

AUDIT COMMITTEE

MONDAY 16 SEPTEMBER 2019
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 15 July 2019** 3 - 14
4. **Ernst & Young LLP Annual Audit Letter For the Year Ended March 2019** 15 - 40
5. **Risk Management Report** 41 - 48
6. **Use of Consultants** 49 - 54

INFORMATION AND OTHER ITEMS

7. **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.

8. **Approved Write-Offs Exceeding £10,000**

The Committee is asked to **NOTE** that there have been no approved write-off amounts to report since 15 July 2019, which exceed the Council's Financial Regulation threshold of £10,000.

9. Feedback Report

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10. Work Programme

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Committee Members:

Councillors: D Over (Chairman), A Shaheed, Warren, Joseph, Coles, D Fower and Skibsted

Substitutes: Councillors: Lillis, Burbage, Iqbal and Nawaz

Further information about this meeting can be obtained from Daniel Kalley on telephone 01733 296334 or by email – daniel.kalley@peterborough.gov.uk



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 7:00PM, ON
MONDAY, 15 JULY 2019
BOURGES/VIERSEN, TOWN HALL, PETERBOROUGH**

Present: Councillors Over (Chairman), Joseph, Hogg, A Coles, Skibsted and Warren

Officers in

Attendance: Peter Carpenter, Acting Corporate Director of Resources
Steve Crabtree, Chief Internal Auditor
Dan Kalley, Senior Democratic Services Officer
Fiona McMillan, Director of Law and Governance and Monitoring Officer
Kirsty Nutton, Head of Corporate Finance
Louise Cooke, Group Auditor
Julie Taylor, Group Auditor

Also in

Attendance: Suresh Patel, Director Ernst & Young LLP
Dan Cooke, Manager, Governance and Public Sector Audit Ernst & Young LLP

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Shaheed. Councillor Hogg attended as substitute.

2. DECLARATIONS OF INTEREST

No declarations of interest were received.

3. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 25 MARCH 2019

The minutes of the meeting held on 25 March 2019 were agreed as a true and accurate record.

4. AUDIT OF STATEMENT OF ACCOUNTS TO THOSE CHARGED WITH GOVERNANCE (ISA260)

The Audit Committee received a report in relation to the Audit of Statement of Accounts to those charged with Governance (ISA260).

The purpose of the report was for the Committee to receive and note the Audit results report for the year ended 31 March 2019 from Ernst and Young (EY).

The Head of Corporate Finance introduced the report and commented that the first stage involving sign off of the draft accounts by the Chief Finance Officer had been completed by 31 May 2019. The report in front of committee was now at its second stage, having been to the external auditors for comment. Members were directed to the Supplementary Agenda which highlighted updated information since the reports were originally published. There were still some areas of work outstanding, but it was hoped that these would be completed this week.

The Associate Partner, Ernst & Young, informed members that, subject to the completion of some outstanding matters, an unqualified audit was anticipated before the 31 July deadline and there would be no matters to report on the value for money conclusion and an outline of the work supporting that conclusion was given. One of the new risks identified since the audit plan in February included the minimum revenue provision which was seen to be compliant of regulations and the code and the calculation was fair. The other was the value for money (VFM) arrangements around procurement which followed an internal audit on the IT strategy and arrangements had been found to be sufficient, notwithstanding the actions taken and planned over the next year and there were no matters to report on the VFM conclusion. The inclusion of additional items would necessitate an increase in the audit fee which would be discussed on completion of the audit.

Certified completion of the audit would be delayed due to the government accounts submission process which had caused delays nationally.

The Manager, Governance and Public Sector Audits, Audit Ernst & Young LLP, advised the committee that the clearance of income and expenditure sample testing work had been completed on expenditure items and only two final income items remained outstanding. Information which was outstanding on the property, plant and equipment valuations had now been received and this item was now in the review stage. Clearance of issues arising from the technical review of the accounts, the internal review, was also in its final internal review phase together with clearance on items on the audit log. Completion of the subsequent events review and management representation letters would be completed next week nearer the signing date.

IAS19 procedures on the pension disclosures remained outstanding as a response was still awaited from the pensions auditor. However discussions had taken place regarding the impact of the report and the only area of concern was assets and investments, where the figure may change at the final date of their financial statements. The council had already made the necessary adjustments should the pension auditors advise this for all participants of the fund.

The McCloud ruling regarding government pension schemes, which concerned transitional protection offered to some members of certain pension schemes deemed the current practice to be unlawful discrimination. This ruling impacted mainly judges and firefighters however as a result of the court case and the loss of the subsequent appeal, it was decided there would be an impact on all government pension schemes, including local government. An adjustment had been made in the council accounts in this respect which auditors are satisfied with the treatment.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Minimum Revenue Provision (MRP) differences centered on discussions with the Ministry for Housing and Communities and Local Government (MHCLG) and a number of councils faced the same issues. It was explained that this had been a short term strategy to achieve a longer term sustainable budget and another meeting was planned to obtain final clarification from MHCLG. However, as per previous year the External Auditors had cleared the Council's treatment of this in its accounts.
- This was the first time an unqualified statement was made public regarding the auditing of Peterborough City Council's for the 2018/19 Accounts.
- Should the stock market crash in a Brexit "no deal" scenario, the way the country operated would change and different rules would be applied as the government would need to act differently.
- Audit fees had decreased in the last few years to reflect the changes in the way the audit was prepared but would now need to increase as more items came under scrutiny. It was in the best interest of the council to have clean audited accounts and be seen to have their financial affairs in order to maintain public confidence.

The Audit Committee considered and **RESOLVED** (Unanimously) to.

1. Receive and approve the "Audit Results Report - (ISA260) for the year ended 31 March 2019" from Ernst & Young (EY), the Council's external auditors.
2. Receive and approve the 2018/19 Management Representation Letter.
3. Receive and approve the audited Statement of Accounts 2018/19.
4. To delegate to the Chairman to approve further changes if needed before the deadline of 31 July 2019.

5. AUDIT FEES 2019/20

The Audit Committee received a report in relation to the proposed Audit Fees 2019/20.

The purpose of the report was for the Committee to recommend approval of the 2019/20 external audit fee proposal.

The Acting Corporate Director Resources introduced the report and confirmed that the scale was set by Public Sector Appointments Ltd. The 2019/20 audit was the second under a five year appointing period. The 2019/20 scale fee was the same as for the 2018/19 which represented a 23% reduction on the 2017/18 fee.

In proposing the fee EY has assumed that there were no significant increases in the Council's financial risks compared to 2018/19. In addition the letter listed some examples of additional risks which could attract additional fees. It was anticipated that additional fees would be requested as the Council was likely to have to prepare group accounts for 2019/20 for the first time with the incorporation of Aragon Direct Services.

The Audit Committee considered and **RESOLVED** (Unanimously) to approve the 2019/20 external audit fee proposal.

6. ANNUAL GOVERNANCE STATEMENT 2018/19

The Audit Committee received a report in relation to the Annual Governance Statement 2018/19.

The purpose of the report was to provide the Committee with an overview of the processes and procedures by which the Council managed its affairs.

The Acting Corporate Director Resources introduced the report. The report was to ensure that there was integrity in the way the accounts were delivered and these were based on the seven Chartered Institute of Public Finance and Accounting (CIPFA) principles and the Local Authority Chief Executives (SOLACE) Framework.

The report outlines from the head of the paid service and the lead member of the Council that the governance processes were in place to ensure that the Council was on the correct footing. The report highlighted the risks around the medium term Financial Strategy and gaps in the budget with regards to identifying repeatable savings. Members were informed that there were a number of new governance areas for action. These were highlighted as being:

- Budget Resilience;
- Partnerships and Procurement Arrangements;
- Monitoring;
- Health and Safety;
- Business Continuity;
- Cyber Security.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Every organisation needed to understand and be able to assess where it's weakness lay. The Council was well equipped to tackle any weaknesses and improve these.
- In terms of risks to the IT systems it was important that further work was carried out with Cambridgeshire County Council. Both councils aimed to adhere to the Local Government Association cyber security standards and staff across both organisations had to complete relevant online training. In terms of wider security the move to Sand Martin House had helped the Council as it had enabled the IT infrastructure to be fully tested. Moving back to Microsoft 365 would further enhance the security around IT as the most suppliers and external organisations the Council worked with also used the system.
- In terms of consultants the Council had recently put in place a more stringent recruitment process.
- In addition, any spend over £10,000 now needed a business case before it was given the go ahead.

