relation

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to which the Council has powers or duties or which affect the City and which falls within the terms of reference of that committee or sub-committee.

17.4 Notice of questions

A member may only ask a question under Standing Order 17.2 or 17.3 if either:

- a) they have given at least five working days notice in writing of the question to the monitoring officer; or
- b) the question relates to urgent matters, they have the consent of the Mayor to whom the question is to be put and the content of the question is given to the monitoring officer by noon on the day of the meeting.

17.5 Response

An answer may take the form of:

- a) a direct oral answer of up to three minutes;
- b) by reference to published material of the Council which is readily available to Members; or
- c) where the reply cannot conveniently be given orally, a written answer will be circulated later to the questioner.

17.6 Supplementary question

Every question, which will be limited to one part, will be asked and answered without discussion. Upon receiving the answer, the Member who put the question shall be allowed one supplementary question, of up to one minute, provided that it arises directly out of the original question or the reply and does not introduce any new subject matter.

The supplementary question will be asked and answered orally, but the person to whom the supplementary question has been asked will have up to two minutes to answer or may decline to answer.

18. **MOTIONS ON NOTICE**

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18.1 Notice

Except for motions which can be moved without notice under Standing Order 19, written notice of every motion, must be delivered to [the proper officer] by ten o'clock six clear working days before the date of

the meeting (not including the day of the meeting). These will be entered in a book open to public inspection.

18.2 Motion set out in agenda

Motions for which notice has been given will be listed on the agenda in the order in which notice was received, unless the member giving notice states, in writing, that they propose to move it to a later meeting.

18.3 Scope

If the monitoring officer considers that a motion:

- is not about a matter for which the local authority has a responsibility or which affects the City;
- is illegal, improper, defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Council in the past six months; or
- requires the disclosure of confidential or exempt information

he or she will inform the Mayor who will then decide whether or not to reject the motion.

19. MOTIONS WITHOUT NOTICE

19.1 The following motions may be moved without notice:

- a) to appoint a chair of the meeting at which the motion is moved;
- b) in relation to the accuracy of the minutes;
- c) to change the order of business in the agenda;
- d) to refer something to an appropriate body or individual;
- e) to appoint a committee or member arising from an item on the summons for the meeting;
- f) to receive reports or adoption of recommendations of committees or officers and any resolutions following from them;
- g) to withdraw a motion;
- h) to amend a motion;

- i) to proceed to the next business;
- j) that the question be now put;
- k) to adjourn a debate;
- l) that the meeting continue beyond 4 hours in duration (2 in the case of an extraordinary meeting);
- m) to suspend a particular standing order;
- n) to exclude the public and press in accordance with the Access to Information Standing Orders;
- o) to not hear further a member named under Standing Order 27.3 or to exclude them from the meeting Standing Order 27.4; and
- p) to give the consent of the Council where its consent is required by this Constitution.

20. STANDING ORDERS OF DEBATE

20.1 No speeches until motion seconded

No speeches may be made after the mover has moved a proposal and explained the purpose of it until the motion has been seconded.

20.2 Right to require motion in writing

Unless notice of the motion has already been given, the Mayor may require it to be written down and handed to him/her before it is discussed.

20.3 Secunder's speech

When seconding a motion or amendment, a member may reserve their speech until later in the debate.

20.4 Content and length of speeches

Speeches must be directed to the question under discussion or to a personal explanation, statement of accuracy or point of order.

No speech may exceed five minutes by the mover of the motion or by three minutes in all other cases without the consent of the Mayor.

20.5 Budget Meetings

Rule 20.4 above, in respect of the length of speeches, shall not apply to a debate on the Budget where speeches shall not be subject to any time limit.

20.6 When a member may speak again

A member who has spoken on a motion may not speak again whilst it is the subject of debate, except:

- a) to speak once on an amendment moved by another member;
- b) to move a further amendment if the motion has been amended since he or she last spoke;
- c) if his/her first speech was on an amendment moved by another member, to speak on the main issue (whether or not the amendment on which he or she spoke was carried);
- d) in exercise of a right of reply;
- e) on a point of order;
- f) by way of personal explanation and
- g) statement of accuracy.

20.7 Amendments to motions

- a) An amendment to a motion must be relevant to the motion and will either be:
 - (i) to refer the matter to an appropriate body or individual for consideration or reconsideration;
 - (ii) to leave out words;
 - (iii) to leave out words and insert or add others; or
 - (iv) to insert or add words.as long as the effect of (ii) to (iv) is not to negate the motion.
- b) Except in relation to motions that can be moved without notice under Standing Order 19, written notice of every intended amendment to a motion or to recommendations from Cabinet or the Council's committees:

- (i) must be delivered to the monitoring officer in its initial form not later than noon two working days before the date of the meeting (not including the day of the meeting) at which the motion is to be considered; and
- (ii) must be delivered to the monitoring officer in its intended final form not later than noon one working day before the date of the meeting (not including the day of the meeting) at which the motion is to be considered. If no withdrawal, confirmation or change is received by the monitoring officer, it will be assumed that the amendment is to be considered in its initial form.

No other amendment may be moved at the meeting except where the Mayor may permit, at his or her absolute discretion and to ensure the efficient or proper discharge of the Council's business, a further amendment or amendments to be moved.

- c) Only one amendment may be moved and discussed at any one time. No further amendment may be moved until the amendment under discussion has been disposed of.
- d) If an amendment is not carried, other amendments to the original motion may be moved.
- e) If an amendment is carried, the motion as amended takes the place of the original motion. This becomes the substantive motion to which any further amendments are moved.
- f) After an amendment has been carried, the Mayor will read out the amended motion before accepting any further amendments, or if there are none, put it to the vote.

20.8 Alteration of motion

- a) A member may alter a motion of which he or she has given notice with the consent of the meeting. The meeting's consent will be signified without discussion.
- b) A member may alter a motion which he or she has moved without notice with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion.
- c) Only alterations which could be made as an amendment may be made.

20.9 Withdrawal of motion

A member may withdraw a motion which he or she has moved with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion. No member may speak on the motion after the mover has asked permission to withdraw it unless permission is refused.

20.10 Right of reply

- a) The mover of a motion has a right to reply at the end of the debate on the motion, immediately before it is put to the vote.
- b) If an amendment is moved, the mover of the original motion has the right of reply at the close of the debate on the amendment, but may not otherwise speak on it.
- c) The mover of the amendment has no right of reply to the debate on his or her amendment.

20.11 Motions which may be moved during debate

When a motion is under debate, no other motion may be moved except the following procedural motions:

- a) to withdraw a motion;
- b) to amend a motion;
- c) to proceed to the next business;
- d) that the question be now put;
- e) to adjourn a debate;
- f) that the meeting continue beyond 4 hours in duration (or two hours if an extraordinary meeting);
- g) to exclude the public and press in accordance with the Access to Information Standing Orders;
- h) to not hear further a member named under Standing Order 27.3 or to exclude them from the meeting under Standing Order 27.4; and
- i) that a specific standing order be suspended

20.12 Closure motions

- a) A member may move, without comment, the following motions at the end of a speech of another member;

- (i) to proceed to the next business;
 - (ii) that the question be now put;
 - (iii) to adjourn a debate; or
 - (iv) to adjourn a meeting.
- b) If a motion to proceed to next business is seconded and the Mayor thinks the item has been sufficiently discussed, he or she will give the mover of the original motion a right of reply and then put the procedural motion to the vote.
- c) If a motion that the question be now put is seconded and the Mayor thinks the item has been sufficiently discussed, he or she will put the procedural motion to the vote. If it is passed he or she will give the mover of the original motion a right of reply before putting his/her motion to the vote.
- d) If a motion to adjourn the debate or to adjourn the meeting is seconded and the Mayor thinks the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, he or she will put the procedural motion to the vote without giving the mover of the original motion the right of reply.

20.13 Point of order

A member may raise a point of order at any time. The Mayor will hear them immediately. A point of order may only relate to an alleged breach of these Council Standing Orders or the law. The member must indicate the Standing Order or rule of law and the way in which he or she considers has been broken. The ruling of the Mayor on the matter will be final.

20.14 Personal explanation

A member may make a personal explanation at any time. A personal explanation may only relate to some material part of an earlier speech by the member which may appear to have been misunderstood in the present debate. The ruling of the Mayor on the admissibility of a personal explanation will be final.

20.15 Statement of accuracy

A member may make a request to the Mayor to make a statement of accuracy at any time. If permitted, the statement will be limited to the accuracy of a fact cited by the member speaking and may not exceed

thirty seconds. The ruling of the Mayor on the admissibility of a statement of accuracy will be final.

21. STATE OF THE CITY DEBATE BY COUNCIL

21.1 Calling of debate

The Leader may call a state of the City debate annually on a date and in a form to be agreed with the Mayor.

21.2 Form of debate

The Leader will decide the form of the debate with the aim of enabling the widest possible public involvement and publicity. This may include holding workshops and other events prior to or during the state of the City debate.

21.3 Chairing of debate

The debate will be chaired by the Mayor.

21.4 Results of debate

The results of the debate will be:

- (a) disseminated as widely as possible within the community and to agencies and organisations in the area; and
- (b) considered by the Leader in proposing the budget and policy framework to the Council for the coming year.

22. PREVIOUS DECISIONS AND MOTIONS

22.1 Motion to rescind a previous decision

A motion or amendment to rescind a decision made at a meeting of Council within the past six months cannot be moved unless the notice of motion is signed by at least five members.

22.2 Motion similar to one previously rejected

A motion or amendment in similar terms to one that has been rejected at a meeting of Council in the past six months cannot be moved unless the notice of motion or amendment is signed by at least five members. Once the motion or amendment is dealt with, no one can propose a similar motion or amendment for six months.

23. VOTING

23.1 Majority

Unless this Constitution provides otherwise, any matter will be decided by a simple majority of those members voting and present in the room at the time the question was put.

23.2 Mayor's/Chairman's casting vote

If there are equal numbers of votes for and against, the Mayor/Chairman will have a second or casting vote. There will be no restriction on how the Mayor/Chairman chooses to exercise a casting vote.

23.3 Show of hands

Unless a recorded vote is demanded under Standing Orders 23.4 and 23.5, the Mayor/Chairman will take the vote by show of hands, or if there is no dissent, by the affirmation of the meeting.

23.4 Recorded vote

If one quarter of members present and entitled to vote at the meeting demand it, the names for and against the motion or amendment or abstaining from voting will be recorded in writing and entered into the minutes.

