



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 7:00PM, ON
MONDAY, 18 NOVEMBER 2019
BOURGES/VIERSEN, TOWN HALL, PETERBOROUGH**

Present: Councillors Over (Chairman), Joseph, Shaheed, A Coles, Murphy, S Nawaz and Warren

Officers in

Attendance: Peter Carpenter, Acting Corporate Director of Resources
Dan Kalley, Senior Democratic Services Officer
Steve Crabtree, Chief Internal Auditor
Julie Taylor, Group Auditor
Louise Cooke, Group Auditor

Also in

Attendance: Councillor David Seaton, Cabinet Member for Finance

23. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Skibsted. Councillor Shaz Nawaz attended as substitute.

24. DECLARATIONS OF INTEREST

No declarations of interest were received.

25. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 16 SEPTEMBER 2019

The minutes of the meeting held on 16 September 2019 were agreed as a true and accurate record.

26. INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2019/2020

The Audit Committee received a report in relation to the Internal Audit: Mid-Year Progress Report 2019/2020.

The purpose of the report was for the Committee to receive 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 and informed members that the report summarised detailed work from the audit team for the year so far. Risks were re-assessed throughout the year, this could involve closing down some planned audits or introducing new ones. The Audit team had also carried out work for Vivacity and the Combined Authority to date. A number of the audits originally identified for the year were completed or in progress, however some had yet to begin. In line with protocols,

if no assurance was given to any of the audit work these would be brought to the attention of the Committee.

There had been one vacancy within the team at the start of the year that had now been successfully filled, with the new employee starting on 28 October. With the team now at full capacity a number of additional audits could now be completed during the course of the year. Members were informed that anti-fraud remained a key focus. The audit work using the National Fraud Initiative had identified areas of fraud and error and the Council sought to reclaim monies back.

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

- In terms of monies that the Council were trying to collect there were examples of underpaid Council tax for those who were claiming single person discount. The numbers on this had grown following the audit and the Council was now pursuing avenues to claim any amounts owed back.
- In terms of blue badges the recoveries team were now able to access records held by birth, marriages and deaths in order to ask the question to those families who had a relative pass away whether they had a blue badge and asking them to return this to the Council.
- With regards to housing benefits the Council received matches via the DWP data sets and were then risk assessed before being referred to DWP to lead on any potential interviews. So far 350 cases had been identified.
- At the current time the workload for the Audit team was manageable. However with any increase in audit activity at the Combined Authority this could potentially lead to discussions with the Acting Corporate Director of Resources and the Chairman of the Audit Committee if any changes were needed.
- The recently declared climate emergency motion was not currently identified within the audit plan, however it was now on the Council's risk register. The budget now considered the climate emergency and was an appendix to this year's budget process. It was important going forward that departments learnt from one another on how best to tackle the carbon footprint when making decisions.
- In terms of any monies owed to residents the length of time to repay these was dependent on how long the information took to get onto the systems in order for the payment to be made.
- The officer time used in researching and billing those who had underpaid had improved from previously. This was because the data sets used by the Council had improved and was now more readily available.

The Audit Committee considered and **RESOLVED** (Unanimously) to note the progress of the Internal Audit plan 2018/2019

ACTIONS:

The Chief Internal Auditor to investigate how long it takes refunds to be made back to customers.

27. TREASURY MANAGEMENT MID YEAR UPDATE

The Audit Committee received a report in relation to the Treasury Management Mid Year Update.

The purpose of the report was to report current performance and the forecast outturn position against the Prudential Indicators in the strategy.

The Acting Corporate Director Resources introduced the report. Members were informed that the report was part of the budget setting process which was then presented to Full Council. The Strategy was in place to ensure borrowing was affordable and sustainable. There were ten prudential indicators all of which were within acceptable limits. If any fell outside this limit it would come back to the Committee to be looked at further. The public loan boards rates had increased by 1% which would have an impact on local authorities. The Local Government Association were asking Councils for examples of how the increase affected housing schemes as some authorities were investing heavily in the housing market.