The Audit Committee considered and **RESOLVED** (Unanimously) to:

1. Note the arrangements for compiling, reporting on and signing the Annual Governance Statement;
2. Review and comment on the Annual Governance Statement including any areas which should be amended; and
3. Subject to changes identified above, agree and approve the statement for signature by the Chief Executive and Leader of the Council for inclusion in the statement of accounts

7. ANNUAL INTERNAL AUDIT OPINION 2018/19

The Audit Committee received a report in relation to the Annual Internal Audit Opinion 2018/19

The purpose of the report was to provide the Committee with an overall opinion on the soundness of the control environment in place to minimise risk to the Council.

The Chief Internal Auditor introduced the report which outlined the work carried out by internal auditors in year. Members were informed that Internal Audit had also carried out work for the leisure trust Vivacity and also the Combined Authority. The overall conclusion was that Peterborough City Council had a sound governance framework from which those charged with governance can gain reasonable assurance.

Members were informed that resources had been an issue in the past and that a vacancy was being recruited to. However the team were always able to successfully complete audits by year end.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The Audit Plan was flexible and covered work with outside organisations and partners. Members were informed that the new Shareholders Committee had been setup to keep an overview of the Council's work with outside and partner bodies and Internal Audit will take an active role in monitoring.
- Where audits focused on governance arrangements between the Council and external operators, it was essential that correct terms of reference were set up when working with outside organisations which would allow the audit team to have open book accounting rights and access.

The Audit Committee considered and **RESOLVED** (Unanimous) to receive, consider, provide challenge to and endorse the attached Chief Internal Auditors annual report for the year ended 31 March 2019.

8. FRAUD AND INVESTIGATIONS ANNUAL REPORT 2018/19

The Audit Committee received a report in relation to the Fraud and Investigations Team Annual Report 2018/19

The purpose of the report was to provide the Committee with an overview of the work carried out during the past year to minimise the risks of fraud, bribery and corruption occurring at the Council.

The Chief Internal Auditor introduced the report. The report set out the various categories of fraud, the cost to local authorities and monies recovered. The Chartered Institute of Public Finance and Accountancy (CIPFA) had estimated that the total value of fraud detected or prevented in 2017/18 was £302m for local authorities in the UK and details of their findings were contained within the report. The main areas of concern were council tax, housing, blue badges and business rates and further analysis of these results were also included in the report.

The National Fraud Initiative was a large exercise to verify datasets across numerous categories. Data quality remained an area to be addressed, for example, records of those deceased not being updated and duplication together with surname / forename fields being transposed. Creditor errors were also identified and the council had been able to recover almost £2,000 made in overpayments. Council tax fraud and single persons discounts were vigorously investigated and identified on a continuous basis. Overpayment of council tax support fraud had been identified and over £7,000 recovered. The council was now jointly working with the Department for Work and Pensions (DWP) to identify and prosecute cases of council tax and benefit fraud. Investigations into Stage Two Corporate Complaints had risen and the cases were more complex however there had been an increase in those resolved at Stage One.

The council had provided data as part of the National Fraud Initiative for comparison with data supplied by other authorities.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The Audit Team used data matching services such as Experian to check the identity and number of persons living at a given address, which could produce results such as the number of live loans to different people at one address. This was used to tackle fraudulent benefit and council tax claims.
- Should malpractice be reported within a partner group and the Council had a contractual link with that company, it would be able to investigate any claims of fraud. However if there was no link, the Council could refer the complaint to the organisation concerned or suggest to the complainant that the claim be made elsewhere. In cases of council funding or a contract to provide services, the council would investigate any claims.
- Members requested details of the National Fraud Survey highlighting the actual figures from Peterborough and it was agreed a briefing note would be circulated.
- Peterborough City Council was good at identifying fraud in some areas, most notably around blue badges and had been successful in a number of prosecutions. Council tax and blue badge prosecutions did not consider for costs to be recovered with the primary focus seen as the publicity deterrent.

- The value of debts and costs recovered by the Council varied. Where Council Tax overpayments were being recovered a payment plan would usually be agreed in order to recover any monies owed.
- Investigations by their nature differed greatly. Some investigations could be conducted quite quickly and only involve one interview.
- From the Councils experience, Courts generally did not award costs to local authorities.
- Trading Standards investigations and any financial recoveries through Proceeds of Crime were not reflected in this report.

The Audit Committee considered and **RESOLVED** (Unanimous) to receive, consider, provide challenge to and endorse the attached annual report on the investigation of fraud and other issues during 2018/19.

ACTIONS:

1. Chief Internal Auditor to circulate a briefing note with a breakdown of Peterborough's figures submitted as part of the National Fraud Survey.

9. INSURANCE SERVICE AND INSURANCE FUND ANNUAL REPORT 2018/19

The Audit Committee received the annual report in relation to the Insurance Service and Insurance Fund Annual Report 2018/19

The purpose of the report was to provide the Committee with an overview of the work carried out during the past year to provide an effective insurance function which provided cover for all aspects of the Council while minimising cost.

The Chief Internal Auditor introduced the report which included insurance provided for both the Council and partner organisations and outlined key elements from the report. He advised the level of claims received had been much lower than other authorities and reflected the council's effectiveness in rejecting claims. Employee claims could increase with the formation of Aragon Services as motor claims for fleet vehicles previously covered elsewhere would become the responsibility of the council and officers had been working hard to ensure a smooth transition of cover.

Property issues were generally the result of vandalism, break-ins or theft. There had been an increase in the value of claims in the past year influenced by an issue at Sand Martin House. Public liability claims covered highways, including potholes and trees causing subsidence and work had been undertaken to ensure compliance with the Infrastructure Code of Practice. Vivacity assets held at the museum had been revalued for the first time in 20 years. Support had been given to other local authorities to assist them in reducing claim backlogs.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Community Groups were not currently covered by council insurance and had to be encouraged to take out their own policies and members

were seeking assurance that they would be included under council cover when helping the council. This could not be confirmed and would require further investigation. If there were changes to the way the council operated, cover and premiums would need to be reviewed to ensure cover was adequate.

- The council self insured and held £3.4 million in reserve to cover theft, subsidence and accidental damage to property which had been qualified by an Actuary. The reserve was increased annually.
- Insurance cover was provided by Zurich and the council was not intending to join the Local Government Mutual Society (LGM) as it currently had no proven track record.
- Payments made in relation to pothole claims was low due to regular inspections by the Highways Team, prompt repairs and many claims being repudiated.
- Damage to property due to overhanging trees and shrubs had been accentuated by the long dry summer which had given rise to tree induced subsidence. Consultations had taken place with the Nature & Historic Environmental Manager to identify areas where trees were troublesome and to develop tree stock and hedgerow management, adopting a proactive manner. Tranche Three of last year's budget included an additional sum of £250,000 to cover tree maintenance following a series of court cases concerning tree damage.
- Being a New Town, many trees were planted at the same time and had all reached maturity together and required attention at the same time.

The Audit Committee considered and **RESOLVED** (Unanimous) to receive, consider, provide challenge to and endorse the attached annual report on the provision of the Insurance Service and the Insurance Fund during 2018/19.

10. REVIEW OF EFFECTIVENESS OF THE AUDIT COMMITTEE

The Audit Committee received a report in relation to the effectiveness of the Audit Committee.

The purpose of the report was to provide the Committee with an update as to the progress of developing the audit plan.

The Chief Internal Auditor introduced the report and stated that the report was a review of committee effectiveness. This was benchmarked by an internal assessment against the checklist prescribed by CIPFA. The overall assessment was that the Committee was effective and was in compliance with the standards. Training remained a key issue as membership changed frequently.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- A briefing note was to be circulated outlining cases of other local authorities audit committee's failures to scrutinise the auditing function of that council.

- It took a number of years to understand the workings of the Audit Committee and it was essential that new members of the Committee received regular training.
- It was agreed that a pre-meeting and training session would take place around a week before the actual meeting. This would enable members the opportunity to look in depth and get a better understanding of the reports coming to Audit Committee.

The Audit Committee considered and **RESOLVED** (Unanimous) to:

1. To consider the draft response to the CIPFA Toolkit checklist for Audit Committees, which records that the Committee meets all of the good practice statements;
2. To consider the draft responses to the CIPFA Knowledge and Skills Framework for local authority audit committees; and
3. To agree any actions which the Committee considers appropriate to amend or enhance the Committee's arrangements in light of the completed Knowledge and Skills Framework assessment and the CIPFA Audit Committee Toolkit checklist.