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23.5 Budget decision

At a budget decision meeting of the Council the names of the persons who cast a vote for the decision or against the decision or who abstained from voting will be recorded in writing and entered into the minutes of the proceedings of that meeting

For the purposes of this Standing Order:

- (a) "budget decision" means a meeting of the Council at which it—
- (i) makes a calculation (whether originally or by way of substitute) in accordance with any of sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ of the Local Government Finance Act 1992; or
 - (ii) issues a precept under Chapter 4 of Part 1 of that Act, and includes a meeting where making the calculation or issuing the precept as the case may be was included as an item of business on the agenda for that meeting; and

(b) references to a vote are references to a vote on any decision related to the making of the calculation or the issuing of the precept as the case may be.

23.6 Right to require individual vote to be recorded

Where any member requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

23.7 Voting on appointments

If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.

24. MINUTES

24.1 Signing the minutes

The Mayor/Chairman will sign the minutes of the proceedings at the next suitable meeting. The Mayor/Chairman will move that the minutes of the previous meeting be signed as a correct record. The only part of the minutes that can be discussed is their accuracy.

24.2 There is no requirement to sign minutes of previous meeting at extraordinary meeting

Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of Schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of Schedule 12 relating to signing of minutes.

24.3 Form of minutes

Minutes will contain all motions and amendments in the exact form and order the Mayor put them.

25. RECORD OF ATTENDANCE

25.1 All members present during the whole or part of a meeting must sign their names on the attendance sheets before the conclusion of every meeting to assist with the record of attendance.

26. EXCLUSION OF PRESS AND PUBLIC

- 26.1 Members of the public and press may only be excluded either in accordance with the Access to Information Standing Orders in Part 4 of this Constitution or Standing Order 28 (Disturbance by Public).

27. MEMBERS' CONDUCT

- 27.1 Speaking and address system

When a member speaks at full Council they must stand and address the meeting through the Mayor. If more than one member stands, the Mayor will ask one to speak and the others must sit. Other members must remain seated whilst a member is speaking unless they wish to make a point of order, a point of personal explanation or a statement of accuracy. This rule will not apply to Committee or Sub-Committee meetings.

- 27.2 Mayor/Chairman

When the Mayor/Chairman speaks or stands during a debate or otherwise indicates that the meeting should come to order, any member speaking at the time must stop and sit down. The meeting must be silent.

- 27.3 Member not to be heard further

If a member persistently disregards the ruling of the Mayor/Chairman by behaving improperly or offensively or deliberately obstructs business, the Mayor/Chairman or another Member may move that the Member be not heard further. If seconded, the motion will be voted on without discussion.

- 27.4 Member to leave the meeting

If the Member continues to behave improperly after such a motion is carried, the Mayor/Chairman or another Member may move that either the Member leaves the meeting or that meeting is adjourned a specified period. If seconded, the motion will be voted on without discussion.

- 27.5 General disturbance

If there is a general disturbance making orderly business impossible, the Mayor/Chairman may adjourn the meeting for as long as he or she thinks necessary.

27.6 Conflicts of Interest

Members of the Council are under a duty to base their decision making on a consideration of the public interest. Members must avoid conflict between personal interest and the public interest, declare any personal interest when it arises and resolve any conflict between the two interests, at once, and in favour of the public.

28. DISTURBANCE BY PUBLIC

28.1 Removal of member of the public

If a member of the public interrupts proceedings, the Mayor/Chairman will warn the person concerned. If they continue to interrupt, the Mayor/Chairman will order their removal from the meeting room.

28.2 Clearance of part of meeting room

If there is a general disturbance in any part of the meeting room open to the public, the Mayor/Chairman may call for that part to be cleared.

29. SUSPENSION AND AMENDMENT OF COUNCIL PROCEDURE STANDING ORDERS

29.1 Suspension

All of these Council Standing Orders of Procedure except Standing Order 23.5 and 24.2 may be suspended by motion on notice or without notice if at least one half of the whole number of members of the Council are present. Suspension can only be for the duration of the meeting.

29.2 Amendment

Any motion to add to, vary or revoke these Council Standing Orders of Procedure will, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council.

30. PHOTOGRAPHY AND AUDIO/VISUAL RECORDING OF MEETINGS

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30.1 Any member of the public may film, audio record, take photographs and use social media to report the proceedings of any meeting that is open to the public.

AUDIT COMMITTEE	AGENDA ITEM NO. 7
27 MARCH 2017	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton Cabinet Member for Resources	
Contact Officer(s):	Kevin Dawson, Head of Resilience	Tel. 453464

RISK MANAGEMENT AND BUSINESS CONTINUITY

R E C O M M E N D A T I O N S	
FROM : Kevin Dawson, Head of Resilience	Deadline date : N/A
Audit Committee is recommended to:	
1. Comment on and note the latest Risk Management Report.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Audit Committee as a routine planned report on risk management.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide an update on Risk Management under its terms of reference 2.2.12 to monitor the effective development and operation of risk management and corporate governance in the council.

The report is also to provide the Committee with:

- The profile of Corporate risks faced by the Council;
- Details of significant changes to the Corporate Risk Register since the last report to the Committee in September 2016; and
- The profile of risks faced by corporate and executive directorates.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. RISK MANAGEMENT REVIEW

- 4.1 In accordance with best practice, the Council operates a risk management approach at corporate and service levels across the Council, seeking to identify key risks which might prevent the Council's priorities from being successfully achieved.

- 4.2 The risk management approach is encapsulated in the following key documents:

- Risk Management Policy

This document sets out the Council's Policy on the management of risk, including the Council's approach to the level of risk it is prepared to countenance as expressed as a maximum risk appetite.

The Risk Management Policy states that the Council aims to manage risk in a manner which is proportionate to the risk faced based on the experience and expertise of its senior managers, although this must be within the Council's risk appetite. Audit Committee members are therefore reminded that accepting a residual risk score of amber is appropriate provided that an objective risk assessment has been undertaken.

This document details the procedures through which the Council will identify, assess, monitor and report key risks. The Risk Management Procedures document is owned by the Corporate Management Team (CMT).

4.3 The key role of Audit Committee in the management of risk is:

- It provides independent assurance of the adequacy of the Council's risk management framework and the associated control environment.

4.4 Risk Identification

The Council's approach to risk identification is described in the following extract from the Council's Risk Management Policy as approved by General Purposes Committee:

- Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively;
- Risk management should be embedded in everyday business processes;
- Officers of the Council should be aware of, and operate, the Council's risk management approach where appropriate;
- Councillors should be aware of the Council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with General Purposes Committee members being involved in the identification of risk on an annual basis.

Ownership of the Corporate Risk Register (CRR) lies with CMT which reviews the Register on a quarterly basis, follow.

4.5 The CRR was reviewed by CMT members during September 2016 and is now awaiting formal approval.

4.6 This report is supported by:

- The Corporate Risk Register (Appendix 1)
- The Corporate Risk management Policy (Appendix 2)

5. CORPORATE RISK REGISTER UPDATE

- 5.1 Following the review of corporate risks during January/February 2016, CMT is confident that the CRR is a comprehensive expression of the main risks faced by the Council and that mitigation is either in place, or in the process of being developed, to ensure that each risk is appropriately managed.

The risks below

Risk 1: Failure to plan for/realise implications of Growth Agenda

The Corporate Risk Register currently scores the residual risk of failure as amber and there has been no change in the score since the last review in September 2016.

Risk 2: Impact of social demographic change

The score within the Corporate Risk Register remains at red and the actions have been clarified to mitigate the risk.

Risk 3: School places

The score within the Corporate Risk Register remains at red and the strategies have been updated to mitigate the risk.

Risk 4: Corporate manslaughter/health and safety incident

There are no changes in this risk and the Corporate Risk Register score remains at amber.

Risk 5: Crime and ASB Reduction/Cohesion

The Corporate Risk Register continues to score this risk at amber however the strategies and the current controls have been updated.

Risk 6: Safeguarding

The Corporate Risk Register continues to score this risk at red however the actions have been reviewed and reflect current practice.

Risk 7: Information Governance

The score and amber rating within the Corporate Risk Register remains the same however the actions have been revised to reflect the recent policy review.

Risk 8: Financial position

The position has improved to amber. Whilst the council faces financial challenges in the future, at this point in time it is expected that there will be a balanced position for 2016/17 and a balanced budget for 2017/18 has been approved.

Risk 9 :Strategic Partnerships failing to deliver as per expectations

There have only been minor changes within this risk reflecting the current arrangement with Norse and the mutual termination of the current Amey

Partnership. The amber rating remains the same however the score has slightly increased.

6. KEY ONGOING ISSUES FOR 2017/18

- Quarterly review of Strategic (corporate) risk register by CMT;
- Coordination of Strategic and Departmental risk registers;
- Regular risk “conversations” within and between services at all levels;
- Strategic issues e.g. introducing and embedding Risk Management into procurement processes, induction briefings and business plans.

7. ANTICIPATED OUTCOMES

7.1 Audit Committee note and comment on the contents of this report.

8. REASONS FOR RECOMMENDATIONS

8.1 Risk management is a key component of the Council’s Corporate Governance Framework which will take time to review and embed effectively.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 None

10. IMPLICATIONS

10.1 The identification of risks and the proper management of those risks will ensure that:

- The Council’s environmental policies and ambitions can be met; the Council is able to mitigate against potential financial losses, litigation claims and reputational damage; the Council is able to effectively deliver the strategic priorities.

