

## AUDIT COMMITTEE

**MONDAY 18 NOVEMBER 2019**  
**7.00 PM**

**Forli 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. | <b>Minutes of the Meeting Held on 16 September 2019</b>   | <b>3 - 8</b>   |
| 4. | <b>Internal Audit: Mid Year Progress Report 2019/2020</b> | <b>9 - 32</b>  |
| 5. | <b>Treasury Management Mid-Year Update</b>                | <b>33 - 38</b> |
| 6. | <b>Mayors' Costs</b>                                      | <b>39 - 42</b> |
| 7. | <b>Audit Committee Start Times 2020-2021</b>              | <b>43 - 44</b> |
| 8. | <b>Use of Consultants - Update Report</b>                 | <b>45 - 50</b> |

### INFORMATION AND OTHER ITEMS

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

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

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

The Committee is asked to **NOTE** that there have been no approved write-off amounts to report since 16 September 2019, which exceed the Council's Financial Regulation threshold of £10,000.

## 11. Work Programme

51 - 58



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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](mailto:daniel.kalley@peterborough.gov.uk)



**MINUTES OF THE AUDIT COMMITTEE MEETING  
HELD AT 7:00PM, ON  
MONDAY, 16 SEPTEMBER 2019  
BOURGES/VIERSEN, TOWN HALL, PETERBOROUGH**

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

Officers in

Attendance: Peter Carpenter, Acting Corporate Director of Resources  
Dan Kalley, Senior Democratic Services Officer  
Fiona McMillan, Director of Law and Governance and Monitoring Officer

Also in

Attendance: Suresh Patel, Associate Partner Ernst & Young LLP

**15. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**16. DECLARATIONS OF INTEREST**

No declarations of interest were received.

**17. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 15 JULY 2019**

The minutes of the meeting held on 15 July 2019 were agreed as a true and accurate record.

**18. ERNST & YOUNG LLP ANNUAL AUDIT LETTER FOR THE YEAR ENDED MARCH 2019**

The Audit Committee received a report in relation to the Annual Audit Letter for the Year Ended March 2019.

The purpose of the report was for the Committee to receive the detailed findings that had been reported in the Audit report on 15 July 2019.

The Associate Partner, Ernst & Young (EY), informed members that the report summarised the completed audit and reported back to the Committee the key findings. An unqualified Audit was given to the Council on 31 July 2019. A couple of issues around property plans had now been concluded.

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

- EY had been working at recruiting more people in order to deal with workloads. Work had also been undertaken at looking at ways of retaining staff. There was confidence that the process of auditing would be better across the region in comparison to the previous year.
- It was confirmed that the Committee had delegated the Chairman of the Audit Committee the power to sign of the Statement of Accounts in July.
- Peterborough City Council was one of the few organisations in the region that had a signed set of accounts by the 31 July deadline.
- In terms of irregularities with procurement arrangements, this had been around how strategies were formed. For example some of the strategies precluded the Council from allowing competition when awarding contracts. This had now been resolved and updated.
- The Audit fee charged had reduced over the past couple of years, however the scope of work being carried out had changed and the focus was now on the core audit. EY had expressed a view to the Government consultation around the fees and work that was expected to be carried out.
- The Council did not currently have a lot of leases in place. Most of these were the dust carts that were currently in use. In some instances it was cheaper for the Council to buy equipment instead of leasing it.
- In terms of the pension fund the Council was currently 80% funded, which was different to previous years when it was 60% funded. Over the past ten years the fund itself had been weighted more to equities. In the last two or three years when things had been going well the value of the pension actuary had gone down, this was mainly due to the cost of living and what we would be paid in terms of pensions. One of the key issues had been the length of time people were living, this had placed a strain on the pension fund. In terms of comparison to the private sector and the government pension scheme the Council's fund was better funded. Some authorities were 100% funded however this was due to the fact that they had put more money from underspend into the pension fund.
- The £171 million PFI payments related to schools.
- The reporting threshold identified by EY was in place so that only spends above £471k would be subject to EY auditing standards and be reported to the Audit Committee.
- The Finance team at the Council were commended on their work over the past year in getting the accounts ready for sign off.

The Audit Committee considered and **RESOLVED** (Unanimously) to note the Annual Audit Letter

## 19. RISK MANAGEMENT REPORT

The Audit Committee received a report in relation to the Councils Risk Management Report.

The purpose of the report was for the Committee to note and comment on the Risk Management Report.

The Acting Corporate Director Resources introduced the report which sets out what the Council perceives as major risks and how the Council tries to mitigate the risks. The red risks generally don't change and revolve around the Council's financial position, government funding and school places. In addition Brexit was a red risk as this was still happening on 31 October. The Government had made funding available for Councils to think through risks around Brexit and how this could be mitigated. In terms of funding the Government in the Chancellor's speech made more funding available for local government than in the past six years, this was estimated to be around £6 million, however it was stressed that this was just a one year settlement.

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

- There was still a risk around school places even though there was a higher percentage of children getting their first choice. There were a number of new developments that could impact on the number of children needing to go to school and this was outside of the Council's control.
- In terms of the business continuity this was red due to the fact that there had been a number of issues around fire control in both Sand Martin House and the Town Hall. This had now been resolved and was likely to be only an amber risk going forward. In terms of IT resilience this was now far more advanced than before. Sand Martin House now had extra resilience in place.
- There were a number of schools that had not filled up all places available, this had an impact on those specific schools receiving the necessary income and funding because of this.
- In terms of Shared services this was not moving as quickly as the Council would like, this was mainly due to the break up of LGSS and mainly affected back office support. In terms of front line services the sharing arrangements with Cambridgeshire County Council and other organisations was moving along well.
- There were potentially risks to resources dependent on whether Brexit took place on 31 October, this included having to change Council stationary and any other relationships with suppliers that were based in the EU. Members of the Committee were informed that most of the Councils partners were based in the UK so this should not have a major impact if the UK leaves the EU on 31 October.
- A lot of work had been carried out in conjunction with the Local Government Association (LGA) around financial pressures. The Council currently used the CIPFA resilience test indicators. The Council faced higher risks if there was to be another recession as there was a higher commercial value risk to the Council.
- In terms of affordable housing this needed to be raised at Planning Committee.
- In terms of shared services one of the issues that needed resolving was ensuring that organisations agreed to a common base and how services were upgraded to ensure that they were deliverable. It was important that any shared service was as efficient as possible. There also needed to be a mindset change in terms of shared working to ensure that the services being delivered were adequate.

- There were discussions with the NHS as to the deficit that they were currently running with. There were still issues with how Public Health were funded and this was being investigated.

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

## 20. 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 Acting Corporate Director Resources introduced the report and explained that when the reports were originally presented in 2012 there were a number of issues with spend on Consultants and Agency staff. Current projections showed that there would be £2.3 million less spent on agency staff this financial year. Recruitment processes were now in place so that vacancies were analysed before going out to recruitment.

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

- The high spend a decade ago was most likely down to the lack of expertise within the Council, however the Council now had more expertise at its disposal. In addition Councils were now had shared service arrangements enhancing the expertise across different organisations.
- A large percentage of agency spend was on adult social care as there was more money to be earned as a locum than a permanent member of staff.
- A training session on consultancy fees would be beneficial to members of the Committee.