ACTIONS:

1. Chief Internal Auditor to supply briefing note of the pitfalls of other Audit Committees.
2. Pre-meeting to be arranged a week before the main meeting for Audit Committee Members.

11. BUDGET MONITORING REPORT FINAL OUTTURN 2018/19

The Audit Committee received a report in relation to the budget monitoring final outturn 2018/19.

The purpose of the report was to provide the Committee with an outturn position for both the revenue budget and capital programme for 2018/19.

The Acting Corporate Director Resources introduced the report which had been presented to Cabinet in June and included the final revenue, reserves and capital position. It illustrated how the council financed and measured itself and included key performance indicators for the year.

The final revenue position improved over the year to a £2.1million overspend, a significant improvement on the £6million reported in August 2018. This was made up of £4.5million related to Children's Services, unachieved back office transformational savings and Amey contract mobilisation costs, which were offset by capital finance savings of £3.7million, additional income from the Empower loan which had been carried over, and a surplus on business rates. The overall year end reserves improved slightly from the original predictions.

The debt situation was also outlined with the council paying back debts of £22million and taking on £60million in new debt. Whilst funding is generally sought through third parties such as grants and the Combined Authority first, as these sources were gradually reducing, local authorities were borrowing more from the Public Works Loan Board.

Throughout the year £6.3million was delivered in capital receipts, £3.4million above target, which were used to repay debt and offset revenue contributions to the Minimum Revenue Provision. There were two loans to Axiom Housing redeemed within the year after they formed their own internal treasury function to facilitate their own financing. The remaining two loans to the council were £23million to Empower and £940,000 to Peterborough Limited.

The council delivered against all prudential indicators set out in the report.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Savings anticipated through joint working with Cambridgeshire County Council would become more evident once systems were aligned and the People and Communities Directorate were currently working towards that which would in turn facilitate business process engineering to align procedures and achieve cost savings.
- The move to Microsoft 365 will further align systems with Cambridgeshire County Council and other local authorities and savings could be achieved through the purchase of licences..
- The savings achieved against the costs of moving from Google to Office 365 would be included in the 2021 budget.
- Collaboration with other councils, such as Fenland and Rutland with Trading Standards and Licensing is ongoing. To enhance this further, there needed to be better alignment of procedures and processes.

The Audit Committee considered and **RESOLVED** (Unanimous) to:

1. Note the final outturn position for 2018/19 (subject to finalisation of the statutory statement of accounts) of a £2.119m overspend on the Council's revenue budget.
2. Note the reserves position outlined in section 6 and Appendix C, which includes a contribution from the capacity building reserve of £2.119m, as a result of departmental overspends highlighted in the revenue outturn report in Appendix A and further detail of the People & Communities directorate in Appendix B.
3. Note the outturn spending of £95.9m in the Council's capital programme in 2018/19 outlined in section 7.
4. Note the performance against the prudential indicators outlined in Appendix D.
5. Note the performance on payment of creditors, collection performance for debtors, local taxation and benefit overpayments outlined in Appendix E.

12. USE OF CONSULTANTS

The Audit Committee received a report in relation to the use of Consultants for the financial year 2018/19.

The purpose of the report was to provide the Committee with an update on the use of Consultants over the past financial year.

The Acting Corporate Director Resources introduced the report and explained that there had been a slight increase in consultancy fees in comparison with 17/18. A more stringent process was now in place to reduce spending going forward.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Agency costs had increased due mainly to the pressures placed on adult and children social care.

The Audit Committee considered and **RESOLVED** (Unanimous) to note the update report on the use of Consultants for the financial year 2018/19.

13. FEEDBACK REPORT

Members noted the feedback report and welcomed the addition of a pre-meeting/training session a week before the main meeting.

The Audit Committee considered and **RESOLVED** (Unanimous) to note the feedback report and to agree to the creation of a pre-meeting.

14. WORK PROGRAMME

The Audit Committee considered and **RESOLVED** (Unanimously) to note the report.

7:00pm – 8.29pm
Chairman

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AUDIT COMMITTEE	AGENDA ITEM No. 4
16 SEPTEMBER 2019	PUBLIC REPORT

Report of:	Peter Carpenter - Acting Director of Corporate Resources		
Cabinet Member(s) responsible:	Cllr Seaton, Cabinet Member for Finance		
Contact Officer(s):	Peter Carpenter - Acting Director of Corporate Resources	Tel. 384564	

ERNST & YOUNG LLP ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2019

R E C O M M E N D A T I O N S	
FROM: Peter Carpenter - Acting Director of Corporate Resources	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <p>1. Note the Annual Audit Letter</p>	

1. ORIGIN OF REPORT

1.1 Annual Audit letter of the Council's external auditors Ernst Young LLP (EY) in accordance with The National Audit Office's 2015 Code of Audit Practice.

2. PURPOSE AND REASON FOR REPORT

2.1 This is a formal letter setting out the detailed findings already reported in the Audit Results Report (ISA260) to 15 July 2019 Audit Committee, updated 31 July 2019 following the conclusion of the audit.

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 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. 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 The Auditors identified five areas of significant risk that were to be included in their Annual Audit Plan for 2018/19 and included a further two once the Audit had begun. These are all explained in more detail below. (See page 9 and 10 of the Annual Audit Letter.)

- 4.2 The Auditors tested whether management had the ability to override controls and therefore potentially perpetrate fraud. The Auditors did not identify any material weakness in controls or evidence of management override, (page 9 of the Annual Audit Letter.)
- 4.3 The report considers three key areas that were tested, the valuation of Depreciated Replacement Cost (DRC) Property, Plant and Equipment (PPE), and PFI Accounting and the MRP Accounting (page 9 of the Annual Audit Letter) and no significant issues were raised.

When the accounts and draft audit results report were presented at 15 July Audit Committee by EY, two further areas of the accounts were still to be finalised with the auditors. This was the impact of the recent McCloud ruling and the amendments required to the Property, Plant and Equipment (PPE) note. These were finalised and the accounts were amended accordingly. The final 2018/19 Statement of Accounts were signed by EY and published on the Council's website by the statutory deadline, alongside an updated Audit Results Report. The changes are summarised in the audit letter and, more fully, on page 10 of the audit results report. There was no impact on Usable Reserves.

Delegated authority was given to the Chair to sign off the Council's Statement of Accounts on behalf of the Committee, and a revised set of accounts was signed by the Chair on 24 July. Further non material changes were required after this, however the auditors did not require the accounts to be re-certified.

- 4.4 The Auditors also assessed the Council's Value For Money (VFM) arrangements (page 13 of the Annual Audit Letter). EY provide an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. However, they highlight risks around the Council's long term financial resilience due to national and local pressures. The Council is continuing to work to review its financial strategy and notes that the size of the budget gap presents a significant challenge. Work is ongoing to ensure that future year pressures have been fully identified, as well as identifying actions for Members to consider to close what is a considerable gap, particularly in the next financial year.
- 4.5 The letter outlines some changes to accounting standards which were introduced for the 2018/19 accounts and a major change being introduced to the 2020/21 accounts (pages 19 of the Annual Audit Letter). Management will report to a future Audit Committee on the impact to the Council of this new standard.
- 4.6 The Public Sector Audit Appointments set the Audit Fees of £83,570 for the year 2018/19 but an additional amount of £22,745 is being requested from EY and is yet to be agreed by the council and PSAA.

The Council's Corporate Finance team will work hard with EY to investigate if amendments to the approach taken in the production of working papers could provide additional assurance that would contribute to mitigating the amount of detailed testing EY perform and thus help reduce the fees charge by EY.

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 To note the Auditors' letter.

6. REASON FOR THE RECOMMENDATION

- 6.1 To note the report.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 None

8. IMPLICATIONS

Financial Implications

- 8.1 The cost of audit, including an estimate for additional fees were accounted for in 2018/19 accounts.

Legal Implications

- 8.2 None.

Equalities Implications

- 8.3 None.

9. BACKGROUND DOCUMENTS

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

- 9.1 The Accounts and Audit Regulations 2015

10. APPENDICES

- 10.1 App A - 2018/19 Annual Audit Letter

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Peterborough City Council

Annual Audit Letter for the year
ended 31 March 2019

4 September 2019

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Focused on your future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This 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 (updated April 2018)' issued by PSAA set 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 Annual Audit Letter is prepared in the context of the Statement of responsibilities and Terms of Appointment. It is addressed to the Members of the audited body, and is prepared for their sole use. 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.



01 Executive Summary

Executive Summary

We are required to issue an annual audit letter to Peterborough City Council (the Authority) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's:	Unqualified - the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	We have no matters to report to date. We are in the process of concluding this work which will be finalised before the 13 September deadline.