11. BACKGROUND DOCUMENTS

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

11.1 Peterborough City Council Risk Management Policy 2015.

12. APPENDICES

12.1 Appendix 1 - Strategic Risk Register v 8.9

12.2 Appendix 2 - Risk Management Policy v4.8

Ref	Risk	Description	Consequences	Priority	L	I	Current Score	Previous /Initial Score	Direction	Reasons for change	Current Controls	Actions	Who	When	Review Date	Remarks
	<i>Name of risk</i>	<i>Brief description of risk event</i>	<i>Threats & opportunities arising</i>							<i>Change in impact, likelihood, objective etc(ALT return to use bullet points etc)</i>	<i>To measure success of controls. What is already in place to mitigate risk. (ALT return to use bullet points etc)</i>	<i>Further actions required to mitigate risk or maximise opportunity. (ALT Return to use bullet points etc)</i>	<i>Officer(s) responsible</i>	<i>Target date</i>	<i>All registers reviewed at least 6 monthly unless red status specified, 3 monthly review then required.</i>	<i>Any other comments etc</i>
1	Failure to plan for/realise implications of Growth Agenda	The city has an ambitious growth agenda and growth supports the Council's income through business rate growth and New Homes Bonus. However, there is also a significant cost to growth through the need to upgrade and provide new infrastructure. Funding for infrastructure is increasingly channeled through the Local Enterprise Partnership There is a need to maintain a focus and capacity to deliver growth.	Inability to fulfil statutory obligations eg provision of roads and schools. Budget implications.	E F	2	4	8	8	◄►	Currently unable to accurately predict future levels of business rate income.	Robust viability discussions with developers. Focused Section 106 team and CIL introduced in April 2015 and review of Local Plan. Monitoring residential land supply.	1)Development of system to forecast future levels of business rates. 2)Co-ordinated approach between the Council and Opportunity Peterborough to influence LEP investment decisions. .3) Joint Venture company, Peterborough Investment Partnership, now established to deliver growth projects. 4)Long term capital investment plan for new infrastructure.	Simon Machen		Sep-17	
66 2	Impact of social demographic change	Insufficient capacity to support increased demand on specialist services as a result of ageing population, increased birth rate, migration and disability. Services include foster carers, adoption placements, special school places, residential nursing places and domicillary care capacity.	Significant additional financial costs to support need within the independent sector typically in and around the city.	D	4	5	20	20	◄►		Ongoing monitoring and review. Financial impact evaluation. Use of agency staff and improved recruitment materials. Customer Experience programme focussing on reducing demand and reducing high cost placements.	1)Finalisation and implementation of Prevention, Early Help and Demand Management Strategy including workforce reform, development of community capacity and resilience and Customer Experience Programme. 2)SEN strategy. Adult Social Care enablement and prevention models to be implemented. CWD work programme includes a prevention work stream. 3)Recruit alternatively qualified staff to support social workers, improved retention package 4) Delivery of the Customer Experience programme - specifically the Front Door, Health and Social Care Integration and Home Services Delivery Vehicle	Wendi Ogle-Welbourn	Ongoing	Jun-17	

3	School Places	<p>Failure to provide our legal requirement for every child of statutory school age to access a place and within a 'reasonable' distance from their home (less than 2 miles for 4 to 8 year olds and up to 3 miles for 9 to 16 year olds) Impact of further inward migration as EU borders open up increasing demand. Cut in Government funding for school places</p>	<p>1) Significant additional costs incurred in terms of transport, 2) impact on schools in terms of attendance, less engagement from parents and increased churn of pupils when places become available nearer to home - all having a significant impact on outcomes. 3) Potential legal action from parents for failure to meet legal requirements</p>	A	5	4	20	20	◀▶	<p>Latest new intake allocations for Reception for 9/16 suggest we will have less than 1% of school places surplus. For Year 7 it is circa 8%. Key shortage of places in existing reception, yr 1, y10 and y11. Challenge is to create capacity in Year 7 to meet the demands coming through from Reception, Years 1 and 2 where numbers exceed the Y7 PAN by some 500 places Government have announced no basic need funding - £4m gap in next 2 F/Y</p>	<p>1) Updated School Organisation plan (2015-2020) has focussed where capital resources need to be targeted. 2) Sufficient resources identified in MTFP to support known requirements in the next 3 years if forecasts remain accurate 3) Quality of relationship with schools means school have overadmitted to support the LA</p>	<p>1) Keep under review. 2) Local and national lobbying (inc EFA capital funding options, inc Free Schools) 3) Continue to review options around reducing costs including modular technology, use of existing buildings and procurement savings 4) Plans for emergency places being developed including pulling forward schemes and additional mobiles 5) Continue to monitor in year admissions and trends around numbers leaving the city (new In Year form being developed to improve data collection)</p>	Brian Howard	Ongoing	Jun-17	<p>Review in line with allocation rounds (Secondary 1st March, Primary 16th April)</p>
4	Corporate manslaughter/ health and safety incident	<p>Failure of the health and safety system to prevent a death or serious injury (that could have been preventable).</p>	<p>Impact on the organisation and individuals concerned, potential for financial loss, litigation etc.</p>	C	2	4	8	8	◀▶	<p>Robust arrangements and training in place including regular internal auditing of policies and procedures.</p>	<p>1) Regular review of H&S Policy. 2) Focused auditing by dedicated team. 3) Training of senior management on H&S duties and responsibilities to be introduced. There is a full review taking place of all externalised contracts ensuring the appropriate contractual obligations are in place for each provider and that where our own properties are occupied the appropriate testing and monitoring schedules are in place.</p>	Corporate Management Team	Ongoing	Apr-17		
5	Crime and ASB Reduction /Cohesion	<p>Increase in several crime types including ASB, and an increase in community tensions as a result of broader social changes, financial pressures and national/international events.</p>	<p>Increased costs across the public sector; increased fear of crime; reduced confidence in public sector; community tensions and conflict.</p>	D	2	4	8	8	◀▶		<p>1) Community and Safety model in place including daily risk management profiling. 2) Community and Safety model co-locates staff from the council, Police, Fire service and Cross Keys Homes, all sharing data and intelligence. 3) Strategic Cohesion Strategy in place, supported by Cohesion Board, Tension Monitoring Group and Hate Crime Task and Finish Group. 4) Crime and community safety performance is scrutinised bi-monthly in detail at the Safer Peterborough Partnership.</p>	<p>1) Maintain strong focus on daily risk management and longer term performance monitoring. 2) Continue to enhance the role of Community Connectors from higher risk communities to act as a bridge between communities and the public sector. 3) Continue to develop the Community and Safety model incorporating more partners where relevant. 4) Continue to develop the relationship between Mosques and between the Muslim community and the Council</p>	Adrian Chapman	Ongoing	Jun-17	

101	6	Safeguarding	Failure of safeguarding functions to prevent a child or vulnerable adult's being placed at significant risk of harm.	Significant risk to council both in terms of potential intervention from the government and media attention.	C	3	5	15	15	◀▶	<p>1) Implementation and continuing development of the Multi-Agency Safeguarding Hub</p> <p>2) Permanent team managers recruited in First Response and MASH in Children's Services</p> <p>3) Accountability to CMT & Scrutiny</p> <p>4) Quality Assurance function strengthened and operating across Children's and Adults' Services</p> <p>5) New Quality Improvement service established to support commissioned providers to improve practice</p> <p>6) Workforce Development training programme including targeted approach to build skills of team managers.</p> <p>7) Development of Safeguarding Adults Board chaired by chair of PSCB resulting in robust multi-agency procedures in place for both Boards, with supporting guidelines and protocols being developed.</p>	<p>1) Sustain current improvement journey and adhere to OfSTED improvement plan in Children's Services;</p> <p>2) Permanent leadership team recruited to/in place - recruitment and retention package for social workers developed and to be implemented;</p> <p>3) Continuing focus on high priority areas including domestic violence and child sexual exploitation;</p> <p>4) Practice development emphasising continuing importance of evidencing management oversight and journey of child in work with families</p> <p>Adults:</p> <p>1) Care Act brings significant changes to the role of the SAB and the nature of enquiries to be undertaken. Revised procedures under development including in relation to Large Scale Investigations</p> <p>2) Strengthened Safeguarding Adults board arrangements</p> <p>3) Consultant practitioners in frontline teams</p>	Wendi Ogle-Welbourn	Ongoing	Jun-17	
	7	Information governance	The council's management of information data on a day to day basis	Lack of controls could subject the council to significant risk from litigation, financial penalties and loss of reputation	B C D	3	4	12	12	◀▶	<p>1) Strategic Governance Board oversees and monitors the correct handling of information data</p> <p>2) Dedicated team set up to oversee correct handling of information data.</p> <p>3) Information Governance Group set up to monitor and introduce measures to aid compliance</p> <p>4) Cross PCC Information Risk Group set up</p> <p>5) Box secure file sharing introduced and being embedded</p>	<p>1) Information Governance overarching policy has been reviewed to meet requirements of Caldicott2 and quality assured by Zurich. Data Protection and Data Breaches policies also reviewed and action plan to be taken to CMT in March.</p> <p>2) Mandatory training and awareness sessions held for all staff</p> <p>3) Corporate Induction raises awareness to all new staff.</p> <p>4) Information Governance Group to be relaunched to oversee compliance and action / work plan.</p> <p>5) Information governance risk registers being finalised with individual departments</p>	Kim Sawyer	Ongoing and quarterly review by CMT (data security). Oversight by SGB.	Jul-17	

8	Financial Position	<p>In order to balance the 2017/18 budget, the Council has plans to deliver £28m of savings, including use of £7m of the grant equalisation reserve. Progress in achieving savings and keeping within budget is reported monthly in the Budget Control Report reported to CMT and members. In the current financial year (2016/17) the Council expects to be in balance at year end, despite some pressures during the year, such as homelessness and adult social care. These have been addressed in setting the 2017/18 budget. The MTFS was published and approved in March 2017, and has been designed to enable a measured approach to future budget strategy to be taken. It shows that significant savings for 2018/19 and beyond are required, and the intention is that work starts early during 2017 to address this position. The budget report also contains a major section on risk and mitigation actions.</p>	<p>Council cannot overspend, so savings will have to be found elsewhere in the councils budget</p>	A B C D E F	2	5	10	15	▼		<p>Plans for implementation of savings proposals are developed during the production of the medium term financial strategy with the RAG status of plans monitored by CMT. Performance against the budget position is monitored through the monthly budgetary control process throughout the year, with management action applied to any areas of concern, and factored into the future MTFS position where necessary. Financial papers are published and in the public domain prior to approval to enable full consultation to take place.</p>	See current controls.	John Harrison	Ongoing monthly monitoring MTFS refresh to start post election	Jun-17		
9	Strategic Partnerships (Amey, Serco, Skanska, Opportunity Peterborough, Norse and Vivacity) fail to deliver as per expectations, prejudicing the Authority's ability to secure the desired outcomes on behalf of citizens	<p>The Council has vested delivery of a number of key services in Strategic Partners; there are reputational and financial risks to PCC if delivery is not at either the price or to the quality envisaged at the time of the contracts being entered into.</p>	<p>PCC needs to ensure firm governance arrangements (see separate entry) managed by the Corporate Director Resources and the Corporate Director Growth and Regeneration - that allows for on-going debate about delivery and priorities. Failure to take a whole-systems approach to the management of the Strategic Partnerships will increase the risk of underperformance and financial and reputational costs to the Council.</p>	D B C	3	3	9	6	▲		<p>There are strategic partnership boards in place for Amey, Skanska and Serco (and boards for Opportunity Peterborough and Vivacity)</p>	<p>1) Day-to-day relationships and issues are managed between the Corporate Director Resources & the Corporate Director of Growth and Regeneration (with their respective teams) and the 5 Partners; 2) Strategic oversight is provided by the existing Strategic Partnership Boards for Amey, Opportunity Peterborough, Skanska and Serco 3) Reporting is also undertaken to the relevant scrutiny committees 4) Action is being taken to address current Amey Partnership with a 'mutual termination' having been agreed. 5) Clear new potential partnership arrangements with Norse under evaluation</p>	John Harrison/ Simon Machen	Ongoing	Sep-17		

Risk Management Policy

Peterborough City Council

Purpose: To provide clear evidence of the effective operation of a Risk Management Policy and the organisations role in implementing the process.