The Audit Committee considered and **RESOLVED** (Unanimous) to note the update report on the use of Consultants for the financial year 2019/20.

## 21. FEEDBACK REPORT

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

## 22. WORK PROGRAMME

The work programme was to be updated to include an item on the Committee selecting its start times from 2020-21 onwards.

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

7:00pm – 7.56pm  
Chairman

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<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 4
<b>18 NOVEMBER 2019</b>	<b>PUBLIC REPORT</b>

Report of:	Pete Carpenter, Acting Corporate Director of Resources		
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance		
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557	

<b>INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2019 / 2020</b>
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<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Pete Carpenter, Acting Corporate Director of Resources	<b>Deadline date:</b> N/A
<b>It is recommended that Audit Committee:</b>	
1. Note the progress of the Internal Audit plan for 2018 / 2019	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Audit Committee as a routine planned report within the 2019 / 2020 work programme of the Committee.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.2.1 *To consider the annual audit report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements*".

2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2019 / 20120 as at 30 September 2019.

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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**4. INTERNAL AUDIT UPDATE**

4.1 **Background**

The details of the progress of the 2019 / 2020 plan are documented in **Appendix A** and **Appendix B**. Internal Audit utilise an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, as well as listing the audits completed, this report details the audits we plan to conduct, or which are underway, based

on our current assessment of risk. Audits which are new have been highlighted. We will continue to appraise risk and refine our audit plans, therefore those audits that have yet to be started could be replaced if risk levels change.

## **4.2 Resources**

4.2.1 The 2019 / 2020 plan was compiled on the basis of an in-house team with an establishment of **6.1** full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and Corporate Complaints. Management of these activities included within the plan reduced the direct audit time to **5.6** FTE. One full time Senior Auditor post was vacant, leaving a **4.6** FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.

4.2.2 Following the corporate recruitment process, we have been able to appoint to the Senior Auditor post. As at 30 September 2019 the Senior Auditor post was vacant with the new starter commencing duties from 28 October 2019. This brings the FTE for the year, for staff in post, to **5.1** FTE (excluding the CIA's other areas of responsibility).

4.2.3 The revised plan continues to highlight those audits that are not achievable within the currently available resource levels.

## **4.3 Performance and Outputs**

4.3.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: SUBSTANTIAL; REASONABLE; LIMITED; and NO ASSURANCE. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews are included within **Appendix A**, once the review has been agreed and finalised. Whilst there are some reports presently in draft, there are no finalised reports that fall into this category at this time.

4.3.2 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2019 / 2020 audit plans. There are no significant issues to be brought to the Committee's attention at this time.

## **5. CONSULTATION**

5.1 This report and accompanying appendices have been issued to the Acting Corporate Director of Resources and the Joint Director of Legal and Governance Services

## **6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work.

## **7. REASON FOR THE RECOMMENDATION**

7.1 The Council is subject to the Accounts and Audit Regulations and as such must make provision for Internal Audit in accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards. It must also produce an Annual Governance Statement to be published with the Council's financial accounts. This report and associated papers demonstrate how the audit service is progressing against the audit plan how it will contribute to the Statement.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

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

## **9. IMPLICATIONS**

### **Financial Implications**

- 9.1 During the year, Internal Audit reports will generate a series of recommendations. While implementing these may have resource implications for the various areas under review, Internal Audit discuss and agree recommendations with the auditee prior to the issue of the final audit report. Therefore, it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that they can readily call upon.

### **Legal Implications**

- 9.2 The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations. There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

## **10. BACKGROUND DOCUMENTS**

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

- 10.1 Used to prepare this report in accordance with the Local Government (Access to Information) Act 1985
- Internal Audit Annual Plan 2019 / 2020
  - Internal Audit written output (reports, memos, grant certifications)

## **11. APPENDICES**

- 11.1 Appendix A: Internal Audit Mid-Year Progress Report 2019 / 2020 (to 30 September 2019)
- Appendix B: Progress against agreed Audit Plan

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**APPENDIX A**



**INTERNAL AUDIT MID-YEAR  
PROGRESS REPORT 2019 / 2020  
TO 30 SEPTEMBER 2019**

## 1. **INTRODUCTION**

- 1.1 The purpose of this report is to bring the Committee up to date with progress made against the delivery of the 2019 / 2020 Internal Plan. The information included in the progress report will feed into and inform our overall opinion in the Annual Audit Opinion report issued at the year end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.
- 1.2 Internal Audit use an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted in the table below. We will continue to appraise risk and refine our audit plans, therefore the audits listed in Appendix B that have yet to be started could be replaced if risk levels change.
- 1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance. To obtain this assurance, we look at the number and type of recommendations we make in each report and are summarised below:

<b>AUDIT ASSURANCE OPINIONS</b>	
<b>Assurance</b>	<b>Definitions</b>
<b>Substantial</b>	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There may be some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
<b>Reasonable</b>	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
<b>Limited</b>	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
<b>No</b>	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

- 1.4 Should an audit report identify **LIMITED** or **NO** assurance, then as a matter of course those areas are followed up. Our work is carried out to assist in improving control. **However management is responsible for developing and maintaining an internal control framework.**
- 1.5 Our recommendations are graded, dependent on the severity of the findings, see below:

<b>RECOMMENDATION RATINGS</b>		
<b>Status</b>	<b>Definitions</b>	<b>Implementation</b>
<b>Critical</b>	Extreme control weakness that jeopardises the complete operation of the service.	Immediately
<b>High</b>	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	As a matter of priority
<b>Medium</b>	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	At the first opportunity
<b>Low</b>	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	As soon as reasonably practical

## 2. **EXTERNAL WORK and OTHER DUTIES**

- 2.1 Internal Audit provides audit services to the Combined Authority. Our annual plan allocated 150 days to such work, and to date 54 days have been provided from the plan. These reviews are client confidential and reports are only available to the Combined Authority. The work that we carry out for the Combined Authority is chargeable to them through a Service Level Agreement.
- 2.2 Internal Audit also provides audit services to Vivacity–Peterborough which is managed through a Service Level Agreement. The contract arrangements have been operational since 2010 and the work we carry out is chargeable to Vivacity. These reviews are client confidential and as a result their outcomes are only available to Vivacity. The original plan includes 60 days for this work which included some rolled forward days from the previous year. To date 19 days have been utilised.
- 2.3 The Chief Internal Auditor (CIA) also is charged with management responsibility for both the Insurance and the Investigations Teams at Peterborough City Council, and separate reports are provided to the Audit Committee for these areas. The CIA also undertakes any Stage 2 Corporate Complaint reviews, as deemed appropriate.

2.4 Some audit staff also support the organisation during the election process. Additional days have been encountered to date than previously planned due to the increased activity from the By and European Elections.

### 3. **RESOURCES**

3.1 The 2019 / 2020 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and Complaints. Management of these activities included within the plan equated to just over 0.5 FTE bringing direct audit time to 5.6 FTE. One full time Senior Auditor post was vacant at the time of producing the plan, leaving 4.6 FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.