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

- The prudential indicators code was voluntary in nature. The Government and Treasury had concerns over Councils' use of borrowing and had tried a number of different ways to control this.
- There was potential for the increased rates to have a detrimental impact on the Council trying to build more properties in the future.
- A comparison against other Councils could be carried out in terms of new revenue. Although the prudential indicator for this was within limit there might be concern if this was to rise by a few percent. The reason behind this was because Peterborough was classified as a new town, similar to that of Milton Keynes.
- The Council had invested large amounts into building new schools and refurbishing old schools.

The Audit Committee considered and **RESOLVED** (Unanimously) to note the report and reviewed the current performance against the Prudential Indicators approved in the Treasury Management Strategy.

ACTIONS:

Officers to investigate an update to the Fair Tax proposal motion presented at Full Council.

A briefing note to be circulated with an update on the Climate Change Emergency agreed at Full Council in July.

A briefing note on the differences between the Councils New Homes Bonus (NHB) and those of the Capacity Grid.

28. MAYORS' COSTS

The Audit Committee received a report in relation to the Mayors' Costs.

The purpose of the report was to provide the Committee with an update following an adverse report produced by Internal Audit in relation to the Mayor's Charities. The report was to provide further details and seek the views of the Audit Committee.

The Chief Internal Auditor introduced the report and explained that Internal Audit had identified issues around the Mayors Charity Fund. The original audit completed gave no assurance. However work had been carried out with the Mayor's Office in order to bring the accounts up to date and improve processes going forward, which provided protection to the Mayor, Council and Officers.

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

- The accounts were originally prepared and kept by volunteers and therefore the Council at that stage had no control. The Charity Commission had notified the Council that the accounts had not been done properly or timely.
- Members were informed that an audit would only have to be carried out if the gross value exceeded £25,000. This had only been the case in a select few years when the Mayor activities / events had been busy.
- Members welcomed the closer control now that the financial management and record keeping had been bought in house.

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

29. AUDIT COMMITTEE START TIME 2020/2021

The Audit Committee received a report into the start time of the Audit Committee for the year 2020/21.

The purpose of the report was to allow the Audit Committee the opportunity to discuss and agree the start times for meetings from the beginning of the Municipal Year 2020-21.

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

- There were arguments to having the meeting during the daytime in order to work around officer's time. This had to be balanced against those members who worked during the day and were unable to make daytime meetings.
- The Committee agreed that a compromise of 5pm be suggested for the next municipal year and for this to be reviewed going forward.
- Members were keen to promote the work of the Audit Committee further and to get more of the public involved.

The Audit Committee considered and **RESOLVED** (Unanimous) to agree the start time of the meeting for 2020/21 as 5pm for the municipal year 2020/21.

30. USE OF CONSULTANTS

The Audit Committee received a report in relation to the use of consultants for the financial year 2019/20

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

The purpose of the report was to provide the Committee with an update following an adverse report produced by Internal Audit in relation to the Mayor's Charities. The report was to provide further details and seek the views of the Audit Committee.

The Acting Corporate Director Resources introduced the report and explained that spending on consultants was in line with what was spent last year. However the amount spent on agency staff had reduced significantly in comparison to previous years.

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

- Members queried whether it was possible to build in some capacity into existing officers roles to cover off work carried out by consultants. In terms of consultants these were usually appointed when the Council did not have the expertise in-house.
- At the current time 150 properties had been identified and brought into use as part of the Empty homes review.
- There were still 129 properties currently empty, this was a low percentage compared to other authorities around the country.
- A lot of work had been carried out in the People and Communities directorate which had saved unnecessary expenditure. It was hoped this would deliver a more vigorous process within the directorate going forward.
- Reed consultants specialised in helping the Council with regards to its bidding processes and had helped the Council sign up a number of businesses.
- Grant Thornton had already come up with a number of ways the Council could save money and therefore the consultancy fee had already started to bear savings for the Council.
- With the new recruitment processes in place teams were now more aware of their recruitment needs and in most cases can continue to function without the need to replace posts.

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

ACTIONS:

A briefing note to be circulated around the Council's drive to reduce the use of consultants and agency staff.

31. WORK PROGRAMME

The work programme was to be updated to remove the external examination of internal audits as this took place every five years and had been completed last year.

In addition members agreed that an update on the fair tax procurement would be presented to committee at the next meeting, however any policies and processes would be presented to the Growth Scrutiny Meeting as a general rule.

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

7:00pm – 7.56pm
Chairman