RISK MANAGEMENT POLICY

Document Control

Title:	Peterborough City Council Risk Management Policy			
Synopsis:	This document outlines the effective operation of a Risk Management Policy and the organisations implementation of the process.			
Status:	Final v4.8			
Date:	September 2015			
Document Owner(s):	Corporate Management Team (CMT)			
Author(s):	Kevin Dawson			
Change Control:	Version ID	Date of Issue	Change Description	Author
	0.1	Oct 2012		Kevin Dawson
	0.2	19 Oct 2012	Consultation with Internal Audit	Kevin Dawson
	0.3	5 Nov 2012	Consultation with Audit Committee	Kevin Dawson
	0.4	10 June 2013	Revisions following discussions with C Exec & Operations director	Kevin Dawson
	0.5	20 May 2014	Revisions following Zurich review	Kevin Dawson
	0.6	30 Dec 2014	Revisions to incorporate PCC annual statement of risk appetite	Kevin Dawson
	0.7	31 March 2015	Risk Appetite statement added as Appendix D.	Kevin Dawson
	0.8	2 Sept 2015	Risk appetite statement following review of Corporate Risk Register	Kevin Dawson

Version ID	Date of Submission	Submitted to	Approval and Sign Off
1.0	13 November 2012	CMT	Not signed off and further discussions to be held with Chief Executive
2.0	11 June 2013	CMT for approval	09 July 2013 Kevin Dawson
3.0	20 May 2014	CMT for approval	27 May 2014 CMT members
4.0	31 March 2015	CMT for approval	31 st March 2015 CMT Members

Introduction

This document sets out the risk management policy for Peterborough City Council.

Risk Management Vision

Peterborough City Council is committed to effective risk management arrangements as a means of supporting the achievement of the Council's strategic objectives.

The risk management vision is to consolidate and improve our risk management arrangements to bring the following benefits:

- Better **communication** vertically about key issues, early and often, and horizontally, learning lessons and reducing duplication of effort
- **Consensus** about the main risks in different parts of the organisation
- **Confidence** that the key risks are recognised and are being managed, both by the Council and its partners.
- **Clarity** and focus: directing resources to risks that matter away from risks that don't, and fewer surprises.
- **Taking more risks and exploiting opportunities**, because they are understood and managed.

Risk Management Principles

The Council's approach to risk management is built on the following principles:

- The political leadership and senior management of the Council are **committed** to effective risk management
- Risk management operates within a culture of **transparency** and **openness**; we encourage risks to be raised and escalated as appropriate
- Risk management arrangements are **dynamic**, flexible and responsive to developments
- The process of risk management is simply a means to ensure appropriate action to take opportunities and mitigate risks
- The risk management process must be consistent, clear and straightforward and result in timely information that helps informed decision making
- Risk management is **integrated** with other key business processes such as planning, decision making, performance management and programme management
- Risk management has links to many other management disciplines and we encourage sharing of information and joint working as necessary
- The risk management approach is also beneficial in managing any risks associated with the delivery of opportunities.

Risk Management Framework

The Council's Risk Management Framework is described below and shown in the diagram in **Appendix A** (Risk Management flowchart). The Process sets out the overall arrangements for the operation of risk management at Peterborough; it therefore encapsulates the risk strategy of the organisation. An action plan will be put in place to ensure that this strategy is delivered, and this will be monitored by Audit Committee.

The Council is working towards greater synergy between Risk Management and Planning and Performance Management arrangements to assess performance in terms of its compliance with the organisations risk appetite.

The internal audit team provides assurance on the adequacy of Risk Management arrangements to the Audit and Accounts Committee, as shown in Appendix C (attachment required).

The table below sets out the framework and the expectations of its key elements:

Organisational Risk Management Arrangements	
<i>Element</i>	<i>Peterborough's expectation</i>
Cabinet	<ul style="list-style-type: none"> • Considers risk in its planning decisions; • Sets the overall risk appetite for the organisation; • Monitors the performance of management in mitigating strategic risks; • Makes decisions with due regard to risk considerations.
Lead Member for Risk Management	<ul style="list-style-type: none"> • Champions the operation of effective risk management operations at Council.
Scrutiny	<ul style="list-style-type: none"> • Holds Members and Officers to account for effectiveness of risk management in decision making and achievement of objectives
Corporate Management Team (CMT)	<ul style="list-style-type: none"> • Owns and leads the corporate risk management process; • Reviews and challenges the Corporate Risk Register on a quarterly basis; • Receives urgent risk reports as necessary • Individually, arranges for quarterly review of Directorate level risk registers.
Lead Officer for Risk Management	<ul style="list-style-type: none"> • Acts as a champion for risk management within the organisation
Members of Corporate Management Team	<ul style="list-style-type: none"> • Review and challenge their respective risk registers on a quarterly basis and more often if appropriate.
Risk Owners	<ul style="list-style-type: none"> • Accountable for determining and implementing the action required to manage risks and opportunities; • Review and report on effectiveness of actions on a quarterly basis.
Project and Programme Sponsors, Procurement leads. (Business Transformation)	<ul style="list-style-type: none"> • Ensure risk registers are used to record and manage risk at programme and project level; • Ensure risks are escalated into the corporate risk management process as necessary
Managers/Heads of Service	<ul style="list-style-type: none"> • Are alert to risks arising from business as usual and manage and escalate these as necessary.

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Risk Management support, guidance, challenge, policy and strategy, co-ordination	
Element	Peterborough's expectation
Resilience Service	<ul style="list-style-type: none"> • Implements the overall risk management strategy and approach, in consultation with key stakeholders; • Works to increase awareness of the importance of risk management; • Supports the risk escalation and reporting process, in particular the Corporate Risk Register; • Maintains an oversight of risk issues across the organisation, reviewing, challenging and identifying trends and advising CMT accordingly.
Audit Committee	<ul style="list-style-type: none"> • Oversees the implementation of the organisation's risk management strategy; • Acts as a communication and challenge mechanism for risk issues across the organisation, reviewing, challenging and identifying trends and advising Executive / Corporate Directorate Management Teams accordingly; • Review and challenge Service and Corporate Directorate risk registers on a rotational basis.
Risk Group	<ul style="list-style-type: none"> • Co-ordinate and implement the Service / Corporate Directorate risk management strategy in line with the overall organisational approach; • Work to increase awareness of the importance of risk management across their area; • Support the risk escalation and reporting process, in particular, maintain and update the Service and Corporate Directorate Risk Registers; • Monitor and report on any necessary action to implement risk control measures. • Challenge and support managers to ensure the effectiveness of the risk management process in their area.

Assurance, oversight, policy & strategy approval	
Element	Peterborough's expectation
Audit Committee	<ul style="list-style-type: none"> • Oversee the risk management arrangements in place within the organisation • Monitor the effectiveness of risk management processes and culture; • Holds managers to account for risk mitigation work;
Internal Audit	<ul style="list-style-type: none"> • Uses intelligence on risk to inform the audit planning approach; • Gives assurance on the effective management of risk to senior managers, the Audit and Accounts Committee and other bodies as necessary. • Examination of corporate risk registers as part of the planning during the audit process

The Risk Management Process

Risk identification, assessment and recording

At whichever level it is operated, the standard risk management process involves four key stages:

- Identify key risks: use the standard risk register template to record these; use the risk category prompts/service plans to assist the identification of risk;
- Analyse the risk to assess the likelihood of it occurring and the impact should it occur using the standard corporate impact and likelihood criteria (if appropriate these can be modified in discussion with the Business Transformation Team); use the standard risk register to record this;
- Take action to control the risk; contingency plan for risk exposure/occurrence; record details in the standard risk register template.
- Review and report upon progress on a quarterly basis.

Risks can be identified, assessed and included on the appropriate risk register at any time in the year.

Risk Registers

The Council adopts a consistent approach to risk registers:

- They are owned and maintained at the following levels:
 - At CMT and Executive Directorate level (each Corporate Managerial Team member therefore having a risk register)
 - For projects and programmes, in line with guidance provided by the Business Transformation Team
 - For significant value contracts above European Union thresholds
 - For any other area identified as necessary as approved by Cabinet, for example, for a financial recovery plan.
- They are held on a universal spreadsheet template (**Appendix C**) using the corporate risk scoring approach.

Escalation of Risks

Where it is considered that a risk cannot be effectively mitigated by a risk owner it will be important to escalate this up the risk hierarchy as shown in **Appendix B** (Risk Management Process).

Risk Appetite

The risk appetite is the level of likelihood/impact, whether it is stated financially or otherwise, above which it is judged that a risk requires direct and urgent management action (please refer to Appendix D). To determine the risk appetite consider:

- capacity to manage the risk should it occur;
- potential impacts upon service delivery and financial resources;
- capacity to take action to reduce / remove the risk;
- the effect that managing one risk may have on another.

The corporate risk appetite applies to Corporate Management Team level risks and to Strategic Risks and is applied at all times. The corporate risk appetite is set by CMT by the approval of the council's

RISK MANAGEMENT POLICY

annual statement of risk appetite which confirms the appropriate level of risk that the Council is willing to take in order to achieve its desired aims and objectives.

Risk Review and Reporting

Departmental Risk Registers will be reviewed by individual DMT's on a quarterly basis and more often if appropriate. After this review the Risk Group will meet to share updates on the development of risks and of mitigating action. Based on this discussion the Lead Officer will prepare an update report for CMT which will then be used to inform the quarterly review of the Corporate Risk Register. The report will cover:

- Progress of risk management action plans
- Risks managed down to acceptable levels
- Significant emerging risks, their severity/likelihood score and what action is to be taken.
- Project risks impacting on both Strategic and Departmental Risk Registers

The Corporate Risk Register will be updated as necessary by CMT and departmental risk register holders will be advised accordingly.