3.2 At this point in the year the Senior Auditor post remains vacant. However, a recruitment process has been undertaken resulting in the post being filled from 28 October. This brings the FTE for the year, for staff in post, to 5.1 FTE (excluding the CIA's other areas of responsibility).

3.3 The revised plan, detailed in Appendix B below, continues to highlight those audits that are not achievable within the currently available resource levels.

### 4. **PERFORMANCE and OUTPUTS**

4.1 A detailed commentary of the progress of the 2019 / 2020 Annual Plan is documented at **Appendix B**. The table below gives a summary of the status of all audit projects. The figures for the 'current plan' include the additional resources mentioned in 3.2. As the plan continues to be prioritised on an ongoing basis these figures may be subject to change.

	Peterborough CC	Combined Authority	Vivacity	TOTAL
Planned Activity				
<b>Original Plan</b>	<b>41</b>	<b>11</b>	<b>8</b>	<b>60</b>
Actual Activity				
Complete	21	2	0	23
In Progress	19	2	4	25
Yet to do	18	7	4	32
<b>Current Plan</b>	<b>58</b>	<b>11</b>	<b>8</b>	<b>77</b>



- 4.2 As stated in 3.2 the annual plan has been based on resources of 6.1FTE. This includes activities also undertaken on behalf of The Cambridgeshire and Peterborough Combined Authority (CPCA), Vivacity as well as other areas that the CIA has management responsibility for. A breakdown of how time has been spent as of 30 September 2019 is detailed in the table below. These percentages will be subject to change during the second part of the year due to the planned timings of audit activities for PCC and external entities.

	No. of posts	Planned	Total in post for 2019/20 to date	Audit Work PCC	Audit Work other entities	Non-Audit Work *
	Posts	FTE	FTE	%	%	%
Chief Internal Auditor	1.0	1.00	1.00	24%	34%	42%
Group Auditor	2.0	1.57	1.57	68%	28%	4%
Principal Auditor	1.0	0.50	0.50	100%	-	-
Senior Auditor	1.0	1.00	1.00	84%	16%	-
Senior Auditor (vacant)	1.0	1.00	-	-	-	-
Auditor	1.0	1.00	1.00	96%	-	4%
<b>TOTAL</b>	<b>7.0</b>	<b>6.07</b>	<b>5.07</b>	<b>74%</b>	<b>16%</b>	<b>10%</b>

- 4.3 There has been significant additional work carried out, compared to that originally planned, in the areas listed below. Further details on these specific audit areas can be found in Appendix B.
- Northminster MSCP: Closure Review
  - Energy management
  - Some additional Grant work not previously advised
- 4.4 Whilst there are some reports presently in draft, there have been no finalised reports with a **LIMITED** or **NO** assurance rating to date. Audit Committee will be advised of any future reports falling within these categories as part of the audit committee timetable.
- 4.5 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2019 / 2020 audit plans. There are no significant issues to be brought to the Committee's attention at this time.

- 4.6 Responses to audit reports - We aim to turn a draft into a final within 28 days, and provide a target date for response, as well as reminders. Generally this figure is reflective of the fact that, with reduced officer numbers, operational activities take priority over audit reports. As a number of reviews are presently in progress and grant certification work is target date driven there are no major issues in achieving this target in the first six months. However there are two reports that await finalisation from 2018/19 as follows:

Audit	Directorate	Date Draft issued
Savings Targets	Resources	24 April 2019
Procurement Cards	Resources	4 April 2019

3 **PROGRESS AGAINST AGREED AUDIT PLAN****APPENDIX B**

Where audits are “shaded”, these represent those jobs not started at 31 October 2019.

<b>AUDIT ACTIVITY</b>	<b>COMMENTARY</b>
<b>AUDIT ACTIVITIES</b> <b>Provision for Governance and Anti-Fraud activities that are not subject to risk assessment</b>	
Annual Audit Opinion	<b>Completed</b> Annual Opinion 2018 / 2019 presented to Audit Committee on 15 July 2019.
Annual Governance Statement Review	<b>Completed</b> Verification of (but not production of) analysed results highlighted for inclusion in the final AGS report to include comparison with the Local Code of Governance. Annual Governance Statement 2018 / 2019 presented to Audit Committee on 15 July 2019.
Annual Investigations Report	<b>Completed</b> Annual Report 2018 / 2019 presented to Audit Committee on 15 July 2019.
Mid-Year Audit Progress Report	<b>Completed</b> Annual Audit Progress Report 2019 /2020 being presented to Audit Committee at this meeting, on 18 November 2019.
Internal Audit Effectiveness	<b>On-going</b> On-going monitoring, review and update against the PSIAS standards and associated action plan.
Information Governance	<b>Ongoing</b> Attendance at the Information Management Strategic Board, a shared arrangement with PCC and CCC.
Risk Management	<b>Ongoing</b>

	Chief Internal Auditor is a member of the Risk Management Board which meets on a monthly basis and reviews all departmental risk registers and the corporate risks which are held on Verto. Escalation processes are in place to refer departmental risks through to CMT. Regular reports are provided to Audit Committee (last agenda item September 2019).
<b>AUDIT ACTIVITY</b>	<b>COMMENTARY</b>
<b>AUDIT ACTIVITIES</b>	
<b>Provision for Governance and Anti-Fraud activities that are not subject to risk assessment</b>	
National Fraud Initiative	<p><b>In Progress</b></p> <p>13 datasets extracts matched by the Cabinet Office have produced 6,106 matches (of which 3,757 relate to creditors) and work is nearing completion. Matches are prioritised in terms of risk and accuracy of match with audit activities focussing on data quality and risk. Example findings to date have highlighted:</p> <ul style="list-style-type: none"> <li>• Duplicate creditors have been identified through a number of matches. This has resulted in the identification of two duplicate payments totalling £1,989-90 which are in the process of being recovered;</li> <li>• Single person discount compared to the electoral register has identified a total of £6,935-30 to date and steps are being taken by Council Tax to recover;</li> <li>• Concessionary travel pass matches identify where a recipient has died and the travel pass could still be in circulation. A notional value £24 is placed on a pass where this occurs as a 'potential risk of loss' which has highlighted a total value of £14,136 for PCC.</li> <li>• Blue Badge matches relate to 132 cases where the recipient has died and the badge could still be in circulation, along with 2 cases badges having been issued at two different local authorities. While the Council records have been updated we are awaiting confirmation with the section that administers the scheme to establish whether each permit has been recovered or are in the process of being recovered.</li> </ul>
Fraud/Compliance activities	<p><b>To commence quarter 4</b></p> <ul style="list-style-type: none"> <li>• Update corporate fraud policies, such as: Anti-Fraud and Corruption Policy; Whistleblowing Policy; Sanctions Policy.</li> <li>• Raising awareness of fraud risks</li> <li>• Investigations into alleged fraud or irregular activity, as required.</li> </ul>
Annual Audit Planning	<p><b>To commence quarter 3</b></p> <p>Establishment of the future plans for 2012 / 2021, including a review of the Strategy, Charter and Code of Ethics and a pre-planning report on emerging themes<sup>8</sup></p>

