

PETERBOROUGH



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 5:00PM, ON
MONDAY, 14 SEPTEMBER 2020
VIA ZOOM CONFERENCE**

Present: Councillors Over (Chairman), Fower, Shaheed, Coles, Jones Joseph and Warren.

Officers in

Attendance: Peter Carpenter, Acting Corporate Director of Resources
Dan Kalley, Senior Democratic Services Officer
Steve Crabtree, Chief Internal Auditor
Fiona McMillan, Director of Law & Governance and Monitoring Officer

Also in

Attendance:

14. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

15. DECLARATIONS OF INTEREST

There were no declarations of interest received.

16. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 13 JULY 2020

The minutes of the meeting held on 13 July 2020 were agreed as a true and accurate record.

17. ANNUAL AUDIT COMMITTEE REPORT

The Audit Committee received a report in relation to the Annual Audit Committee Report for the year 2019/20.

The purpose of the report was to provide Members with an overview of the Committee's work for the previous financial year.

The Senior Democratic Services Officer introduced the report and explained that due to Covid-19, the meeting where the report would normally be presented in March had been cancelled. The report would be presented to the next meeting of Full Council in October. Members were informed that the Committee would continue to hold pre-meetings prior to each meeting as this had worked well last year.

The Audit Committee considered and **RESOLVED** (unanimously) to approve the draft Annual Audit Committee Report for submission to Council.

18. ANNUAL REPORT: INVESTIGATING FRAUD 2019/20

The Audit Committee received a report in relation to the Annual Report on Investigating Fraud for the year 2019/20.

The purpose of the report was to present the work carried out during the past year to minimise the risk of fraud, bribery and corruption occurring in the Council as agreed in the Work Programme.

The Chief Internal Auditor introduced the report and explained that the report included the terms on which prosecutions for fraud against the council were based and set out the proposals for the future. Members were informed that there had been no changes since January. The comparison between the Council Tax records and the Electoral Roll was completed annually and continued to identify errors and was followed by steps to recover any monies due as a result. The next National Fraud Initiative would commence in October and would include Covid-19 grants. The council strategy for managing fraud was based on a national study and would be based on the report on Fighting Fraud and Corruption Locally going forward.

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

- The Audit Team would be checking that appropriate processes were in place to identify and prevent fraud and working on cases which had avoided detection.
- The responsibility was on the whole business to ensure their processes were robust.
- The Audit Team were appropriately resourced to carry out their duties.
- The Audit Team were raising awareness for new projects to include governance and fraud awareness strategies.
- Following reports from DVLA that online parking permit systems had led to fraud, Members asked for comparison figures of permits issued per 1,000 of population before and after the introduction of the online system.
- Members expressed concerns with Electoral Roll abuse where those recorded on the Electoral Roll were not the occupants of the said addresses. The Cabinet Office were currently undertaking a pilot study using other data sets, such as HMRC records, to compare residency and it was hoped this would be useful in identifying those abusing the system.
- Members asked how long the single persons council tax discount could be claimed if a temporary occupant moved in and the Chief Internal Auditor agreed to find out. The Audit Committee considered the report on the Annual Governance Statement 2019/2020 and **RESOLVED** (unanimously) to receive, consider and endorse the attached annual report on the investigation of fraud during 2019/20.

ACTION POINT

1. The Chief Internal Auditor agreed to prepare a briefing comparing permits issued per 1,000 head of population before and after the introduction of the online parking permit system.
2. The Chief Internal Auditor agreed to find out how long the single persons council tax discount could be paid whilst another person occupied the premises on a temporary basis.

19. ANNUAL REPORT: INSURANCE AND INSURANCE FUND 2019/20

The Audit Committee received a report in relation to the Annual Report on Insurance and Insurance Fund 2019/20.

The purpose of the report was to present the work carried out during the past year to provide an effective insurance function which provided cover for all aspects of the Council whilst minimising the cost and monitoring the effective development and operation of risk management and corporate governance within the Council.

The Chief Internal Auditor introduced the report and advised that cover had been arranged for those services which had been returned to the Council this year and advice had been given to operatives to on risks associated with their work. Subsequent claims were being handled through the Audit Team. Highways Services had been assessed and received an excellent result following the recent introduction of the Infrastructure Code of Practice.

One of the largest areas of claims had been for subsidence. Peterborough was built within a short time frame with many trees however 40 years on issues were beginning to arise regarding tree roots and associated issues. Studies were underway to identify and map the trees and associated claims to assist in investigating mitigate action for the future. Some trees have been felled and replaced with species more suitable to the location.

The report mentioned Vivacity however their position would need to be reviewed together with the arrangements for schools.