Areas for Review and Development

Role of Risk Group	<ul style="list-style-type: none">• Ensure that the team acts successfully to challenge and support risk management and to identify key issues for escalation
Risk Reporting	<ul style="list-style-type: none">• Assessing the opportunities for reviewing Service Plans/VERTO project management system for risk reporting
Standardisation and consistency	<ul style="list-style-type: none">• Ensuring the quality of risk registers included quality of risk description
Ensuring action to mitigate risks	<ul style="list-style-type: none">• Review the management action arrangements
Embedding risk management into key business processes	<ul style="list-style-type: none">• Ensuring risks are considered as part of integrated planning and performance reporting• Ensuring risks relating to decisions are clearly presented
Promote the updated approach	<ul style="list-style-type: none">• Approval by CMT; visits to DMTs; support and advice
Role of Members	<ul style="list-style-type: none">• Offering training aimed at ensuring members understand the risk management process and expectations upon officers

Appendices

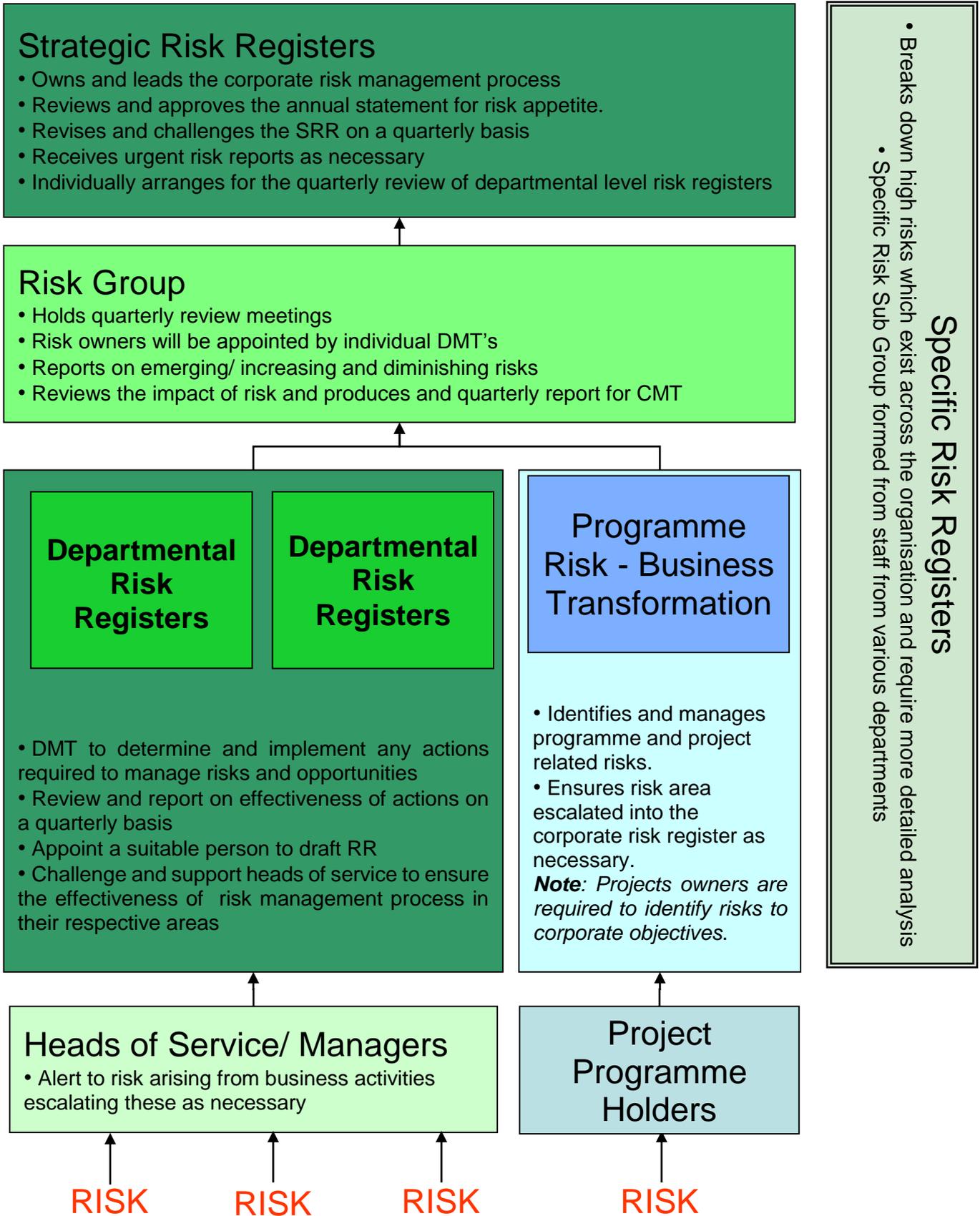
Appendix A: Risk Management Framework

Appendix B: Risk Management Process

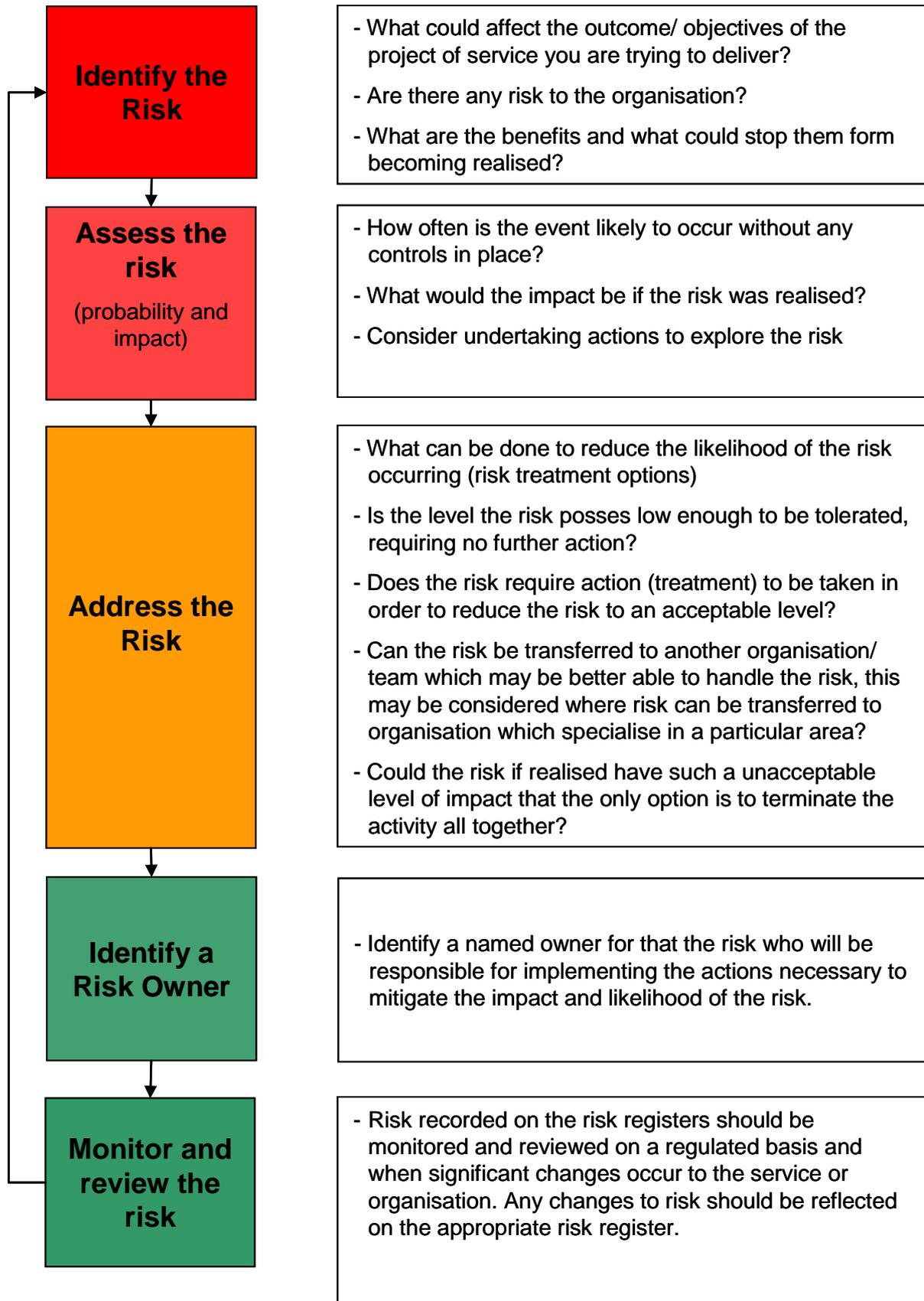
Appendix C: Example Risk Register and Risk Matrix

Appendix D: Risk Appetite Statement

Appendix A: Risk Management Framework



Appendix B: Risk Management Process



Appendix C: Example Risk Register and Risk Matrix

Ref	Risk	Description	Consequences	Priority	L	I	Current Score	Previous/Initial Score	Direction	Reasons for change	Current Controls	Actions	Who	When	Review Date	Remarks
	name of risk	brief description of risk event	threats & opportunities arising	A Educ B Cult C Safg D Com E Eenvt F Grow	Likelihood 1 (L) - 5 (H)	Impact 1 (L) - 5 (H)		if new risk, score on assumption no controls are in place		change in impact, likelihood, objective etc (ALT return to use bullet points etc)	to measure success of controls. What is already in place to mitigate risk. (ALT return to use bullet points etc)	further actions required to mitigate risk or maximise opportunity. (ALT Return to use bullet points etc)	officer(s) responsible	target date	all registers reviewed at least 3 months unless specified	any other comments etc
	Winter gritting	Insufficient budget available based on last year's experience	Reputational damage; increased potential for traffic incidents; increased claims against council etc		5	4	20	0	◀▶		Capacity bid put forward Sept 2010 to increase budget to cover estimated number of runs	Review gritting programme each week throughout winter period. Provide information to finance in relation to likely overspend				

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Risk Matrix

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5

Impact

Review 12 months
Review 6 months
Review 3 months

Risk Categories

- Strategic:** Risks affecting medium-long term goals. Project risks, governance etc
- Operational:** Events affecting service provision. Staff shortage, physical damage, ICT etc
- Financial:** Events with a financial/budgetary impact
- Compliance:** Risks threatening compliance with standards, laws and regulations etc
- Reputation:** Affecting public perception about the organisation, staff morale, stakeholder interest etc.
- Environmental:** Events with an environmental impact.