AUDIT ACTIVITY	Department	COMMENTARY
<p><b>OTHER RESOURCE PROVISION</b></p> <p>Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.</p>		
<p><b>CARRY FORWARD ACTIVITIES</b></p>		
Procurement Card System	Resources	<p><b>Report to be finalised</b></p> <p>Provision of guidance on the control environment throughout the implementation phase of BSM.</p> <p>There are 2 high and 3 medium priority recommendations. The opinion is <b>Limited</b>. A key finding is the inconsistent approach across the council as to who cardholders should be with GPCs reasonably evenly distributed between junior officers, junior/middle management, and senior management.</p>
Savings Targets	Resources	<p><b>Report to be finalised</b></p> <p>A review of the process for identifying and tracking the delivery of savings.</p> <p>There are 5 high, 4 medium and 1 low recommendations. The control design opinion is <b>Reasonable</b> with the control compliance opinion being <b>Limited</b>.</p>
Contract Tendering	Resources	<p><b>In Progress</b></p> <p>Compilation of an assurance framework identifying ownership for controls in place to mitigate risks, and highlighting any gaps.</p>
0-25 Disabilities Service in Peterborough and Cambridge (Unplanned)	People and Communities	<p><b>Report to be finalised</b></p> <p>This audit covered a review of the service across both Peterborough and Cambridgeshire Councils (carried out as two separate jobs). Details here relate to Peterborough only.</p> <p>There are 4 medium and 3 low priority recommendations. The audit opinion is <b>Reasonable</b>.</p>

AUDIT ACTIVITY	Department	COMMENTARY
<p><b>OTHER RESOURCE PROVISION (Continued)</b></p> <p>Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.</p>		
<p><b>CARRY FORWARD ACTIVITIES</b></p>		
<p>Gifts and Hospitality</p>	<p>Law and Governance</p>	<p><b>Complete</b></p> <p>Covering the processes in place to protect against 'insider threat' aspects of the Serious Organised Crime report. There are 3 medium and 1 low recommendations. The audit opinion is <b>Reasonable</b>.</p> <p>It was found that Gift and Hospitality registers are in place for staff, members and the Mayor. It was found only a few records of hospitality or gifts have been approved and recorded and recommendations include increasing awareness at potential peak times such as Christmas to ensure declarations are made where appropriate.</p>
<p>Transition of Amey contract to Council LATCo</p>	<p>Growth and Regeneration</p>	<p><b>In Draft</b></p> <p>The management of the project to ensure the desired outputs are achieved. There are 4 high recommendations and the audit opinion is <b>No Assurance</b>.</p>
<p>Taxi Licensing</p>	<p>People and Communities</p>	<p><b>Complete</b></p> <p>Covering the process for issuing taxi licenses, including safeguarding arrangements, in accordance with the Serious Organised Crime Pilot. There are 3 low recommendations and the audit opinion is Substantial.</p>

AUDIT ACTIVITY	Department	COMMENTARY
<p><b>OTHER RESOURCE PROVISION</b></p> <p>Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.</p>		
<p><b>CONSULTANCY ADVICE</b></p>		
ESPO	Resources	<p><b>Complete</b></p> <p>Consultancy advice on the specification for the audit Espo framework</p>
<p><b>FOLLOW UP PROVISION</b></p>		
Information Governance and GDPR	Governance	<p><b>Complete</b></p> <p>The previous report highlighted 17 recommendations for action with a <b>Reasonable</b> audit opinion. Follow up review work has found that 11 recommendations have been implemented, 4 alternative actions have been introduced and 2 recommendations are in the process of being actioned.</p>
Peterborough Investment Partnership	Resources	<p><b>Complete</b></p> <p>All 3 recommendations have been implemented.</p>

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
<b>CERTIFICATION</b> Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Disabled Facilities	P&C	<b>Certified</b>	Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Bus Service Operators	G&R	<b>Certified</b>	A DfT grant to support bus services, including community transport services.
Integrated Transport Grant	G&R	<b>Certified</b>	A DfT scheme via the CPCA to help local authorities cut carbon emissions and create local growth.
Highways Maintenance	G&R	<b>Certified</b>	A DfT grant via the CPCA. This grant is used by local authorities for small transport improvement schemes costing less than £5 million and also for planning and managing the road networks
Pothole Action Fund	G&R	<b>Certified</b>	A capital funded DfT grant via the CPCA to support pothole repairs.
National Productivity Investment Fund	G&R	<b>Certified</b>	DfT funding via the CPCA for 2018/19 to improve local road networks and public transport.
Local Transport Capital Funding	G&R	<b>Certified</b>	An additional highways grant from the DfT (non CPCA) to support highways maintenance.
Connecting Families	G&R	<b>Ongoing</b>	A payments by results scheme from MHCLG. Claims are made monthly and there is a requirement to verify 10% of these. We are also required to review the Outcome's Plan, which describes how the Council will apply the qualification and success criteria. There is a significant increase in the number of claims being submitted as the scheme is nearing its conclusion.
Carbon Reduction Commitment	G&R	<b>Certified</b>	A requirement from the Environment Agency to verify the Council's submission of annual energy usage figures.



AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
<b>CERTIFICATION (Continued)</b> Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Hampton Hargate School NCTL <b>NEW</b>	P&C	<b>Certified</b>	Various funding streams received from the DfE to support establishments with teaching school status.
The Pheonix School NCTL <b>NEW</b>	P&C	<b>Certified</b>	Various funding streams received from the DfE to support establishments with teaching school status.
Mayor's Charities Fund	Governance	<b>Certified</b>	The accounts maintained in relation to fund-raising for the Mayor's Charities in 2018 / 2019 have been audited in line with the Charity Commission requirements.  Following the review of the accounting statements for 2017/18 a number of recommendations (20) were made to support the record management process moving forward for the charity. Progress against the implementation of recommendations will be reported independently of the certification work undertaken.

<b>EXTERNAL WORKS</b>	<b>Work which generates income for the council</b>
Combined Authority	1 unplanned and 1 planned review completed. 1 planned and 1 unplanned review is in progress. 2 reviews that were in progress from 2018/19 have been completed. 9 further pieces of work are still due to commence.
Vivacity	2 18/19 reviews have been completed and 4 reviews are in progress from a plan of 8 8 reviews.

AUDIT ACTIVITY	Department	Priority	COMMENTARY
<b>Prioritised Audits for Review</b>			
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
<b>Section 1 – Audits achievable with planned resources</b>			
Peterborough Ltd / LATCo	GAR	H	A review of various services in the first year of operation which could include - Statutory Testing, Information Governance (GDPR), Income Recognition (Accounts Receivables) and HR Processes
Shareholder Cabinet Committee	Various	H	Governance arrangements relating to the new shareholder cabinet committee responsible for overseeing Peterborough Limited and the organisations other activities such as partnerships and charities.
Financial Resilience / Budgetary Control	Various	H	An ongoing review of the savings targets identified in the MTFs and selected projects to ensure on target. / Budgetary Control arrangements for a specified service
Northminster MSCP: Closure Review <b>NEW</b>	Resources/G&R	H	In Progress A review of the repair and maintenance regime within the car park
Cyber Attack – August 2019 <b>NEW</b>	Resources	H	In Progress A review of the controls following an attempt to defraud PCC by changing bank account details on intercepted invoices following a hacking event.
ASC – Fraudulent Cheques <b>NEW</b>	People and Communities	H	In Progress A review of bank and cheque security arrangements of the ASC bank account following the presentation of fraudulent cheques for payment
Armed Forces Committee	Governance	H	In Progress Provide governance advice following concerns raised about the Armed Forces Day sub-committee activities and income.