Executive Summary (cont'd)

In addition we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 4 July 2019 and updated on 31 July 2019.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO's 2015 Code of Audit Practice.	We have not as yet issued our audit completion certificate. We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's WGA consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion and will be completing the WGA work before the 13 September deadline.

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We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.



Suresh Patel

Associate Partner

For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the 15 July 2019 Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we presented at the 11 February 2019 Audit Committee and is conducted in accordance with the NAO's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO. As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2018/19 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Authority;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Authority, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the NAO on your WGA return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit



Financial Statement Audit

Key Issues

The Authority's Statement of Accounts is an important tool for it to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Authority's Statement of Accounts in line with the NAO's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO and issued an qualified audit report on 31 July 2019. We reported detailed findings to the 15 July 2019 Audit Committee.

We summarise here the key risks we identified and our conclusions.

Significant Risk	Conclusion
<p>Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure and REFCUS</p> <p>In 2018/19 the Authority has incurred £95.9 million capital expenditure (of which REFCUS represented £20.5 million).</p>	<p>We did not identify any matters to report in relation to the capitalisation of revenue expenditure and REFCUS.</p>
<p>Misstatements due to fraud or error - incorrect application of capital grants</p> <p>In 2018/19 the Authority applied £38.0 million of capital grants and contributions.</p>	<p>We did not identify any matters to report in relation to the application of capital grants.</p>
<p>Valuation of property, plant and equipment assets under depreciated replacement cost (DRC) model</p> <p>The Authority's DRC asset base is significant at £246 million,</p>	<p>Through our sample testing of key judgements used by the Authority's valuer in performing their DRC valuations, including use of our EY valuation specialists, we did identify some issues which resulted in the valuations falling at the ends of the tolerance range set by our specialists. However, as the valuations were within the range and we did not identify any evidence of management bias or manipulation, we have concluded that the valuations are materially correct.</p>
<p>PFI accounting</p> <p>In 2018/19 the Authority reported future PFI repayments totalling £171.0 million in the financial statements.</p>	<p>Our audit testing confirmed that there were no audit issues in the calculation of the PFI annual payments or the liability held in the balance sheet.</p>
<p>MRP accounting</p> <p>The Authority must make an annual contribution from revenue to reduce its overall borrowing requirement. This is termed the Minimum Revenue Provision (MRP). The MRP is determined prudently in accordance with statutory guidance.</p>	<p>Our testing confirmed that the MRP calculation met the statutory guidance;</p> <p>Our re-performance of the MRP calculation did not identify any material misstatements although we did identify some trivial adjustments which would need to be applied in future periods to ensure a cumulative material error does to arise; and</p> <p>Our review of the MRP policy and disclosure did not identify any material audit issues.</p>

Financial Statement Audit (cont'd)

Other Areas of Audit Focus	Conclusion
<p>Valuation of Other Land and Buildings and Investment Properties</p> <p>The fair value of non-DRC Property, Plant and Equipment (PPE) (£318 million) and Investment Properties (IP) (£29.6 million) represent significant balances in the Authority's accounts.</p>	<p>Our audit procedures above did not identify any material differences in the financial statements. However we did identify a non-material misclassification of the Peterborough Town Hall which the Authority has not adjusted for in the final statements.</p> <p>In addition, during our work on PPE we identified that £21.7 million of asset disposal had been omitted from the accounts in error. This was correctly adjusted for by the Authority.</p>
<p>Pension Liability Valuation</p> <p>The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2019 this totalled £322 million.</p>	<p>The Authority updated its accounts to reflect the impact of national issues impacting all local authority pension schemes as well as to reflect changes in the value of investments. We were satisfied that the changes were correctly reflected in the Authority's final statement of accounts.</p>
<p>New accounting standards</p> <p>The Authority had to implement two new accounting standards for 2018/19 and make preparations for another new standard for 2020/21. These standards are:</p> <ul style="list-style-type: none"> ▶ IFRS 9 - Financial instruments ▶ IFRS 15 - Revenue from contracts ▶ IFRS 16 - Leases (2020/21). 	<p>FRS 9 - Financial Instruments: Our audit procedures for financial instruments did not identify any audit issues.</p> <p>IFRS 15 - Revenue from Contracts: Our audit procedures for revenue from contracts did not identify any audit issues.</p> <p>IFRS 16 - Leases: The Authority have already considered their completeness of leases and identifying those that may require reclassifying. We therefore believe the Authority is well placed to address the implications of IFRS 16.</p>

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £9.3 million (2017/18: £10.5 million), which is 1.8% of gross revenue expenditure reported in the accounts. This results in a performance materiality, at 75% of overall materiality, of £7.0 million (2017/18: £7.9 million).</p> <p>We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.</p>
Reporting threshold	<p>We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.467 million (2017/18: £0.525 million).</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: We agreed all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- ▶ Related party transactions: We tested the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

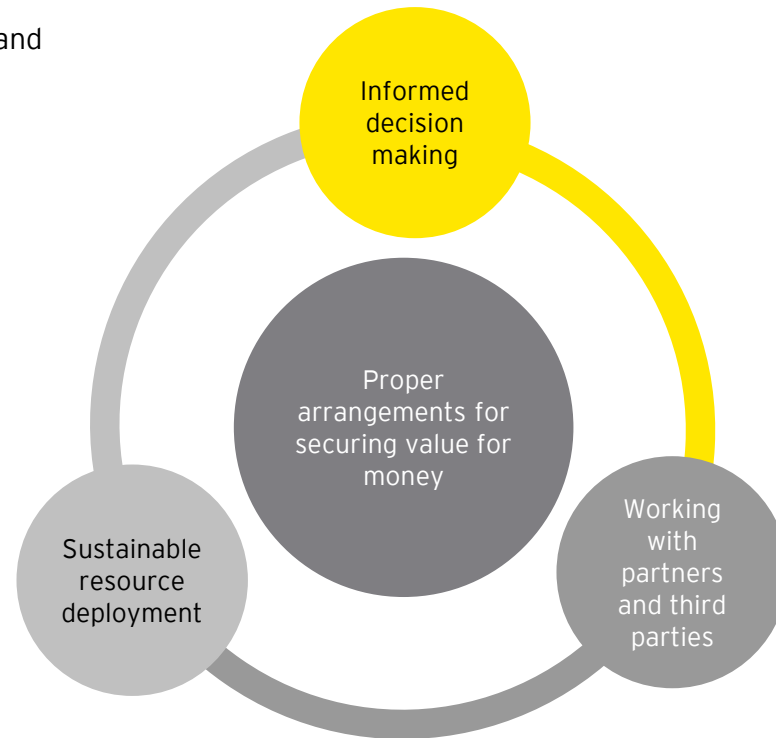


04 Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

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.



We identified two significant risks in relation to these arrangements. The tables below present the findings of our work in response to the risks identified and any other significant weaknesses or issues to bring to your attention.

We have performed the procedures outlined in our audit plan and audit results report. We did not identify any significant weaknesses in the Authority's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. However, we do highlight to the Committee the significant challenges faced by the Authority to secure its long term financial resilience in light of national and local pressures, some of which the Authority has control and influence over and others where it has less.

We therefore issued an unqualified value for money conclusion on 31 July 2019.