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Likelihood and Impact Descriptors

1: Negligible		Little likelihood of risk occurring except in exceptional circumstances
	Service Interruption	None noticeable
	Objectives/Projects	Insignificant slippage
	Financial	up to £10k
	Compliance	Minor non-compliance
	Reputational	Internal PCC only
	Environmental	No noticeable impact
2: Low		Unlikely to occur in next 10 years
	Service Interruption	Minor disruption
	Objectives/Projects	Minor slippage
	Financial	£10k-£25k
	Compliance	Low-level non-compliance
	Reputational	Local media - short term coverage
	Environmental	Minor impact
3: Moderate		Reasonable chance of occurring in next 5 years
	Service Interruption	Some operations compromised
	Objectives/Projects	Reduction in scope or quality
	Financial	£25k-£100k
	Compliance	Non-compliance with core standards
	Reputational	Local media - long term coverage
	Environmental	Short term, medium impact
4: Significant		Likely to occur more than once in next 12 months
	Service Interruption	All or most operations compromised
	Objectives/Projects	Failure to meet secondary objectives
	Financial	£100k-£500k
	Compliance	Major non-compliance
	Reputational	Extensive local, short-term national coverage
	Environmental	Significant impact - possible long-term effects
5: Very High		More likely to occur than not at least once in next 12 months
	Service Interruption	sustained or permanent loss of core service
	Objectives/Projects	failure to meet primary objectives
	Financial	£500k +
	Compliance	serious breach of compliance - potential prosecution
	Reputational	Long-term national coverage
	Environmental	Long-term impact

Appendix D: Risk Appetite Statement

Introduction and Background

The Council's annual statement of risk appetite has been drawn up to provide management with sufficient guidance on the level of risk they are legitimately able to take. The statement aims to ensure that managers do not stifle creativity or opportunities by being too risk adverse while also ensuring that managers do not take an unacceptable level of risk which may significantly harm the organisation. The statement also aims to clearly and fully state to our stakeholders the nature and extent of the key risks the council is willing to embrace as part of the delivery of the corporate plan.

It is intended that CMT review and approve the Councils risk appetite statement on an annual basis to set the appropriate level of risk that the council is willing to take in order to achieve its desired aims and objectives.

This statement of risk appetite should be read in conjunction with the PCC Risk Management Policy available on Insite which is also reviewed at least annually. It is important to note that the risk appetite level indicates the level of risk the council is prepared to accept after mitigation actions have been taken e.g. the residual or net risk exposure during the year.

The risk appetite statement is an important aspect of managing risk at Peterborough City Council because it sets corporate boundaries for the level of risk the organisation is willing to take. It should be noted that some risks are outside of the authority's control; this is especially true for Local Government where statutory requirements need to be fulfilled. Whilst it is accepted that it may not be possible to prevent such risks occurring, it is expected that contingency plans/strategies are put in place to minimise/plan for any impact

Definition of Risk Appetite

There are numerous definitions of organisational 'risk appetite', but they all break down to how much of what sort of risk an organisation is willing to take. Risks need to be considered in terms of both opportunities and threats and are not usually confined to money - they will invariably also impact on the capability of your organisation, its performance and its reputation.

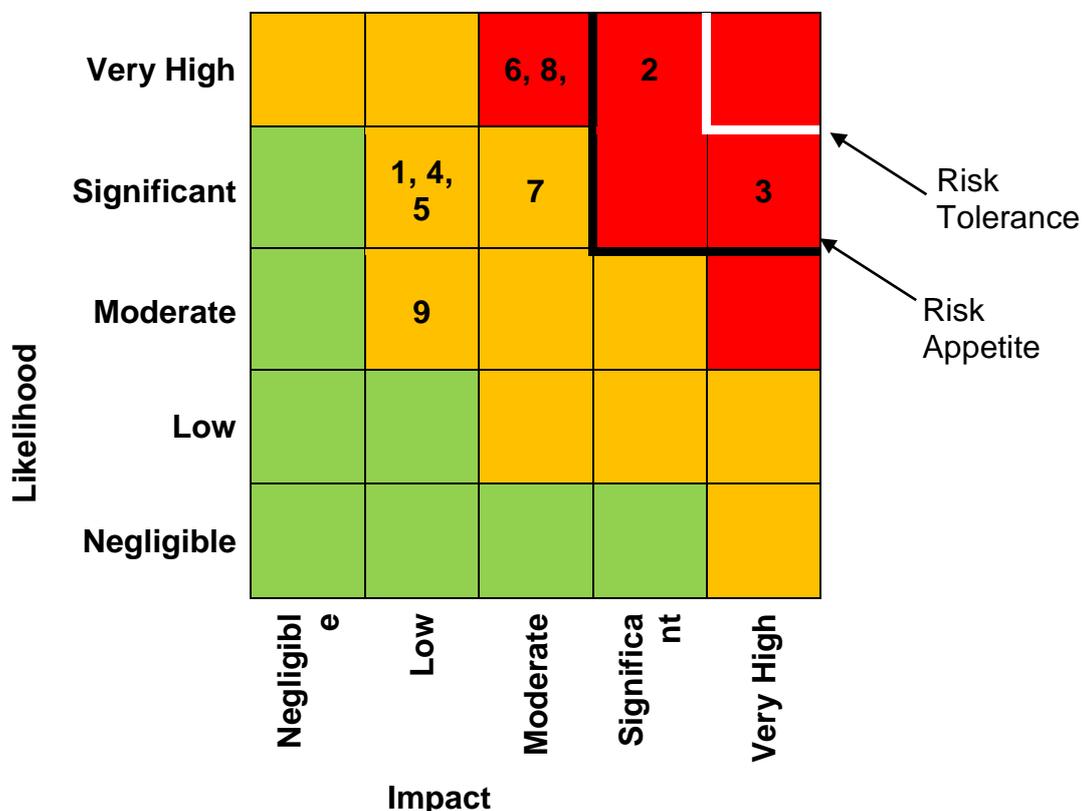
For the purposes of this document the follow definition will be used to define risk appetite:

"The amount of risk that an organisation [the council] is prepared to accept, tolerate or be exposed to at any point in time".

Source: British Standard on Risk Management BS31100 2008.

Risk Appetite Matrix

The following matrix shows the risk appetite and the risk tolerance for Peterborough City Council. All 10 of the risks outlined in the Strategic Risk Register have been plotted on the matrix. The thick black line represents the risk appetite and any risk below this line is deemed acceptable. The thick white line represents the risk tolerance and any risk above this line will not be tolerated. Risks that fall in between these lines are undesirable but tolerable.



Risk Appetite Statement 2014/15

Current Risk Appetite Classification: Open (4) / Hungry (5)
Target Risk Appetite Classification: Cautious (3) / Open (4)

Note: Appendix A outlines the framework for classifying risk appetite and defines clearly each classification.

- Risks that fall below the risk appetite line will be accepted by Peterborough City Council but they should still be regularly monitored and mitigated to their target exposure level.
- Risks which are assessed that fall above the risk appetite line but under the risk tolerance line are undesirable, but will be tolerated. These risks will require immediate and urgent management to reduce their risk to an acceptable level i.e. below the risk appetite line.
- Risks which fall above the risk tolerance line are unacceptable and must be immediately terminated or transfer the Council’s involvement in these risks.
- There are certain risks however which may be forced upon Peterborough City Council and therefore cannot use internal controls to manage the risk so these will have to be tolerated. An example of this would be changes in the socio/economic political environment. However, contingency plans and strategies should still be developed and introduced in a bid to lessen the impact.

RISK MANAGEMENT POLICY

Classifications of Risk Appetite	1 Averse	2 Minimalist	3 Curious	4 Open	5 Hungry
		<i>Avoidance of risk and uncertainty is a key Organisational objective</i>	<i>Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward</i>	<i>Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward</i>	<i>Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money, etc.)</i>
Category of risk	Example behaviours when taking key decisions ...				
Reputation and credibility	<ul style="list-style-type: none"> Minimal tolerance for any decisions that could lead to scrutiny of the Government or the Department 	<ul style="list-style-type: none"> Tolerance for risk taking limited to those events where there is no change of any significant repercussion for the Government or the Department 	<ul style="list-style-type: none"> Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the Government or the Department should there be a failure. 	<ul style="list-style-type: none"> Appetite to take decisions with potential to expose the Government or Department to additional scrutiny but only where appropriate steps have been taken to minimise any exposure. 	<ul style="list-style-type: none"> Appetite to take decisions that are likely to bring scrutiny of the Government or Department but where potential benefits outweigh the risks
Operational and policy delivery	<ul style="list-style-type: none"> Defensive approach to objectives – aim to maintain or protect, rather than create or innovate. Priority for tight management controls and oversight with limited devolved decision making authority. General avoidance of systems/ technology developments 	<ul style="list-style-type: none"> Innovations always avoided unless essential. Decision making authority held by senior management. Only essential systems/ technology developments to protect current operations. 	<ul style="list-style-type: none"> Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Systems/ technology developments limited to protection of current operations 	<ul style="list-style-type: none"> Innovation supported, with demonstration of commensurate improvements in management controls. Systems/technology developments considered to enable operations delivery. 	<ul style="list-style-type: none"> Innovation pursued-desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust

RISK MANAGEMENT POLICY

				<ul style="list-style-type: none"> Responsibility for non-critical decisions may be devolved. 	rather than tight control.
Financial/VfM	<ul style="list-style-type: none"> Avoidance of financial loss is a key objective Only willing to accept the low cost option Resources withdrawn from non-essential activities 	<ul style="list-style-type: none"> Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern. 	<ul style="list-style-type: none"> Prepared to accept the possibility of some limited financial loss. VfM still the primary concern but willing to also consider the benefits. Resources generally restricted to core operational targets. 	<ul style="list-style-type: none"> Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on potential opportunities. 	<ul style="list-style-type: none"> Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place). Resources allocated without firm guarantee of return – ‘investment capital’ type approach.
Compliance – legal/ regulatory	<ul style="list-style-type: none"> Avoid anything which could be challenged, even unsuccessfully. Play safe. 	<ul style="list-style-type: none"> Want to be very sure we would win any challenge. 	<ul style="list-style-type: none"> Limited tolerance for sticking our neck out. 	<ul style="list-style-type: none"> Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences. 	<ul style="list-style-type: none"> Chances of losing are high and consequences are serious. But a win would be seen as a great coup.