AUDIT ACTIVITY	Department	Priority	COMMENTARY
<b>Prioritised Audits for Review</b>			
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
<b>Section 1 – Audits achievable with planned resources (Continued)</b>			
Contract Management	Various	H	A governance review of the overarching policies and processes to manage contracts.
Community Infrastructure Levy	G&R	H	A review of governance approval processes and how financial contributions ensure delivery of scheme requirements
Programme Management Office	Resources	H	A review of programme management and adherence to best practice – Programmed for Quarter 4
Disabled Facilities	P&C	H	Complete Evaluation of new in-house system processes. Memo issued – <b>Substantial</b> Assurance
Partnerships / Contracts	Various	H	A review of a contract/partnership management or open book review of specific contracts, for example: Serco IT
Projects	Various	H	Reviews of specific projects to ensure appropriate business cases have been made and that they are being managed effectively. This may also include a look at business benefits realisations. For example Office 365 Implementation, Asset Management.
			In progress A post implementation review of the Family Safeguarding project.
Health and Safety	Various	H	Health and Safety arrangements to include action plan progress from previous health and safety reviews along with arrangements for multi-occupancy buildings.

AUDIT ACTIVITY	Department	Priority	COMMENTARY
<b>Prioritised Audits for Review</b>			
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
<b>Section 1 – Audits achievable with planned resources (Continued)</b>			
Business Continuity	All	H	Review of departmental business continuity arrangements to include Agile Working
Cyber Security	Resources	H	IT security arrangements – Cyber Security Stocktake Action Plan and DSP Toolkit evaluation
Apprenticeship Scheme	CEx	H	In progress Arrangements for governing and administering the apprenticeship levy scheme
Clare Lodge	P&C	H	Review of procurement and contracting arrangements – Programmed to Commence in quarter 4
Energy Management	G&R / RES	H	In progress A review of processes in place for managing our energy costs, including contractual arrangements, data collation and monitoring and payment of invoices
Schools	P&C	H	Themed reviews to include Procurement and Statutory Testing. Reviews of specific schools will be determined on a risk basis throughout the year.
Liquid Logic	P&C	H	In Progress Project review of the new finance module and Agresso interface processes
Lone Working Arrangements	P&C/All	H	In Progress A review of policy arrangements across PCC and CCC.
Shared Services	P&C, G&R	H	Review of cross authority charging arrangements for PCC/CCC and Fenland / Appointment of agency/consultancy staff PCC/CCC
Disaster Recovery	Resources/All	H	This will cover Serco ICT arrangements in the event of disaster recovery.

AUDIT ACTIVITY	Department	Priority	COMMENTARY
<b>Prioritised Audits for Review</b>			
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.			
<b>Section 2 – Audits not achievable with planned resources</b>			
Brexit	All	H	Emerging issues from working group. Changes to recruitment rules / staff resilience
Homelessness	P&C, G&R	H	Review of governance arrangements and processes for housing growth planning strategy and homelessness demand.
Joint Venture	G&R	H	Medesham Homes - Governance arrangements and strategy of the joint venture with Cross Keys to include project delivery.
Information Governance	G&R	H	GDPR compliance and follow up activities / Data Sharing
Think Communities	P&C	H	To provide advice on evolving projects
Assurance Frameworks	P&C	M	Mapping of controls to assurances based on the Three Lines of Defence model. Designed to feed into the annual audit opinion and to drive future Internal Audit work where appropriate. During 2019/20 the aim is to cover Safeguarding (collaboration with CCC Internal Audit)
Risk Management	Resources	M	Evaluation of Board arrangements and Strategy effectiveness
Payroll	Resources	M	Review of processes to ensure effective controls are in place to ascertain the integrity of pay transactions.
Council Tax	Governance	M	Arrangements to ensure all income due is identified, billed and recovered.
Member Support	Resources	M	Processes for member training / mayoral selection
Occupational Health	Resources	M	A review of management reporting information to support the attendance management policy process



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<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 5</b>
<b>18 NOVEMBER 2019</b>	<b>PUBLIC REPORT</b>

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Cllr Seaton, Cabinet Member for Finance	
Contact Officer(s):	Pete Carpenter, Acting Corporate Director of Resources Kirsty Nutton, Head of Corporate Finance	Tel. 452520 Tel. 384590

## TREASURY MANAGEMENT MID YEAR UPDATE

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM:</b> Pete Carpenter, Acting Corporate Director of Resources	<b>Deadline date:</b> N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Review current performance against the Prudential Indicators as approved in the Treasury Management Strategy (TMS) contained in the Medium Term Financial Strategy (MTFS).</li> </ol>	

### 1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following a referral from the Monitoring Officer/S151 Finance Officer.
- 1.2 The Treasury Management in the Public Services: Code of Practice 2017 recommends that Members receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- 1.3 The annual strategy is approved by Council as part of the MTFS. The original strategy was approved on 6 March 2019. The final performance against the revised strategy will be reported to Audit Committee in July 2020 alongside the Statement of Accounts. This report forms the mid-year review against the Prudential Indicators as set out in the TMS.

### 2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to report current performance and the forecast outturn position against the Prudential Indicators in the strategy.
- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.1.15 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

### 3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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### 4. **TREASURY MANAGEMENT STRATEGY PRUDENTIAL INDICATORS**

- 4.1 The Prudential Code underpins the system of capital finance. Local authorities determine their own programmes for capital investment in long term and current assets that are central to the delivery of quality local public services. Prudential indicators are developed as part of the annual MTFS process to ensure that:
- a) Capital investment plans are affordable;
  - b) All external borrowing and other long term liabilities are within prudent and sustainable levels; and
  - c) Treasury management decisions are taken in accordance with professional good advice.
- 4.2 The 2019/20 Prudential Indicators are shown in Appendix 1. The Council's performance to date and forecast performance are all within the limits set in the MTFS.
- 4.3 The Council has continued to operate a restrictive lending list due to the continued economic uncertainty. Surplus cash is only invested for short periods with Barclays, Bank of Scotland (part of the Lloyds Banking Group) and the Churches, Charities and Local Authorities (CCLA) money market fund. The Council also invests with other Local Authorities and the Debt Management Office (DMO).
- 4.4 The Council forecasts to borrow to fund the capital investment programme. The Council's approach is for loans to be arranged at fixed interest rates to achieve budget certainty and over varying periods to fit in with the Councils debt maturity profile. However, due to cash flow timings, the Council's borrowing has actually reduced by £9m to date.
- 4.5 On 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 100bps on top of the current margin of 80 bps which the Council has paid prior to this date for new borrowing from the PWLB. There was no prior warning that this would happen and it now means that every local authority has to fundamentally reassess how to finance their external borrowing needs and the financial viability of capital projects in their capital programme due to this unexpected increase in the cost of borrowing. Sector representations are to be made to HM Treasury to suggest that areas of capital expenditure that the Government are keen to see move forward e.g. housing, should not be subject to such a large increase in borrowing costs.
- 4.6 The Council's current borrowing strategy has been to take advantage of shorter-term Local Authority loans which are currently available below bank rate, with a view to undertaking some longer term borrowing later in the year. This is because despite the PWLB's long term interest rates having been historically low, they have also been volatile. This approach minimises in-year interest cost and flexibility.
- 4.7 The market response to the sudden PWLB rate change is still emerging and the Council's longer-term borrowing strategy will be reviewed to take account of this. Some commentators are now referring to PWLB as the lender of last resort and future long term borrowing from other providers eg pension funds and banks may be more cost efficient.