Value for Money (cont'd)

Significant Risk	Conclusion
<p>Financial Resilience</p> <p>We reported in the previous year our views on the financial resilience of the Authority and in particular the scale of the financial challenge it faces. Like most local authorities, the Authority's finances continue to be stretched. There are significant gaps in the budget over the period of the Medium Term Financial Strategy. The cumulative budget gap to 2020/21 is £20.7 million and this also includes the successful delivery of £72.3 million of savings up to that period. Whilst the Authority is taking action to identify ways to bridge the gaps, there remains a significant risk to its financial resilience.</p>	<p>The Authority has significant budget gaps over the next three years. The Authority has worked hard to close the gap for 2019/20 through the planned use of reserves, budget cuts and savings targets (some of which are non-recurrent). The Authority has built up reserve levels over the last three to five years and as at 31 March 2019 it had £37.2 million in General Fund and Earmarked reserves.</p> <p>The Authority has a good track record of underspends, and meeting savings targets. Although the Authority has significant budget gaps it has clear plans for how it will manage these in the short to medium term.</p> <p>Communication and explanation of the Medium Term Financial Strategy to Members and to the public has been transparent and realistic. The latest MTFs report presented to Cabinet on 11 June 2019 clearly sets out the approach the Authority is taking over the next three years; including implementation of a rolling budget in 2019/20 to be executed in three tranches through the year, enabling a more flexible approach. The report also sets out the challenges and difficult decisions that will need to be made.</p> <p>Whilst the Authority has sound arrangements in place, the size of the challenge in the longer term is significant with a £20.7 million cumulative gap for 2021/22. A number of these challenges are driven by national policy and decisions outside of the control of the Authority. As such there remain risks around the longer term financial resilience of the Authority.</p>
<p>Procurement arrangements following the Authority's review of the 2014 IT Strategy</p> <p>During the year the Authority informed us of issues that they had identified with the formation of the 2014 IT Strategy and its delivery, in particular in respect of procurement arrangements. We updated our value for money risk assessment to recognise this as a significant risk and have carried our appropriate procedures to inform our value for money conclusion.</p>	<p>We have reviewed information provided by the Authority on its internal consideration of issues with the formation of the 2014 IT Strategy and its delivery, specifically in relation to the procurement arrangements in operation at that time and were followed to award related contracts. The Authority's internal review has identified evidence that some procurement arrangements were not followed appropriately. We have considered these matters against the two aspects of value for money arrangements.</p> <p>We have reviewed the Authority's contract register and sought assurances over the appropriateness of the related procurement arrangements for a sample of contracts. Whilst we have identified a need for the Authority to ensure it's contract register is up to date, from our review we were satisfied that expected procurement arrangements were in place.</p> <p>The Authority has made reference to this matter in its Annual Governance Statement.</p> <p>We note that the Authority has asked internal audit to carry out a review of contracts in 2019/20. We have concluded that the arrangements for 2018/19 were in place.</p>



05 Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the **Authority** for Whole of Government Accounts purposes.

We are in the process of completing the WGA work and this will be finalised before the 13 September deadline.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the **Authority** or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the **Authority** to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.



Other Reporting Issues (cont'd)

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee on 15 July 2019. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls. We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware. However as a result of our audit procedures performed we identified some areas for improvement:

- ▶ Controls should be implemented that reconcile the schools payroll balances to the Authority's general ledger system;
- ▶ The Authority's housing benefits risk based verification policy should be formally approved annually as per the housing benefit and council tax benefit circular S11/2011 paragraph 15; and
- ▶ There were some omissions on the Authority's contracts register. Therefore we would recommend regular review to ensure this is up-to-date.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Authority is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2020/21 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>We have considered the Authority's implementation plan and preparedness for IFRS 16. The Authority have already considered their completeness of leases and identifying those that may require reclassifying. We therefore believe the Authority is well placed to address the implications of IFRS 16.</p> <p>However, what is clear is that the Authority will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Authority must therefore ensure that all lease arrangements are fully documented.</p>
IASB Conceptual Framework	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none"> - new definitions of assets, liabilities, income and expenses - updates for the inclusion of the recognition process and criteria and new provisions on derecognition - enhanced guidance on accounting measurement bases - enhanced objectives for financial reporting and the qualitative aspects of financial information. <p>The conceptual frameworks is not in itself an accounting standard. However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements.</p> <p>However, Authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>



07 **Audit Fees**

Audit Fees

In our Annual Results Report presented to the Audit Committee on 15 July 2019 we highlighted that we had carried out additional work to complete the audit and would seek to agree an additional fee with the Authority's Section 151 officer. In the table below we summarise the fees that we have agreed and that are now subject to approval by PSAA.

	Final fee 2018/19	Final Fee 2017/18
	£	£
Scale fee	83,570	108,533
Additional audit work: (Note 1)		
- PPE DRC valuations significant risk	6,052	-
- PFI Accounting significant risk	1,280	-
- MRP Accounting significant risk	6,394	-
- Pensions additional work	905	-
- Financial resilience VFM significant risk	1,442	-
- IT Contract VFM significant risk	6,671	-
- Issues with supporting working papers	-	1,755
- Late issue with PPE valuations	-	4,995
Total audit fee - code work	106,315	115,283
Other non-audit services (Housing Benefits) (note 2)	N/A	20,827
Total fees	106,315	136,110

All fees exclude VAT

Note 1: We have performed additional work as a result of the risks we identified. This has resulted in an additional audit fee which we have agreed with the S151 officer. We note that this is also in the process of being agreed with the PSAA.

Note 2: The Authority has appointed a new provider for the 2018/19 housing benefit subsidy claim.

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ED None

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AUDIT COMMITTEE	AGENDA ITEM No. 5
16 SEPTEMBER 2019	PUBLIC REPORT

Report of:	Peter Carpenter, Acting Corporate Director Resources	
Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director Resources Katherine Hlalat, Head of the PMO	Tel. 452520 07834315674

RISK MANAGEMENT REPORT

RECOMMENDATIONS	
FROM: Acting Corporate Director Resources	Deadline date: N/A
<p>It is recommended that Audit Committee</p> <p>1. Note and comment on the Risk Management Report.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted as an update on the analysis undertaken by the Project, Programme and Assurance Office for each Directorate's Risk and Issue register.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.

2.2 This report is for the Audit Committee to consider under its Terms of Reference No 2.2.2.12:

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

2.3 *How does this report link to the Corporate Priorities?*

This report sets out identified risks and mitigating actions in order that the Council delivers its Statutory and Corporate priorities.

3. TIMESCALES

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

4.1 The effect of uncertainty on an organisation's objectives is risk. Risk management is the process of identifying what might go wrong, what the potential consequences could be, and how to best

mitigate the likelihood of the risk occurring. If it does go wrong, as is inevitable sometimes, proactive risk management will ensure the impact is kept to a minimum.

4.2 In order to formalise risk management arrangements across the business, Peterborough City Council has developed a Risk Management Strategy.

The objectives of this strategy are to maintain the effective management of risk through:

- Increasing the likelihood of achieving the organisation’s goals and delivering outcomes;
- Improving the identification of opportunities and threats across the project portfolio;
- Improving governance, stakeholder confidence and trust;
- Establishing a reliable basis for informed decision making and planning;
- Effectively allocate and use resources for risk treatment;
- Improving organisational resilience.

4.3 Peterborough City Council is committed to effective risk management arrangements as a means of achieving the council’s strategic objectives. As such the risk management vision is to consolidate and improve existing arrangements to bring about the following benefits:

- Key risks are identified, are being managed and mitigated, both by the council and its partners;
- Resources are directed to the risks that matter and away from risks that don’t - leading to fewer surprises;
- Opportunities are exploited from risk taking, because risks are understood and managed.

4.4 The following criteria is applied to determine if a risk is also a corporate risk:

1. If it would cause reputational damage to the council
2. If it would have a financial impact on the council

Overall the Council has the following Corporate Risks:

Department	High level Risks	Medium level Risks	Low Level Risks
Chief Executive’s	2	11	8
Place and Economy	1	6	1
People and Communities	3	4	1
Public Health	1	0	0
Resources	5	8	0

The high level corporate risks are listed below:

- General election or referendum as a result of Brexit
- Leaseholds of 50 homes to aid with the homeless situation
- Corporate HR IT System
- Reduction affordable permanent rented accommodation
- Meeting demand for School Places
- Shared Service
- Safeguarding
- National public health grant allocation is below target
- "Brexit" impact on EU funding and regulatory framework
- Financial Resilience
- Failure to achieve MTFs savings targets
- Local Government Funding Review outcome & a possibility of losing grant with short notice
- Failure to maintain an effective business continuity plan

[Appendix A](#) sets out the council's high level corporate risks in more detail, including their likelihood, impact, and factors being taken to mitigate them. It should be noted, that the risks are taken at a snapshot in time, and due to mitigation and circumstances, will move in level from period to period.

There are a number of risks where the authority has limited ability to reduce impact - for example the uncertainty around Brexit. However, over the last twelve months all risks have been regularly reviewed, mitigation has been scrutinised and risks have been consolidated wherever possible.

4.5 Uncertainty around the future for the UK and the European Union (EU) continues.

The UK is due to leave the EU on 31st October 2019, an extension to the original date of 29th March. This extension has led to prolonged uncertainty on the economy, pushing any interest rate and gross domestic product (GDP %) increases further into the future.

A Brexit 'no deal' situation would mean a number of key changes for Councils such as:

- How EU funded programmes will operate
- Procurement
- State Aid
- Importing and Exporting (Where the authority has a port, importing certain animal species etc.)
- Labelling products (including food, chemicals, enforcement, tobacco products etc.)
- Personal data and consumer rights

The LGA have produced a Brexit advice hub, which can be found [here](#)

5. CONSULTATION

- 5.1 There is a bi-monthly Risk Management meeting where lead officers update departmental Risk Registers and review a detailed analysis of both departmental and corporate risks.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That risks to the delivery of council services are identified and rated in a timely manner and mitigating actions are put in place to minimise their impact.