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AUDIT COMMITTEE	AGENDA ITEM No. 8
27 MARCH 2016	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Committee Member(s) responsible:	Councillor Fuller, Chairman of Audit Committee	
Contact Officer(s):	Karen S Dunleavy, Democratic Services Officer	☎ 452233

DRAFT ANNUAL AUDIT COMMITTEE REPORT

R E C O M M E N D A T I O N S	
FROM : Kim Sawyer, Director of Governance	Deadline date : N/A
Audit Committee are asked to approve the draft Annual Audit Committee Report for submission to Council as shown in Appendix 1.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee in line with the agreed Work Programme for the Municipal Year 2016 / 2017.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The Audit Committee has been in operation since Annual Council in May 2006 (first meeting June 2006). The Committee has a wide ranging remit that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including internal audit, anti-fraud and the financial reporting framework. These are shown in its terms of reference.
- 2.2 Best practice recommended by relevant professional bodies is that audit committees should produce an annual report which details the work of the Committee for the Municipal Year, and sets out its plans for the future building on the lessons learnt.
- 2.3 This report is for Committee to consider under its 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
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4. DRAFT ANNUAL REPORT

- 4.1 Audit Committee Members have been issued with an Audit Committee Handbook which identifies all the key activities and work delivered through the Committee. Best practice within this publication establishes a need to highlight to a wider audience the works undertaken by the Committee and to enhance its profile across the organisation. Following new guidance issued in January 2014 the Handbook has been revised.

- 4.2 The attached Draft Annual Report has been produced (**Appendix 1**). The report shows:
- Background to the Committee, its roles, responsibilities and membership;
 - An overview and coverage of its remit including Internal Audit, Accounts and Financial Management, External Audit, Risk Management, Control Assurance, Corporate Governance, and Fraud and Irregularities; and
 - Training provided to ensure that suitable challenge and scrutiny is adopted.

5. ANTICIPATED OUTCOMES

- 5.1 Publication of the report will enable the public to gain an insight into the role of the Committee and will ensure that the Committee can continue to progress and develop in the future. The City Council continues to evolve its Audit Committee in line with best practice to provide effective challenge to the governance arrangements adopted.
- 5.2 Subject to approval by Audit Committee, it is intended to present the report to Council for noting as part of the Committee's annual update in order to demonstrate the work carried out to improve the governance arrangements across the Council.

6. REASONS FOR RECOMMENDATIONS

- 6.1 To seek endorsement from Members that the Committee is delivering against its terms of reference and provided effective challenge to the organisation.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 None required at this stage.

8. IMPLICATIONS

- 8.1 This report contains no specific financial implications.

9. BACKGROUND DOCUMENTS

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

- 9.1 The Council's Constitution
- 9.2 Chartered Institute of Public Finance and Accountancy (CIPFA)

10. APPENDICES

- 10.1 Appendix 1 - Draft Audit Committee Annual Report

**(DRAFT) ANNUAL REPORT FROM
THE CHAIRMAN OF AUDIT COMMITTEE
2016 / 2017**

Assurance

Governance

Accountability

Risk Management

Independence

AUDIT COMMITTEE: ANNUAL REPORT 2016 / 2017

INTRODUCTION

MEMBERSHIP AND MEETINGS

KEY ACTIVITIES AND TRAINING DURING THE MUNICIPAL YEAR

PLANS FOR 2017 / 2018

FOREWORD FROM THE CHAIRMAN OF AUDIT COMMITTEE

I am pleased to provide the Audit Committee's Annual Report for the municipal year 2016 / 2017. The Council is requested to note the work carried out by the Audit Committee in improving the governance arrangements across the Council.

The report shows how the Audit Committee has continued to make a positive contribution to the Council's governance and control environments. These cover all aspects, such as internal control; risk management; internal audit; anti-fraud; external audit; and financial reporting. In addition, it also covers the remit of Member standards.

I would like to take this opportunity to give thanks to Committee Members and Officers for their contribution in supporting the Audit Committee's work during the year and my role as Chairman. Audit Committee Members have supported and challenged officers to ensure our risk, control and governance processes are effective and transparent. Officers have presented well-prepared reports and taken on suggestions to make sure the benefits of this Committee are passed onto our citizens.

Going forward, 2017 / 2018 will be a testing time for all Councils with the resources available becoming more important. How we risk manage our priorities, resources and partnerships will be vital, notwithstanding the risk of fraud. The Audit Committee holds a unique position to challenge and scrutinise the activities of the Council, with the support of Officers and my fellow Councillors, long may this continue.

INTRODUCTION

This is the 9th annual report produced by Peterborough City Council's Audit Committee. It is produced in accordance with latest best practice¹ and shows that the Council is committed to working as an exemplary organisation, operating the highest standards of governance. This report demonstrates how the Audit Committee has successfully fulfilled its terms of reference and has endeavoured to improve the Council's governance and control environments.

The Audit Committee was established by the City Council at its meeting in May 2006. Following its first year of operation, the membership was reduced from 10 to 7 members. The Membership had increased to 8 in 2015/16, but has since reduced in 2016/17 to 7.

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risks and weakens the control environment, and to oversee the financial reporting process.

The key benefits of an Audit Committee can be seen as:

- Raising greater awareness of the need for internal control and the implementation of both internal and external audit recommendations;
- Increasing public confidence in the objectivity and fairness of financial and other reporting;
- Reinforcing the importance and independence of internal and external audit and similar review processes; and
- Providing additional assurance through a process of independent and objective review.

The Terms of Reference for the Audit Committee can be found at **Annex A** of this report.

¹ Best practice as contained in the Chartered Institute of Public Finance and Accountancy (CIPFA) document "*A Toolkit for Local Authority Audit Committees*"

This report sets out the work undertaken by the Audit Committee for 2016 / 2017 and specifically highlights those areas where its scrutiny and review process has made a difference to performance. The Audit Committee has overseen good progress in all areas under its supervision.

Audit Committee members have received training on key issues throughout the year, and further details of this can be found later in this report.

MEMBERSHIP AND MEETINGS

During 2016 / 2017, the Audit Committee met on the following dates:

- 29 June 2016
- 22 September 2016
- 21 November 2016
- 13 February 2017
- 27 March 2017

There is a cross representation of all parties in accordance with the make-up of the Council. The members for 2016 / 2017 were (excluding substitutes):

Table 1: Audit Committee Membership 2016 / 2017:

Conservative	Peterborough Independent Forum	Liberal Democrats	Labour
Fuller (Chair) Aitken (Vice Chair) Over Sims	Sharp	Shaheed	Murphy

Senior officers from the Council are also present, including the Director of Governance, Corporate Director Resources, Service Director Financial Services, Chief Internal Auditor and the Head of Resilience. Dependent on the subject matter on the agendas, other officers will attend in addition to external representation from the Councils' External Auditor and Relationship Manager.

KEY ACTIVITIES AND TRAINING DURING THE MUNICIPAL YEAR

Background

The Audit Committee's original terms of reference covers 7 main areas:

- Internal Audit
- Internal Control and Corporate Governance
- Annual Accounts
- Risk management
- External Audit
- Counter Fraud and Irregularities
- Members Code of Conduct

Internal Audit

2.2.1 Terms of Reference

- 2.2.1.1** To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
- 2.2.1.2** To consider summaries of specific internal audit reports as requested.
- 2.2.1.3** To consider reports dealing with the management and performance of the providers of internal audit services.
- 2.2.1.4** To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale
- 2.2.1.9** To commission work from internal and external audit.
- 2.2.1.15** To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

29 June 2016

- *Effectiveness of Internal Audit.* Each year, as part of the production of the Annual Governance Statement which accompanies the Accounts, the Audit Committee also reviewed the effectiveness of the system of internal audit noting planned actions to address any areas of partial compliance. In addition, comparisons were made with the new Public Sector Internal Audit Standards.
- *Annual Audit Opinion.* Internal Audit produces an Annual Audit Plan which forms the basis of their audit activity. Progress is noted throughout the year and an independent annual report is produced highlighting assurances obtained across the organisation as well as any misgivings into the effectiveness of controls. The report also sets out the teams' performance. Where standards have not been maintained across the Council, Audit Committee are provided with Executive Summaries of Audit reports for further scrutiny. Internal Audit concluded that they were able to provide reasonable assurance based on the work reviewed in the year.

21 November 2016

- *Internal Audit Mid-Year Opinion.* The Audit Committee received a half year progress report highlighting internal audit performance against targets and quality assurance results to enable it to review and comment on the work and performance of internal audit. Any areas reviewed which are considered to be weak or requiring attention following Internal Audit activity can result in officers from across the Council being held to account. Similarly, this has been used for officers to explain the non-implementation of recommendations.

27 March 2017

- Annual Audit Plan. Audit Committee received the 2016/17 Internal Audit Plans.

Internal Control and Corporate Governance

2.2.1 Terms of Reference

- 2.2.1.1** To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.

- 2.2.1.5** To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
Regulatory Framework
- 2.2.1.10** To maintain an overview of the Council's constitution in respect of contract procedure rules, and Financial Regulations.
- 2.2.1.11** To review any issue referred to it by the Chief Executive or a Director, or any Council body.
- 2.2.1.14** To oversee the production of the authority's Annual Governance Statement and to recommend its adoption.
- 2.2.1.15** To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

29 June 2016

- *Draft Annual Governance Statement.* A key role of the Audit Committee is to oversee the Authority's control environment and its associated system of internal controls and assurance processes. The Audit Committee must satisfy itself that the Authority's assurance statements, in particular the Annual Governance Statement, properly reflect the risk environment and any actions needed to improve it. This is done through receiving and scrutinising reports on the relevant areas and calling officers to account where necessary.
- Audit Committee reviewed the draft Annual Governance Statement on 29 June 2016, noting areas for improvement following a review of internal controls, risk management arrangements and significant governance issues. The Committee agreed to final changes to the Statement prior to its inclusion in the Statement of Accounts.

21 November 2016

- Use of Consultants. Following the review of consultants used by the Council in 2010 it was recommended and agreed that Audit Committee would monitor progress. The Committee received an update in November 2016. Following the update members agreed to raise items of interest in relation to the hourly payment rate of consultants with the Service Director Financial who would provide further feedback.

Annual Accounts

2.2.1 Terms of Reference

Accounts

- 2.2.1.16** To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 2.2.1.17** To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

29 June 2016

- *Budget Monitoring: Final Outturn 2015 / 2016 and Statement of Accounts.* Audit Committee reviewed and scrutinised the outturn and Statement of Account on 29 June 2016 prior to its submission to the external auditors for audit. The Committee reviewed and commented on the

Statement of Accounts prior to the Chief Finance Officer's (Sec 151 Officer) certification by the 30 June 2016.