## **5. CONSULTATION**

5.1 The Council's Prudential Indicators and Treasury Management Strategy 2019/20 - 2021/22 have undergone full consultation, and been through the scrutiny process, as it forms part of the Annual MTFS.

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

## **6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 As set out in the report.

## **7. REASON FOR THE RECOMMENDATION**

7.1 This report is given to the Committee to review performance against the Prudential Indicators in the TMS set in the MTFS.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 The Treasury Management Strategy 2019/20 – 2021/22 is required to be prepared in accordance with the Treasury Management in the Public Services: Code of Practice 2017. This report sets out the performance against the associated prudential indicators. The options are therefore limited.

## **9. IMPLICATIONS**

### **Financial Implications**

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

### **Legal Implications**

9.2 Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

## **10. BACKGROUND DOCUMENTS**

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

- 10.1
- The Prudential Code for Capital Finance in Local Authorities –2017 Edition, CIPFA; and
  - Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2017 Edition, CIPFA

## **11. APPENDICES**

- 11.1
- Appendix A - Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at 30 September 2019.

## Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at September 2019

The Prudential Code for Capital Finance in Local Authorities provides a framework for local authority capital finance to ensure that:

- (a) capital expenditure plans are affordable,
- (b) all external borrowing and other long-term liabilities are within prudent and sustainable levels;
- (c) treasury management decisions are taken in accordance with professional good practice.

In taking decisions in relation to (a) and (c) above, the local authority is accountable by providing a clear and transparent framework.

The Code requires the Council to set a range of Prudential Indicators for the forthcoming financial year and at least the following two financial years. The Council has set out indicators for the next five financial years.

In the current financial year to date, the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Annual Treasury Management Strategy.

The actual and forecast outturn, compared to those contained in the MTFs for the Prudential Indicators for this financial year are detailed below. The indicators include the Invest to Save schemes however the costs of borrowing associated with these schemes will be offset by the income generated by these projects.

### 1. Indicator 1: Capital Expenditure

This indicator is the estimated capital expenditure for the year based on the Capital Programme for that period.

Capital Expenditure	2019/20 Indicator £m	2019/20 Actual at 30.09.2019 £m	2019/20 Forecast Outturn £m
Capital Expenditure	76.5	28.3	80.0
Invest to Save	37.6	-	25.0
<b>Total</b>	<b>114.1</b>	<b>28.3</b>	<b>105.0</b>

### 2. Indicator 2: Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow money in the long term for capital purposes. Any capital expenditure which has not immediately been paid for will increase the CFR.

Capital Financing Requirement	2019/20 Indicator £m	2019/20 Actual at 30.09.2019 £m	2019/20 Forecast Outturn £m
CFR b/fwd	606.3	577.4	577.4
Underlying Need to Borrow	49.7	14.7	43.1
Underlying Need to Borrow - Invest to Save	37.6	-	25.0
Repayment of debt - Minimum Revenue Provision	(15.9)	(16.5)	(16.5)
Repayment of loan – capital receipt	(23.2)	-	(23.2)
<b>Total CFR C/fwd</b>	<b>654.5</b>	<b>575.6</b>	<b>605.8</b>

### 3. Indicator 3: Actuals and Estimates of the Ratio of Financing Costs to Net Revenue Budget

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure i.e. the net interest cost and to make provision to repay debt.

Ratio of gross financing costs to net revenue stream	2019/20 Indicator £m	2019/20 Actual at 30.09.2019 £m	2019/20 Forecast Outturn £m
Total Ratio	8.9%	2.1%	8.8%

**4. Indicator 4: Proportion of Gross Debt to the Capital Financing Requirement (CFR)**

This indicator shows the proportion of the Council’s external borrowings (Gross Debt) against the CFR. In order to ensure that borrowing levels are prudent over the medium term and only for capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2018/19) plus the estimates of any additional capital financing requirement for the current (2019/20) and the next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

<b>Proportion of Gross Debt to the CFR</b>	<b>2019/20 Indicator £m</b>	<b>2019/20 Actual at 30.09.2019 £m</b>	<b>2019/20 Forecast Outturn £m</b>
Gross Debt	570.4	505.0	535.2
CFR	654.5	575.6	605.8
<b>% of Gross Debt to CFR</b>	<b>87.1%</b>	<b>87.7%</b>	<b>88.3%</b>

This indicator shows that the Council is maintaining an under-borrowed position. This means that the capital borrowing need (the CFR), is not fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow is being used. This strategy continues to be prudent as investment returns remain low and counterparty risk continues variable.

**5. Indicator 5: The Operational Boundary**

The Operational Boundary is a measure of the day to day likely borrowing for the Council. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but if this continues for a lengthy period then it ought to be investigated.

This indicator takes into consideration the capital programme over the life of the MTFs and the ability to phase the borrowing over this period. The indicator provides flexibility for the Council to take advantage of favourable interest rates in advance of the timing of the actual capital expenditure.

<b>Operational Boundary</b>	<b>2019/20 Indicator £m</b>	<b>2019/20 Actual at 30.09.2019 £m</b>	<b>2019/20 Forecast Outturn £m</b>
Borrowing	618.6	448.6	486.0
Other Liabilities	52.0	49.2	49.2
<b>Total Operational Boundary</b>	<b>670.6</b>	<b>497.8</b>	<b>535.2</b>

**6. Indicator 6: The Authorised Limit**

The Authorised Limit represents the maximum amount the Council may borrow at any point in time in the year. It is set at a level the Council considers is “prudent”.

The indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year. This makes allowance for the possibility that the optimum time to do all borrowing may be early in the year.

The limits also incorporated margins to allow for exceptional short-term movements in the Council’s cash flow, bids from service departments to finance efficiencies, changes to the timing of capital payments and fluctuations in the realisation of capital receipts.

<b>Authorised Limit</b>	<b>2019/20 Indicator £m</b>	<b>2019/20 Actual at 30.09.2019 £m</b>	<b>2019/20 Forecast Outturn £m</b>
Borrowing	733.5	448.6	486.0
Other Liabilities	52.0	49.2	49.2
<b>Total Authorised Limit</b>	<b>785.5</b>	<b>497.8</b>	<b>535.2</b>

It is ultra vires to exceed the Authorised Limit so this should be set to avoid circumstances in which the Council would need to borrow more money than this limit. However, the Council can revise the limit during the course of the year. The forecast outturn is lower than the indicator as the Council does not currently anticipate borrowing in advance of need due to the additional cost of holding the funds until required.