That risks are reviewed on a periodic basis to ensure their impact and likelihood are correctly stated and mitigating actions are being delivered.

7. REASON FOR THE RECOMMENDATION

- 7.1 The Audit Committee must be assured that the council has processes in place to identify risks on a timely basis and that actions are put in place to monitor and mitigate their effects.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 N/A

9. IMPLICATIONS

Financial Implications

- 9.1 None in this report, however there may be costs associated with individual risk mitigations. These are picked up in the normal monthly monitoring process.

Legal Implications

9.2 N/A

Equalities Implications

9.3 N/A

10. APPENDICES

10.1 [Appendix A](#)

Risk Assessment

RAYG Status	Last Update	Risk Title	Risk Description	Financial Impact	Financial Impact Value (£)	Mitigating Action	Mitigating Action Cost (£)	Likelihood	Impact	Over Risk Appetite?	Risk Type	Trend	Corporate Risk
Chief Executive													
PR002436 : Legal & Governance Departmental Risk Register													
20	03/07/19	General election or referendum as a result of Brexit	There is a risk that there will be a General Election or another Brexit referendum. The consequences are a need for increased level of staff and resources. Tight time-scales. Adverse weather conditions. Poor lighting. Risk to locating polling stations at short notice. Public order issues.	Yes		Project plan EWG meetings Staffing held CCTV for key stations Police engagement and support.		4	5	Yes	Legal & Regulatory	Steady	Yes
PR002443 : HR Departmental Risk Register													
16	03/07/19	Corporate HR IT System	<p>There is a risk that continued inefficiencies within the current HR IT systems will impact on agile working across the organisation e.g. the current HR IT system requires Staff and Managers to provide paper copies of recruitment and payroll forms. If we continue with the current IT system these processes will become more difficult for staff and managers as agile working is implemented. This will also be the case with the implementation of the 'Think Communities' project across the county.</p> <p>Current question regarding whether Payroll In Resourcelink will interface with the proposed HR system.</p> <p>Concern regarding budget to continue with implementation.</p> <p>Concern regarding budget to pay for licences per employee in new system.</p> <p>Concern regarding TALEND, which is the interface between the payroll file and the proposed HR system.</p> <p>Decision still required regarding the system to be progressed</p> <p>Decision still required whether CPD Online is to be continued.</p> <p>The consequences are:</p> <p>* Failure to implement an integrated HR system may hold back agile working for the business.</p>			<p>The ICT Manager was tasked with undertaking a thorough review of proposed HR system. HR input into this review.</p> <p>It was initially agreed that the Recruitment and Job Evaluation modules should go ahead. Modules were ready for User Acceptance Testing, not expecting much more work would be required beyond this.</p> <p>Serco are investigating what options are available within Resourcelink and whether these could be pursued. Decision regarding this currently pending (October 2018). Serco have said that this has been reported to Directors.</p> <p>Decision taken to renew Resourcelink contract for a further 3 years. Project group to be formed in order to identify specification requirements and compare Resourcelink offer with alternative products.</p> <p>Colin Arnold to explore whether current contractual offer from Resourcelink can be exploited to provide greater self-serve and functionality for users. Further meeting held 6.11.18. re. proposed system but just covered previous points.</p> <p>New Project Manager now working on proposals.</p>	May 2019: Progress but no real change or decisions taken. June 2019: ERP Gold decision still needs to be taken. Query re budget that was confirmed ongoing.	4	4	Yes	Organisational / Management / Human Factors	Steady	Yes
People and Communities													

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20	15/05/19	Meeting demand for School Places	<p>There is a risk that the authority will fail to meet its legal requirement for every child of statutory school age to access a school 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)</p> <p>This is as a result of the impact of further inward migration as EU borders open up, increasing demand and a cut in Government funding for school places.</p> <p>The consequences are:</p> <ol style="list-style-type: none"> 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 	No		<ol style="list-style-type: none"> 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 admissions form being developed to improve data collection) 6) The School organisation plan and demographic forecast are regularly updated and reviewed by the council 7) Sufficient resources identified in the MTF5 to support known requirements in the next three years if forecasts remain accurate. 8) Quality of relationships with schools means schools have over admitted to support the Council to meet identified need for places in this local area 9) Ongoing review of council's five year rolling programme of capital investment. Priority continues to be given to the identified basic need requirement for additional school places 	<p>15/05/19 - an Increased percentage of secondary pupils being offered a place at their parents' first preference school indicates that the place planning strategy and associated capital investment programme have created capacity in the right places.</p> <p>A comprehensive review of the School Organisation Plan just completed.</p> <p>Member briefing and report to Scrutiny well received</p>	5	4	Yes	Organisational / Management / Human Factors	Steady	Yes
20	18/06/19	Shared Service	<p>There is a risk that there are financial and service implications from implementing the plan to share services with CCC.</p> <p>The consequences are that this process could result in a reduction in performance and an increase in costs. In addition to this, plans may not deliver the desired benefits and objectives, or meet the timescales required.</p>	Yes		<p>Shared service Programme Board established, meeting monthly. Close monitoring of performance and progress in place.</p> <p>Shared Service programme review underway (March 2019) P&C Shared Services opportunities recorded on the Tracker. Think Communities approach will enable further opportunities for shared services aligned to the new operating model.</p>	<p>18/06/2019 - Risk kept under People & Communities due to the level volume of shared services work, but a separate risk item for Shared Services</p> <ul style="list-style-type: none"> - Financial Controls was added to Resources to emphasize the corporate nature of this item, and capture mitigations that need undertaking by Finance 	4	5	Yes	Organisational / Management / Human Factors	Steady	Yes
15	15/05/19	Safeguarding	<p>There is a risk that safeguarding functions fail to prevent a child or vulnerable adult being placed at significant risk of harm.</p> <p>The consequence is an increase in costs across the public sector, increased fear of crime, reduced confidence in public sector, community tensions and conflict.</p>	No		<ol style="list-style-type: none"> 1) Sustain current improvement journey and adhere to JTAI improvement plan in Children's Services; 2) Permanent leadership team recruited to in place - recruitment and retention package for social workers developed and to be implemented; 3) Continuing focus on high priority areas including domestic abuse, neglect and child sexual exploitation; 4) Practice development emphasising continuing importance of evidencing management oversight and journey of child in work with families <p>Adults:</p> <ol style="list-style-type: none"> a) 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 b) Strengthened Safeguarding Adults board arrangements c) Consultant practitioners in front line teams 			No	Organisational / Management / Human Factors	Steady	Yes	
Place and Economy													

15	01/08/19	Delivery of affordable homes	There is a risk that an insufficient number of affordable homes will be built in forthcoming years leading to additional pressures around provision of temporary accommodation with secondary impact on the local labour force to attract skilled workers.	Yes		<ul style="list-style-type: none"> Proactively engage with social landlords and developers. Apply for Government funding where applicable and work closely with the Combined Authority. Output from the Housing Needs forecasting tool will be used to inform the supply requirements, and NPS are engaged to source properties appropriately. 	<ul style="list-style-type: none"> 1/8/2019 - Helena & Kat carried out a review exercise to ensure the risk is owned by a single department (P&E). Some mitigations moved - previously outlined by resources (Housing needs forecasting tool output.) Risk profile raised to low red (5 in impact, 3 in likelihood.) Actions taken to reduce the risk, deeming it less of a threat. <ul style="list-style-type: none"> This risk replaces: Reduction affordable permanent rented accommodation - previously within the People & Communities BAU Risk Register <ul style="list-style-type: none"> This risk replaces: Risk of insufficient Housing supply - previously within the Resources BAU Risk Register Meeting with RSL organised for the 22nd July and the current forecast of affordable homes for 19/20 	3	5	No	Economic / Financial/Market	Increasing	Yes
Public Health													
PR002482 : Public Health Departmental Risk Register													
16	18/07/19	National public health grant allocation is not sufficient.	<p>There is a risk that the Public Health Grant allocation to Peterborough is not sufficient to meet the need for Public Health Services.</p> <p>The consequences are a failure to improve public health outcomes due to insufficient investment in Public Health Services.</p>			<p>PH DMT DPH meetings with Finance team to track budget. CMT</p> <p>1) Full participation in quarterly budget rounds and quarterly budget planning 2) Monthly financial reporting and business planning/staffing discussions at PH DMT 3) Ongoing joint working across directorates of co-placed staff 4) Work with CCG and CPFT to address shortfall in funding for Health Visiting and School Nursing</p>	Cannot be reduced as the situation remains the same	4	4	Yes	Economic / Financial/Market	Steady	Yes
Resources													
20	03/07/19	"Brexit" impact on EU funding and regulatory framework	There is a Risk that the vote to leave EU impacts procurement arrangements and costs / availability of services. The consequence is uncertainty around EU funding, possible disruptions to the labour market / uncertainty around service demand / provision.*	Yes		Consequences of vote UK's decision to leave the UK to be monitored as they emerge Consequences of policy developments / funding changes to be reported to CMT at the earliest opportunity. A review is being undertaken of critical supply chains to avoid any payment issues in April 2019	16/05/2019 - there is a separate Brexit risk log that looks at all the possible impacts on PCC operations.	4	5	Yes	Political	Steady	Yes
20	03/07/19	Financial Resilience	There is a risk that the Council's financial resilience is insufficient to further withstand the combined pressures of reduced grant funding and increased cost and demand pressures. Any weaknesses in the delivery of the strategy to strengthen financial resilience may exacerbate this risk. The consequence is an unsustainable and financially unviable organisation beyond the short term.	Yes		A number of metrics are being developed to assess financial resilience across Local Government. The strategy to strengthen financial resilience is underpinned by a set of financial planning and management arrangements. However, a clear route to a sustainable medium-term financial position has not yet been fully identified.	16/05/2019 - The council has been working with Grant Thornton to develop a "financial bridge" and longer-term recovery plan to secure sustainability and guard against a S114 situation.	4	5	Yes	Economic / Financial/Market	Steady	Yes