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

- Vivacity insurance had been arranged separately, with Vivacity paying their own costs however the property insurance remained with Peterborough City Council (PCC). PCC insurers had been asked to provide quotes on the leisure elements and culture and heritage elements.
- The PCC insurance was with Zurich Municipal Insurance.
- Insurance policies could not combined with Cambridgeshire County Council (CCC) due to the uniqueness of the products and localities and there was no legislation in place to allow these transactions to be shared. However CCC also used Zurich Municipal Insurance and PCC officers had provided assistance to CCC claim handlers. Leisure services were the responsibility of the district councils, not CCC.
- Flooding liability was covered within the policy.
- The council paid levies to the Drainage and River Boards who had a responsibility to ensure the water run off drains were well maintained.
- Members asked how many trees the council were responsible for and their location and wanted to be reassured that any felled trees would be replaced.

The Audit Committee considered the report on Counter Fraud Policies and **RESOLVED** (unanimous) to note the content of the report.

ACTION POINT

1. The Chief Internal Auditor agreed to obtain information on the number and location of trees mapped, reassurance that any felled trees would be replaced and the budget impact of such action.

20. USE OF CONSULTANTS – UPDATE REPORT

The Audit Committee received a report into the use of consultants and agency workers.

The purpose of the report was to provide an update on the use of consultants and agency staff. This report was presented to each meeting however it had been withheld from the July agenda due to the number of items discussed at that meeting.

The Acting Corporate Director Resources explained the content of the report to the committee which included expenditure for the previous year and the early part of 2020/21. The expenditure on consultant services had increased last year to £4.5m however £2.4m was for the Grant Thornton Finance Improvement Programme. The combined expenditure on agency workers and consultants had decreased from the previous year due to a number of new controls being put in place and the movement of more staff to the establishment and the downward trend was expected to continue next year.

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

- The sustained use of agency staff had been seen in the SERCO contract via Manor Drive Solutions (MDS) which sits outside the SERCO contract and the associated £1.5m anticipated budget saving had not been met whilst those staff were being used to support the Covid-19 hub and other teams.
- Members were concerned that the expenditure of consultancies had remained high for several years however Members were advised that consultants were used only when the council did not have staff within a given area of expertise.
- The expenditure with Grant Thornton had largely come about to validate expenditure and compare PCC expenditure with other councils as the level of information available for benchmarking had been reduced.
- Members requested comparative consultant expenditure from other local authorities.
- Members questioned why the Think Communities Team had needed the use of a consultant for a recent campaign rather than using the in-house media team and why existing officers did not have the necessary skills to carry out their remit.
- Members were concerned that more consultants and agency staff could be required within Public Health during the Covid-19 pandemic once officers returned to their usual duties and expressed concern that this would impact the budget. Members were advised that it was as yet not known for how many years Covid-19 would need to be factored into the budget and many local authorities were still waiting to hear the level of funding from the Local Government Settlement Scheme due in December.

The Audit Committee considered the update report on the use of consultants for the financial year 2019/20, and the first four months of 2020/21 and **RESOLVED** (unanimous) to note the report.

ACTION POINT

The Acting Corporate Director Resources agreed to report on expenditure on consultants within other local authorities.

21. DECISIONS OF THE SHAREHOLDER CABINET COMMITTEE

The Audit Committee received a report in relation to the decisions made by the Shareholder Cabinet Committee.

The purpose of the report was to review the decisions taken by the Shareholder Cabinet Committee as part of the Audit Committee's terms of reference and to update the Committee on the work of the Shareholder Cabinet Committee in relation to the Council's companies.

The Director of Law & Governance and Monitoring Officer presented the report and advised members that the Shareholder Cabinet had now been in operation for one complete year and this was the opportunity for the Audit Committee to be made aware of the ongoing scrutiny into the council's companies.

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

- To date Medesham Homes had delivered 94 units, on Midland Road 17 houses and 12 flats, Bellevue 24 houses and 6 flats and Crowland Road 35 houses.
- The next sites to be considered for development by Medesham Homes were Bretton Court and London Road.

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

21. USE OF REGULATION OF INVESTIGATION POWERS ACT 2000 (RIPA)

There were no RIPA authorisations in this quarter.

22. APPROVED WRITE-OFFS EXCEEDING £10,000

There were no Write-Off items exceeding £10,000 items to report.

23. FEEDBACK REPORT

The Audit Committee received a report in relation actions from the previous meeting.

The purpose of the report was to provide feedback on items considered or questions asked at previous meetings of the Committee. It also provided an update on any specific matters which are of interest to the Committee or where Committee have asked to be kept informed of progress.

The Senior Democratic Services Officer presented the report and advised members the report was for information and that a previously published report had been republished following adjustment to the formatting errors it contained.

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

23. WORK PROGRAMME

The Audit Committee received a report in relation to the work programme for 2020/2021.

The report was introduced by the Senior Democratic Services Officer who advised that the format followed a similar process to previous years and further items could be added to the programme at the Members discretion.

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

- Members requested that existing Public Space Protection Orders could be reviewed after the November meeting.

- The Acting Corporate Director Resources advised the committee that the next scheduled meeting for 16 November would include the budget and would have a lengthy agenda.

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

ACTION POINT

The Senior Democratic Services Officer agreed to liaise with Members to include the review of existing Public Space Protection Order in the Work programme.

Chairman
Virtual Meeting
5:00 – 5:50pm