## 7. Indicator 7: Fixed Interest rate exposure

This indicator places an upper limit on the total amount of net borrowing which is at fixed rates secured against future interest rate movements. The upper limit for fixed interest rate exposure was set to allow for flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflected a position where the majority of borrowing was at fixed rates to provide budget certainty.

Upper limit for fixed rate exposure	2019/20 Indicator £m	2019/20 Actual at 30.09.2019 £m	2019/20 Forecast Outturn £m
Upper Limit	777.3	448.6	486.0
% of fixed interest rate exposure	100%	100%	100%

## 8. Indicator 8: Variable interest rate exposure

Upper limit for variable rate exposure	2019/20 Indicator £m	2019/20 Actual at 30.09.2019 £m	2019/20 Forecast Outturn £m
Upper Limit	194.3	-	-
% of variable interest rate exposure	25%	0%	0%

The indicator for actual and forecast outturn is zero due to the current borrowing strategy of borrowing only at a fixed interest rate in the current economic climate of volatile interest rates. Borrowing at fixed interest rates provides budget certainty for the Council.

## 9. Indicator 9: Maturity structure of borrowing

The prudential limits have been set with regard to the maturity structure of the Council's borrowing and reflected the relatively beneficial long-term rates that were expected to be available over the next few years. The borrowing that the Council has actually taken up to the end of September 2019 is £448.6m shown in the indicator below.

Period	Upper Limit	2019/20 Actual at 30.09.2019 (£m)	
Under 12 months*	40%	13%	56.5
1 – 2 years	40%	6%	28.1
3 – 5 years	80%	2%	11.0
6 – 10 years	80%	5%	22.5
Over 10 years	100%	74%	330.5
<b>Total Borrowing</b>			<b>448.6</b>

\* The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 22-34 years' time, they are classed as loans repayable within the financial year due to LOBO's having a call-in date every 6 months.

## 10. Indicator 10: Total Investments for periods longer than 365 days

Authorities are able to invest for longer than 365 days excluding loans. This can be advantageous if higher rates are available. However, it would be unwise to lend a disproportionate amount of cash for too long a period particularly as the Council must maintain sufficient working capital for its operational needs.

	2019/20 Indicator £m	2019/20 Actual at 30.09.2019 £m	2019/20 Forecast Outturn £m
Principal sums invested >364 days	10.0	0.0	0.0

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

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 6</b>
<b>18 NOVEMBER 2019</b>	<b>PUBLIC REPORT</b>

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

<b>MAYORS' COSTS</b>
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<b>R E C O M M E N D A T I O N S</b>	
<b>FROM:</b> Acting Corporate Director of Resources	<b>Deadline date:</b> N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Receive further background to discharge their duties as the Audit Committee in the review of internal audit reports.</li> </ol>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Audit Committee following a request from the Chairman of the Audit Committee for the Acting Corporate Director of Resources to provide details of activities associated with the Mayor's Office.

**2. PURPOSE AND REASON FOR REPORT**

2.1 Following an adverse report produced by Internal Audit in relation to the Mayor's Charities the purpose of this report is to provide further details on the reasons experienced and to seek the views of the Audit Committee. This is prior to issuing of the next audited accounts of the Mayor's Charities Fund which will be submitted to the Shareholders Cabinet Committee.

The report details work undertaken in relation to the Mayor's Charities Fund only. It does not include any information with regard to other Civic Services provided to the Mayor, such as the leased Mayoral Car or Civic Regalia.

2.2 This report is for Audit Committee to consider under its Terms of Reference No.2.2.2.2 – to consider summaries of specific internal audit reports as requested.

**3. TIMESCALES**

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

- 4.1 A new Mayor is elected at Full Council annually. One of their roles is to nominate charities they support and to raise funds for them during their tenure with the assistance of a new management committee of volunteers. These are all coordinated through the Mayor of Peterborough Charity Fund (MPCF).
- 4.2 The MPCF is a registered charity in its own right and is independent of the Council. It was registered in late 2015. The MPCF is required by the Charity Commission to upload its accounts and a Trustees' report annually to the Commission's website. Once accounts are finalised all net proceeds are shared out between the nominated charities (usually three) and due to timings takes place in the following Mayoral year. In addition, the Charity Commission require that where a charity's annual gross income exceeds certain thresholds, the accounts are subject to external scrutiny – either an independent examination or a full audit.
- 4.3 The Council provides support to the MPCF in a number of ways. These include administrative support from Council employees, provision of Council venues and equipment for fund raising events and printing of posters and tickets.
- 4.4 Prior to September 2017, the role of the MPCF Treasurer had been undertaken for many years by a volunteer. Since that date this role has been incorporated into the duties of Mayoral Services who were already providing administrative support such as secretarial duties at MPCF meetings.
- 4.5 Following incorporating the role in-house, it is apparent that this has led to an increase in internal support for the service. These have included:
- A lack of awareness within the Council that MPCF was a registered charity and confers the obligation to upload to the Charities Commission website by a specific deadline. This includes a full set of accounts, a statement that the accounts had been audited and an annual Trustees' report. This was missed for 2016/2017 and the Trustees were issued with a warning in July 2018 stating that the MPCF was in default of its legal obligations. Extensions were granted and subsequently met.
  - Internal Audit recreated the accounts for 2016/2017 and 2017/2018 and have provided ongoing support so that the financial records can be maintained in a suitable format.
  - A number of financial and governance controls have been required to ensure that there is ongoing compliance. These cover enhancing the management arrangements for the Trustees, Mayor and Council officers; providing independent checks throughout the year in relation to each event organised to ensure all income and expenditure is accounted for; and regular reconciliation of the bank accounts.
  - Furthermore, some events are run by the Trustees or Committee members outside of the Civic Office. With no prescribed format used, this has resulted in only the net figure being provided when the accounts need all transactions to establish gross income and gross expenditure. Similarly, out of pocket expenses have not been clearly identified. Further support has been provided to ensure that records are now fit for purpose.
- 4.6 The Mayor is the public face of the Council promoting Peterborough and raising funds for worthwhile causes. For this to run smoothly has previously called upon a series of ever-changing volunteers but there is now an increasing reliance on the Civic Office which needs to be recognised. This needs to be taken in context with all external arrangements which the Council is linked to, provided by volunteers but increasingly requiring involvement from the centre, for example the Peterborough Armed Forces Day.

#### **5. CONSULTATION**

- 5.1 Report has been circulated to Director of Law and Governance and Monitoring Officer and the Acting Corporate Director of Resources as part of normal approvals.



**6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 Raise awareness of the internal support provided to deliver the smooth running throughout the year for Mayoral activities.

**7. REASON FOR THE RECOMMENDATION**

7.1 To provide details of audit activities to enable Members of the Audit Committee to fulfil their duties and responsibilities.

**8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 None

**9. IMPLICATIONS**

**Financial Implications**

9.1 Increased use of internal resources to ensure Civic activities are delivered smoothly and in accordance with governance requirements.