16	03/07/19	Failure to achieve MTFS savings targets	There is a Risk that MTFS savings targets are not achieved, or costs are not contained within approved budget, leading to overspending. The consequence is unplanned cessation of services. Reserve levels adversely impacted and additional and / or emergency savings measures need to be taken.	Yes		Ensure robustness of proposals and closely monitor implementation and delivery in conjunction with BCR. DMT to identify early warning of risk areas and develop solutions. A savings RAG review is included in the BCR process to support this. This is currently showing red for several Em savings in 19/20	16/05/2019 - the first budgetary control position reported to the Cabinet on the 10th of June will provide an update including any remedial action identified.	4	4	Yes	Economic / Financial/Market	Steady	Yes
16	03/07/19	Local Government Funding Review outcome & a possibility of losing grant with short notice	The impact of funding review on PCC finances is not currently known. There is a risk that this is adverse. The consequence is a possibility of losing grant with short notice	Yes		Monitor position and evaluate impact at earliest opportunity	16/05/2019 - there is a possibility of a delay to the fair funding review from the central government. PCC responded to the consultation. 31.05.19 - Risk score not reduced although now over longer timeframe. The delay means that any additional funding that might have come through the funding review will be pushed back.	4	4	Yes	Strategic / Commercial	Steady	Yes
15	03/07/19	Failure to maintain an effective business continuity plan	There is a risk of failure to maintain an effective business continuity plan for all relevant service areas. The consequence is disruption caused by service failure leading to hardship for individuals, potential loss of business and significant reputation damage. Loss of IT Loss of key records Loss of office accommodation	Yes		Revisit all business continuity plans 1/2 yearly review going forward Establish emergency response toolkit and re-issue	16/05/2019 - To be discussed at Risk Board	3	5	No	Strategic / Commercial	Steady	Yes

AUDIT COMMITTEE	AGENDA ITEM No. 6
16 SEPTEMBER 2019	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director Resources	Tel. 452520

USE OF CONSULTANTS – UPDATE REPORT

R E C O M M E N D A T I O N S	
FROM : Corporate Director Resources	Deadline date : N/A
1. That Audit Committee consider the update report on the use of Consultants for the financial year 2019/20.	

1. ORIGIN OF REPORT

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

2. PURPOSE AND REASON FOR REPORT

- 2.1 Sustainable Growth Scrutiny Committee recommended that the on-going monitoring role at Member level is undertaken by Audit Committee. Audit Committee considered their approach to this role at their meeting of 26 March 2012. This report is in line with the approach agreed and subsequent updates, and is in accordance with the Committees' Terms of Reference:
- 2.2.1.11 To review any issue referred to it by the Chief Executive or a Director, or any Council body; and
 - 2.2.1.15 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. REVIEW OF THE USE OF CONSULTANTS

- 4.1 In March 2010, the Sustainable Growth Scrutiny Committee requested a review into Peterborough City Council's use of consultants. A cross-party review group was established to undertake this work on behalf of the Sustainable Growth Scrutiny Committee.
- 4.2 The report from the Consultancy Review Group was issued in March 2011. Scrutiny also recommended that on-going monitoring of the use of consultants should fall to Audit Committee. Audit Committee considered this role at their meeting of 26 March 2012.

4.3 A further report, outlining the information requested, was discussed at the meeting of 5 November 2012. Further updates have been considered at subsequent meetings, continuing the regular reporting to Audit Committee.

4.4 **Use of consultants**

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

4.5 The spend for the last ten full years, plus in current year to date is shown below.

	Total £m
2009-10	8.5
2010-11	6.4
2011-12	5.4
2012-13	4.3
2013-14	4.5
2014-15	3.1
2015-16	2.5
2016-17	3.0
2017-18	2.4
2018-19	2.7
2019-20 (first 4 months)	1.0

4.6 The spend in the first 4 months of 2019-20 reported was 1.0m, suggesting a potential annual spend of 3.0m on a straight line basis. However the £1m figure to July includes £361k spent with 4OC (which has now stopped) and £247k spent with Grant Thornton, on the council's financial improvement programme. The total projected spend with Grant Thornton is currently £1.1m. Adjusting the forecast for these two suppliers would put the full year estimate at £2.7m.

4.7 The policy agreed by Cabinet and Audit Committee to manage use of consultants, including the need for a business case to be produced, remains in place. The Corporate Management Team has continued to keep spend under review as part of the budget monitoring process.

4.8 A list of companies used for the period 1 April 2019 to 31 March 2019 is included in Appendix 1, indicating the breadth of these companies and services that are included in the standard classification and in the analysis in this report.

Agency

4.9 The Council also employs Agency staff through a number of Contracts. The spend for the past 3 financial years on Agency has been:

- 2016/17 - £6.3m
- 2017/18 - £6.5m
- 2018/19 - £8.8m
- 2019/20 - £1.9m for first four months

5. CONSULTATION

- 5.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012. Subsequent discussions at the meetings referred to have refined the information they wish to monitor.

6 ANTICIPATED OUTCOMES

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

7 REASONS FOR RECOMMENDATIONS

- 7.1 The recommendations are in line with the recommendations of Scrutiny, and the view of Audit Committee in undertaking this role.

8 ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012.

9 IMPLICATIONS

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

10 BACKGROUND DOCUMENTS

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

- Consultancy Review Report, March 2011;
- Report to Sustainable Growth Scrutiny Committee, 8 November 2011;
- Report to Sustainable Growth Scrutiny Committee, 6 March 2012; and
- Reports to Cabinet and Audit Committee 26 March 2012.
- Report to Audit Committee of 5 November 2012
- Report to Audit Committee of 4 February 2013
- Report to Audit Committee of 4 November 2013
- Report to Audit Committee of 3 November 2014 and supplementary report to Audit Committee of 2 February 2015
- Report to Audit Committee of 9 November 2015
- Report to Audit Committee of 22 November 2016
- Report to Audit Committee of 19 November 2018
- Report to Audit Committee of 11 February 2019
- Report to Audit Committee of 15 July 2019

11 APPENDICES

Appendix 1 - list of companies used during the period 1 April 2019 and 31 July 2019 with summary

2019/20
Appendix 1 - List of companies with Summary

2019/20		
Supplier Name	Initiative	Amount
4OC Ltd	People & Communities Savings programme; Adults Positive Challenge	361,184.75
Airey Consultancy Services Ltd	Council Tax reduction scheme	6,600.00
Allen Lane	HRA accountant	22,023.51
CapacityGrid	Empty Homes Review	6,416.67
CEB Global Ltd	Finance Improvement & delivery of MTFS savings agenda	15,542.47
Eddisons Commercial Ltd t/a Barker Storey Matthews	Fee in relation to the new letting at 31 Herlington Centre, Peterborough	1,470.00
Fiona Spinks	GDPR work	13,777.50
Grant Thornton UK LLP	Financial Intervention work	246,824.00
Inform CPI Ltd	RV finder	5,500.00
J C Associates	Complaint investigation	2,383.15
Lisa Bunyan	Integrated Communities Strategy	5,473.30
Mark Stephen Land Management	Soil Testing	750.00
NPS Peterborough Ltd	Provision of Property support & PFI Contract Management	19,168.66
Omnico Group UK Limited	IT project support	1,487.50
Penna Plc	Interim Development Director	42,400.26