22 September 2016

- Following scrutiny by External Audit, the *Audit of Statement of Accounts and Report to those charged with Governance* was submitted to the Audit Committee. The Committee received and approved the "Report to those charged with governance (ISA260) 2015/16 Audit" from Ernst & Young LLP, the Council's external auditors; and received and approved the audited Statement of Accounts 2015/16

21 November 2016

- *Treasury Management Update*. A separate report was submitted which outlined the council's approach to Treasury Management, in line with agreed practices identified in the Medium Term Financial Strategy. Further details are also set out in the outturn reports submitted in June each year.
- At its meeting on 16 March 2015 the Committee agreed to include a standing item on the future agendas of Audit Committee to receive information on the number of write-offs over the value of £10,000 (in line with the threshold in financial regulations), which would also include the procedure and approval process followed. To date there have been no write-offs made over the value of £10,000, reported to the Committee in the Municipal Year 2016/17.

Risk Management

2.2.1 Terms of Reference

Regulatory Framework

- 2.2.1.12** To monitor the effective development and operation of risk management and corporate governance in the council.

22 September 2016

- Risk Management Strategic Risk. Audit Committee received a report of the strategic risks impact on the Council and the mitigating actions to address these. At its meeting, the Committee noted the report and requested that the Head of Resilience would keep members apprised on those risks with a red rating.

27 March 2017

- *Risk Management: Strategic Risk*. The Committee received a report which outlined the Strategic Risks for the Council including the latest review of the Risk Register by Corporate Management Team.

External Audit

2.2.1 Terms of Reference

- 2.2.1.5** To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

- 2.2.1.6 To consider specific reports as agreed with the external auditor.
- 2.2.1.7 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 2.2.1.8 To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.
- 2.2.1.9 To commission work from internal and external audit.

29 June 2016

- Annual Audit Plan at its meeting the Committee considered the External Audit Plan for 2015/16 and points raised by Ernst and Young LLP in the document including:
 - Proposed scope, comfortable with the audit risks, and approach;
 - Considered and responded to matters relating to fraud;
 - Considered and responded to the Ernst and Young view on the value of misstatements; and
 - Noted the audit fees for the year
 - Provided comment on any amendments necessary.

22 September 2016

- Following scrutiny by External Audit, the *Audit of Statement of Accounts and Report to those charged with Governance* was submitted to Audit Committee. Following review the Committee approved and agreed the:
 - Received and approved the “Report to those charged with governance (ISA260) 2016/17 Audit” from Ernst & Young LLP (EY), the Council’s external auditors; and
 - Received and approved the audited Statement of Accounts 2015/16

21 November 2016

- At its meeting the Committee were requested to consider the appointment of external auditors following the closure of the Audit Commission in March 2015. The Council’s current auditor appointment was managed by PSAA under transitional arrangements. The Committee agreed to recommend to Council, the adoption of Public Sector Audit Appointments Ltd (PSAA) as the appointing person for the Council, subject to receiving a satisfactory invitation to opt into the PSAA’s appointing person arrangements; and to delegate acceptance of the invitation to the Corporate Director: Resources, as the Council’s Section 151 Officer. The decision for the appointment was made by Council on 14 December 2016.

13 February 2017

- Audit Committee scrutinised and endorsed the Annual Audit and Inspection Letter in respect of 2015 / 2016 and Annual Grant Claims Certification.

27 March 2017

- Annual Audit Plan.

Counter Fraud & Irregularities

2.2.1 Terms of Reference

Regulatory Framework

- 2.2.1.13** To monitor the effective development and operation of risk management and corporate governance in the council.

29 June 2016

- Audit Committee received an annual report highlighting counter fraud and irregularity work over the previous year. The Committee's review of the work and performance of the counter fraud team showed strong support and interest and requested to be provided with regular updates in terms of team resources.

29 June 2016 / 22 September 2016 / 21 November 2016 / 13 February 2017 / 27 March 2017

- *Use of Regulation of Investigatory Powers Act 2000 (RIPA)*. At its meeting held on 24 March 2014, Audit Committee considered and agreed an alternative reporting mechanism which introduced a standing information item on each Audit Committee agenda in respect of the Use of Regulation of Investigatory Powers Act 2000 (RIPA). This meant that only when the RIPA power was utilised by PCC would there be a report presented to Audit Committee. To date there has been no RIPA use to report to Audit Committee. Ultimately, this change in reporting mechanism has permitted the Committee to work more efficiently and has avoided the presentation of repetitive reports.

2.2.1 Terms of Reference

Regulatory Framework

- 2.2.1.1** To maintain an overview of the Council's constitution with the exception of those matters under the remit of the Executive or a regulatory committee.

27 March 2017

- The Audit Committee was asked to consider the proposed arrangements to require the Council's representatives to the Combined Authority and Overview and Scrutiny Committee to provide a briefing report to each meeting of Full Council, setting out the activities and any decisions of the Combined Authority, and to allow Councillors the opportunity to submit questions on notice to the Combined Authority Council representatives.

Member Code of Conduct

2.2.1.18 Promoting and maintaining high standards of conduct by Councillors and co-opted members;

2.2.1.19 Assisting the Councillors and co-opted members to observe the Code of Conduct;

2.2.1.20 Advising the Council on the adoption or revision of the Code of Conduct;

2.2.1.21 Monitoring the operation of the Code of Conduct;

2.2.1.22 Advising, training or arranging to train Councillors and co-opted members on matters relating to the Code of Conduct

2.2.2 Terms of Reference of the Hearing Panel (Sub-committee to the Audit Committee)

The Hearings Panel is a sub-committee of the Audit Committee. The Panel has the following functions:

- 1) When matters are referred by the Monitoring Officer granting dispensations to Councillors

- and co-opted members allowing them to (a) participate in the debate and / or (b) vote on any matter in which they have a disclosable pecuniary interest;
- 2) On matters being referred by the Monitoring Officer deciding whether complaints concerning members should be investigated;
 - 3) Hearing complaints that have been referred to them by the Monitoring Officer pursuant to the Complaints procedure;
 - 4) The agreement of relevant procedures for the undertaking of its functions, when appropriate to be included within the Constitution

Following the work of the Code of Conduct review group the Audit Committee selected the Department for Communities and Local Government (DCLG) model as the preferred code of Conduct option. The Audit Committee recommended the preferred code to Council, which was agreed at its meeting on 13 July 2016.

Code of Conduct Complaints

During the Civic year 2016/17 there were seven Council and one Parish council complaints received under the code of conduct.

Six of these complaints were concluded informally and one complaint has been referred for investigation. Following investigation one complaint was resolved informally by the Monitoring Officer. The remaining complaint remains with the Monitoring Officer and Independent Person for decision on whether to refer to the Hearings Panel.

21 November 2016

The Committee was asked to consider and grant general dispensation for a four year period as part of the Council's Monitoring Officer's statutory duties, in order to adhere to regulations under the Localism Act 2011. The dispensation was granted and a further report was requested to outline the legal requirements of granting a dispensation in respect of an allowance, payment or indemnity given to Members. A report was received on 13 February 2017 outlining the legal requirements which was considered and noted by the Committee.

Training

Throughout the year, the provision of ongoing training to Members has been the cornerstone of developing Members (new and existing). During the year, officers provided presentations on:

- The preparation and scrutiny of the Statement of Accounts and the impact of International Financial Reporting Standards on these;
- General overview of the committee covering Information Governance; Regulation of Investigatory Powers Act (RIPA); Risk Management; Code of Conduct; and Whistleblowing.

In addition, members have access to a committee handbook which provides additional support / information.

FUTURE DEVELOPMENTS AND PLANS FOR 2017 / 2018

Overall, the Audit Committee want to continue to develop and build on our current achievements. For 2017 / 2018 and this will involve:

- Continuing to drive up standards of corporate governance;

- Continuing to equip existing and any new Members to fulfil the Audit Committee's responsibilities by providing or facilitating training on all aspects of the Audit Committee's remit;
- Assisting and supporting officers to promote the work of the Audit Committee and the roles of internal audit, external audit and risk management;
- Supporting the continued production of high quality and compliant statutory accounts;
- Helping to further increase awareness within the Council of its governance arrangements, with particular emphasis on information and tackling fraud and corruption; and
- Providing effective challenge to officers, raising awareness for sound internal control arrangements and giving assurance to the Authority that its control arrangements are sound
- There is a proposed Code of Corporate Governance which the Committee will have to review
- It would be useful to undertake a review of the Terms of Reference following the introduction of the alternative governance procedures.

2.2 AUDIT COMMITTEE: TERMS OF REFERENCE²

2.2.1 Terms of Reference

- 2.2.1.1 To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- 2.2.1.2 To consider summaries of specific internal audit reports as requested.
- 2.2.1.3 To consider reports dealing with the management and performance of the providers of internal audit services.
- 2.2.1.4 To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 2.2.1.5 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 2.2.1.6 To consider specific reports as agreed with the external auditor.
- 2.2.1.7 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 2.2.1.8 To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.
- 2.2.1.9 To commission work from internal and external audit.

Regulatory Framework

- 2.2.1.10 To maintain an overview of the Council's constitution with the exception of those matters under the remit of the Executive or a regulatory committee.
- 2.2.1.11 To review any issue referred to it by the Chief Executive or a Director, or any Council body.
- 2.2.1.12 To monitor the effective development and operation of risk management and corporate governance in the council.
- 2.2.1.13 To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.
- 2.2.1.14 To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
- 2.2.1.15 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

Accounts

² (Source: Constitution: Part 3, Delegations Section 2 - Regulatory Committee functions. Approved Annual Council)

- 2.2.1.16** To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 2.2.1.17** To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

Member Code of Conduct

- 2.2.1.18** Promoting and maintaining high standards of conduct by Councillors and co-opted members;
- 2.2.1.19** Assisting the Councillors and co-opted members to observe the Code of Conduct;
- 2.2.1.20** Advising the Council on the adoption or revision of the Code of Conduct;
- 2.2.1.21** Monitoring the operation of the Code of Conduct;
- 2.2.1.22** Advising, training or arranging to train Councillors and co-opted members on matters relating to the Code of Conduct

2.2.2 Terms of Reference of the Hearing Panel (Sub-committee to the Audit Committee)

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- 2)** On matters being referred by the Monitoring Officer deciding whether complaints concerning members should be investigated;
- 3)** Hearing complaints that have been referred to them by the Monitoring Officer pursuant to the Complaints procedure;
- 4)** The agreement of relevant procedures for the undertaking of its functions, when appropriate to be included within the Constitution

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