**Legal Implications**

9.2 None

**Equalities Implications**

9.3 None

**10. BACKGROUND DOCUMENTS**

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

- 10.1 MPCF Accounts 2016 / 2017 (audited)
- MPCF Accounts 2017 / 2018 (audited)
- MCPF Accounts 2018 / 2019 (draft)

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<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 7</b>
<b>18 NOVEMBER 2019</b>	<b>PUBLIC REPORT</b>

Report of:	Fiona McMillan, Director of Law and Governance and Monitoring Officer	
Cabinet Member(s) responsible:	Councillor Mohammed Farooq, Cabinet Member for Digital Services and Transformation	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 01733 296334

**AUDIT COMMITTEE MEETING START TIME 2020-2021**

R E C O M M E N D A T I O N S	
<b>FROM:</b> <i>Fiona McMillan, Director of Law and Governance and Monitoring Officer</i>	<b>Deadline date:</b> <i>N/A</i>
It is recommended that the Audit Committee agree the start time for all Audit Committee meetings for the Municipal Year 2020-21.	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to the Audit Committee meeting following the Full Council decision on 24 July 2019 to allow Committees to decide their own start times for the Municipal Year 2020-21.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to allow the Audit Committee to discuss and agree the start times for meetings from the beginning of the Municipal Year 2020-21. The draft schedule of meetings will be agreed at Full Council on either 22 January or 4 March 2020.

2.2 This report is for the Audit Committee to consider under Council Standing Order section 4.4.1

*The timings of normal committee meetings will be agreed by the committee for the next municipal year in January of the preceding municipal year (or as near to this time as possible).*

**3. TIMESCALES**

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

4.1 At the Constitution and Ethics Committee on 8 July 2019 the Committee agreed by majority to recommend to Council that all Committees can agree their start times for the Municipal Year 2020-21. This was again agreed by majority at the Full Council meeting on 24 July 2019.

4.2 The Council standing orders have been updated to reflect this decision and gives Committees the opportunity to decide their own start time.

4.3 In order for the start times to be incorporated into the draft meeting schedule it is important for the Committee to make a decision on this before the January Full Council meeting. This is the

only opportunity for the Committee to make this decision as the next meeting is after the January Council meeting.

4.4 Council standing orders allow the Committee to agree its start time every Municipal Year, thereby allowing the Committee to change the start times if it is felt that the start time was not suitable or working.

4.5 The Committee will need to decide the best start time and will need to weigh up attendance at meetings and the impact on the Council and members of the public.

4.6 The Committee has regularly met at 7pm throughout its existence. There are generally no members of the public present at the meetings.

## **5. CONSULTATION**

5.1 Consultation has already taken place with the Constitution and Ethics Committee who made the recommendation and all Councillors at Full Council.

## **6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 It is anticipated that the Committee will agree a start time for meetings for the Municipal Year 2020-21 and this will be proposed as part of the draft meeting schedule.

## **7. REASON FOR THE RECOMMENDATION**

7.1 The recommendation allows the Audit Committee to debate the start time of the meeting and make recommendations following debate.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 N/A

## **9. IMPLICATIONS**

### **Financial Implications**

9.1 There are no financial implications.

### **Legal Implications**

9.2 There are no legal implications

### **Equalities Implications**

9.3 There are no equalities implications

## **10. BACKGROUND DOCUMENTS**

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

10.1 Minutes of the Constitution and Ethics Committee 8 July 2019  
Report to Full Council 24 July 2019

## **11. APPENDICES**

11.1 There are none.

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 8
<b>18 NOVEMBER 2019</b>	<b>PUBLIC REPORT</b>

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	
<b>FROM :</b> Corporate Director Resources	<b>Deadline date :</b> N/A
<p>1. That Audit Committee consider the update report on the use of Consultants for the financial year 2019/20.</p>	

**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?	<b>NO</b>	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.

	<b>Total £m</b>
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 6 months)	1.2

4.6 The spend in the first 6 months of 2019-20 reported was £1.2m. The largest items within this figure are £386k spent with 4OC, and £277k spent with Grant Thornton, on the council's financial improvement programme. The total projected spend with Grant Thornton is currently £1.1m. The full year estimate remains within the £2.7m reported to the last meeting.

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 September 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 - £2.7m for first six 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;
- Reports to Cabinet and Audit Committee 26 March 2012;
- Reports to Audit Committee of 5 November 2012; 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
- Reports to Audit Committee of 19 November 2018; 11 February 2019
- Reports to Audit Committee of 15 July 2019; 16 September 2019

## **11 APPENDICES**

- Appendix 1 - list of companies used during the period 1 April 2019 and 31 September 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	386,242.75
Airey Consultancy Services Ltd	Council Tax reduction scheme	6,600.00
Allen Lane	Housing Account	36,904.26
CapacityGrid	Empty Homes Review	27,650.02
CEB Global Ltd	Finance Improvement & delivery of MTFS savings agenda	15,542.47
Crisp, Mr Brian	Complaint investigation	1,255.40
Eddisons Commercial Ltd t/a Barker Storey Matthews	Fee in relation to lettings support	3,620.00
Fiona Spinks	GDPR work	18,056.50
Gartner U.K. Limited	Finance Improvement & delivery of MTFS savings agenda	47,895.00
Grant Thornton UK LLP	Financial Intervention work	276,824.00
Inform CPI Ltd	RV Finder	11,750.00
J C Associates	Complaint investigation	2,383.15
Lisa Bunyan	Integrated Communities Strategy	19,808.10
NPS Peterborough Ltd	Provision of Property support	30,077.74
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	4,800.00
Ray Worsley Education Consultancy	HR Employment related support	2,902.35
Reed Specialist Recruitment Limited	Development of BID proposal £48k; Programme Management Office support £89k	136,836.82
RINA Consulting Ltd	Support related to Empower Loan facility	3,700.00
RJW Associates Ltd	Peterborough Safeguarding Board	14,375.00
Serco Ltd	ICT Stabilisation Strategy 67k; Customer Service transformation 6k	73,285.72
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
<b>2019/20 Total for April 2019-Sept 2019</b>		<b>1,227,554.88</b>



<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 11
<b>18 NOVEMBER 2019</b>	<b>PUBLIC REPORT</b>

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

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

**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
	<b>INFORMATION AND OTHER ITEMS</b>		

	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**

		<b>Section / Lead</b>	<b>Description</b>
	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
	<b>INFORMATION AND OTHER ITEMS</b>		
	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**

	<b>Section / Lead</b>	<b>Description</b>
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
Treasury Management Strategy	Finance Pete Carpenter	
Audit Committee start times 2020/21	Dan Kalley Democratic Services	Committee to agree it's start times for the municipal year 2020-21
<b>INFORMATION AND OTHER ITEMS</b>		
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	Finance/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
	Asset Management Strategy	Finance Pete Carpenter	
	Working with Cambridgeshire CC and cost savings	Finance Pete Carpenter	
	<b>INFORMATION AND OTHER ITEMS</b>		



	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**

		<b>Section / Lead</b>	<b>Description</b>
	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
	<b>INFORMATION AND OTHER ITEMS</b>		
	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	