PT Consultancy	EU Settlement scheme support & monitoring	4,000.00
Reed Specialist Recruitment Limited	Development of BID proposal 34.5k; Programme Management 64.5k	98,959.68
RINA Consulting Ltd	Support related to Empower Loan facility	3,700.00
RJW Associates Ltd	Peterborough Safeguarding Board	5,750.00
Serco Ltd	ICT Stabilisation Strategy 88k; Customer Service transformation 6k	93,828.86
Structural Design (Alveley) Ltd	Highlees school solar PV instal	425.00
Terrier Management Services	Complaint investigation	1,056.10
The Planning Inspectorate	Examination in Public of the Peterborough Local Plan	2,969.07
TLT LLP	Legal support regarding accreditation and liability for Climate Change Levy	10,542.00
Valuation Office Agency	Viability advice regarding planning application	3,500.00
Vivacity Culture and Leisure	Contribution to 18/19 Penna consultant fees 32k; City of culture consultation	32,603.17
WESTCO TRADING LIMITED	Strategic Communications Support	12,487.50
2019/20 Total for April 2019-July 2019		1,020,823.15

AUDIT COMMITTEE	AGENDA ITEM No. 9
16 SEPTEMBER 2019	PUBLIC REPORT

Report of:	Councillor Over, Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296334

FEEDBACK REPORT

R E C O M M E N D A T I O N S
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> Note the Feedback Report and work completed since the last meeting

1. ORIGIN OF REPORT

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

2. PURPOSE AND REASON FOR REPORT

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

3. IMPLICATIONS

Financial Implications

3.1 There are none.

Legal Implications

3.2 There are none.

Equalities Implications

3.3 There are none.

4. APPENDICES

4.1 Appendix A - Feedback report

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AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2019 - APRIL 2020

AGENDA ITEM	ACTION ARISING	OFFICER RESPONSIBLE	ACTION TAKEN	ACTION RAISED	SIGN OFF DATE
Fraud Investigations Annual Report 2018/19	Chief Internal Auditor to circulate a briefing note with a breakdown of Peterborough's figures submitted as part of the National Fraud Survey	Steve Crabtree	Briefing Note Circulated		
Review of Effectiveness of the Audit Committee	Chief Internal Auditor to supply briefing note of the pitfalls of other Audit Committees.	Steve Crabtree	Briefing Note to be Circulated		
Review of Effectiveness of the Audit Committee	Pre-meeting to be arranged a week before the main meeting for Audit Committee Members	Dan Kalley	Arrange for pre-meeting sessions		

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AUDIT COMMITTEE	AGENDA ITEM No. 10
16 SEPTEMBER 2019	PUBLIC REPORT

Report of:	Councillor Over, Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296 334

WORK PROGRAMME 2019/20

R E C O M M E N D A T I O N S
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> Notes and agrees the Work Programme for the municipal year 2019/20.

1. ORIGIN OF REPORT

1.1 This is a standard report to the Audit Committee which forms part of its agreed work programme. This report provides details of the Draft Work Programme for the following municipal year.

2. PURPOSE AND REASON FOR REPORT

2.1 The Work Programme is based on previous year's agendas. The programme can be refreshed throughout the year in consultation with senior officers and the Committee membership to ensure that it remains relevant and up to date. In addition, any delays in reporting issues are recorded so that they do not drop off the committee agenda.

2.2 Training for members on specific aspects of the Audit Committee agenda are available throughout the year and will be arranged on request and will take place on a separate day to that of the committee meeting.

3. IMPLICATIONS

Financial Implications

3.1 There are none

Legal Implications

3.2 There are none

Equalities Implications

3.3 There are none

4. APPENDICES

4.1 Appendix A - Work Programme 2019/20

APPENDIX A

DATE: 15 JULY 2019			
		Section / Lead	Description
	Annual Governance Statement	Finance Kirsty Nutton	To consider and endorse the development of the Annual Governance Statement as included in the accounts.
	Internal Audit: Annual Audit Opinion	Internal Audit Steve Crabtree	To receive, consider and endorse the annual Internal Audit Opinion for the year ended 31 March 2019.
	Investigations Team Annual Report 2018 / 2019	Internal Audit Steve Crabtree	To receive, consider and endorse the annual report on the investigation of fraud and irregularities for the year ended 31 March 2019.
	Insurance: Annual Report 2018 / 2019	Internal Audit Steve Crabtree	To receive, consider and endorse the annual report on the delivery of Insurance Services for the year ended 31 March 2019.
	Capital and Treasury Outturn 2018 / 2019	Finance Pete Carpenter	To receive, consider and endorse the Capital and Treasury outturn 2018/2019
	Audit of Statement of Accounts To Those Charged with Governance (ISA260) including Annual Governance Statement	Finance Pete Carpenter / EY	To receive the final Statement of Accounts for the year ended 31 March 2019 incorporating the Annual Governance Statement together with the annual report to those charged with governance following their scrutiny by External Audit.
	Fees report	Finance Pete Carpenter	To approve the fees for the Municipal year 2019/2020
	Audit Committee Effectiveness	Internal Audit Steve Crabtree	To receive and consider the self assessment of the effectiveness of the Audit Committee
	INFORMATION AND OTHER ITEMS		

	Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Pete Carpenter / Chris Yates	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	
	Draft Work Programme 2019 / 2020	Democratic Services Dan Kalley	

DATE: 16 SEPTEMBER 2019

		Section / Lead	Description
	Risk Management: Strategic Risks	Governance Pete Carpenter/Susan Baxter	To receive details of the strategic risks impacting on the Council and the mitigating actions to address these.
	Use of Consultants	Finance Pete Carpenter	To receive an update on the use of Consultants
	External Audit: Annual Audit Letter	EY	To receive and approve the External Annual Audit Letter identified as part of their audit works
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required. To also include the outcome of a recent Surveillance Commission Inspection.
	Approved Write-Offs Exceeding £10,000 - None	Finance Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	
	Work Programme 2019 / 2020	Democratic Services Dan Kalley	

DATE: 18 NOVEMBER 2019

	Section / Lead	Description
Internal Audit: Mid Year Progress Report	Internal Audit Steve Crabtree	To receive an update on progress against the Annual Audit Plan together with details of any concerns
Mayors Costs	Finance Pete Carpenter	To receive a report on costs associated with the Mayor's office
Asset Investment Strategy	Finance Pete Carpenter	
Treasury Management Update	Finance Pete Carpenter	
EY Audit Plan	EY	
Working with Cambridgeshire CC and cost savings	Finance Pete Carpenter	
INFORMATION AND OTHER ITEMS		
Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
Approved Write-Offs Exceeding £10,000	Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Feedback report	Democratic Services Dan Kalley	
Work Programme 2019 / 2020	Democratic Services Dan Kalley	

DATE: 27 JANUARY 2020

		Section / Lead	Description
	Grants Certification report	EY and Finance	To receive a report on Grants Certification
	External Audit - Assessment of Internal Audit	Internal Audit Steve Crabtree	To receive a report in relation to the assessment by external auditors on internal audit procedures.
	Internal Audit: Approach to Audit Planning	Internal Audit Steve Crabtree	To receive a report on the approach to Audit Planning
	Use of Consultants	Financ/HR Pete Carpenter	To receive an update on the use of consultants and agency staff
	Risk Management: Strategic Risks	Governance Pete Carpenter	To receive an update on the strategic risks for the Council
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Finance Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.

	Feedback report	Democratic Services Dan Kalley	
	Work Programme 2019 / 2020	Democratic Services Dan Kalley	

DATE: 23 MARCH 2020

	Section / Lead	Description
Draft Annual Audit Committee Report	Democratic Services Dan Kalley	To receive the Draft Annual Audit Committee Report prior to submission to Council
Internal Audit: Draft Internal Audit Plan 2020 / 2021	Internal Audit Steve Crabtree	To receive and approve the Internal Audit Plan 2020 / 2021
INFORMATION AND OTHER ITEMS		
Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
Approved Write-Offs Exceeding £10,000	Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Feedback report	Democratic Services Dan Kalley	