

AUDIT COMMITTEE

MONDAY 25 JANUARY 2021
5.00 PM

VENUE: [Peterborough City Council Youtube Page](#)

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.

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| 3. | Minutes of the Meeting Held on 16 November 2020 | 3 - 10 |
| 4. | Audit of Statement of Accounts to those charged with governance (ISA260) | 11 - 14 |
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INFORMATION AND OTHER ITEMS

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| 7. | Use of Regulation of Investigatory Powers Act 2000 (RIPA)

To note there have been no uses of RIPA since the last meeting. | |
| 8. | Approved Write-Offs Exceeding £10,000 | 31 - 40 |
| 9. | Feedback Report | 41 - 44 |
| 10. | Work Programme | 45 - 48 |

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

Committee Members:

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

Substitutes: Councillors: Lillis, Burbage, Iqbal and Nawaz

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



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 5:00PM, ON
MONDAY, 16 NOVEMBER 2020
VIA ZOOM CONFERENCE**

Present: Councillors Over (Chairman), Fower, Sandford, 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
Kirsty Nutton, Head of Corporate Finance and Deputy S151 Officer
Sam Smith, Assistant Director, IT Services

Also in

Attendance: Dan Cooke, Audit Manager (EY)
Neil Harris, Associate Partner, Ernst & Young (EY)

25. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Shaheed. Councillor Sandford was attending as substitute.

26. DECLARATIONS OF INTEREST

There were no declarations of interest received.

27. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 14 SEPTEMBER 2020

The minutes of the meeting held on 14 September 2020 were agreed as a true and accurate record.

28. AUDIT RESULTS REPORT YEAR ENDED 31 MARCH 2020

The Audit Committee received a report in relation to the Audit Results Report Year Ended 31 March 2020.

The purpose of the report was for the Committee to receive and note the Audit Results report and associated documents.

The Head of Corporate Finance and Deputy S151 Officer introduced the report and outlined that this was the final statement of accounts for the financial year 2019/20. Members were reminded that a draft version went to Committee in July. In response

to the Coronavirus pandemic Government had passed emergency legislation that relaxed the previous shortened timescales and that a fully audited set of accounts would now need to be signed off by the end of November. The external audit commenced on the 22 June 2020 and over 300 queries had been raised by EY and over 1000 pieces of audit evidence had been provided to EY. At the current time there were still a few audit queries outstanding.

The Associate Partner Ernst & Young explained that EY had undertaken a range of audit procedures on the Council's financial condition pre and post Covid-19. EY looked at the arrangements that were put in place to seek and obtain a capitalisation directive from the Ministry of Housing, Communities and Local Government (MHCLG) prior to the pandemic. EY were satisfied that the Council were alerting to MHCLG to its current financial position and what steps had been taken to secure further savings and transformations to enable the council to secure its medium to longer term financial position. Members were informed that the Covid-19 pandemic had a long lasting impact on a number of authorities including Peterborough City Council due to lost income and additional cost pressures. EY in the past few weeks had a number of weekly conversations with senior financial officers within the authority to understand the future implications on the Councils' financial planning.

Members were informed that the Council had written to MHCLG at the beginning of October to set out its financial status and the steps the Council were seeking to address the position. In addition to this the Council sought financial assistance and support from Government. EY stated that they believed this was the appropriate action to take in the circumstances. EY believed the Council had been open and transparent around its financial position before writing to MHCLG. Members were informed that EY had not issued a statutory recommendation or public interest report to the Council to date as they believed the Council had taken all necessary steps and all governance and decision making to date was carried out in the public domain. It was also felt a statutory recommendation was not appropriate to date as EY did not believe there were any significant gaps in its analysis undertaken to arrive at risks identified and actions that needed to be taken by the Council.

The Council had set out what it needed from Central Government in terms of what its future financial viability looked like. In terms of auditing what was presented in the financial statements the Council has a responsibility under the accounting standards to present information that showed the Council as a going concern. This looked at the Council viability including forecast budget gap and available usable reserves, in addition to the Council liquidity and short term cash available, along with the forecast borrowing position. At the current time there was material uncertainty over the ability of Council to continue as a going concern, as if the Council did not receive additional funding from Central Government it did cast a significant doubt on the Council being able to provide the current level of services for the foreseeable future. As the Council had openly disclosed this position in the updated financial statements, the external auditors are likely to provide an unqualified audit position, with a reference in the report to a material uncertainty associated with the Council's current and future viability.

The Council's value for money conclusion looked at the arrangements the Council had in place to look at its effectiveness and use of resources. This looked at themes around governance, risk management, effective decision making, partnership and contract management and how the Council secured its financial resilience. The external auditors at the current time proposed an adverse value for money position due to the uncertainty around the Council's financial future in light of the ongoing pandemic. In

terms of reaching the conclusion that had been placed in front of Committee EY had been working with a number of consultants to review the Council's assumptions in order to understand the worst case scenario's with the Council's forecasts. The specialist consultants had forecast that the Council's medium term financial strategy was robust and was consistent with forecasts that the external auditors were seeing. A stress test was carried out on two scenarios one of which was when the economic recovery took place and how quickly that might recover in 2021 and another scenario where there was a more protracted economic recovery over the next few years. A summary of this had been provided to the Council's finance team. This was to appear in the annual audit letter.

In addition EY had been looking at how the design of services was being implemented at the Council pre-covid. This was to look at how the Council was securing its financial status before the pandemic took hold.

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

- If the Council was not able to secure additional funding then it may need to source finances from additional borrowing. The Council was forecasting that it would run out of its available usable reserves within the foreseeable future based on current forecast and medium term plans.
- The auditors were satisfied that the Council had made their financial situation clear to MHCLG and had been open and transparent in this. The Council had been clear in the steps it needed to take, subject to any funding decision to address the gaps in funding it was forecasting. There were more pressing concerns for the Council over funding, instead of making contingency plans.
- If there was no further funding forthcoming then there was a possibility that the Council, like many others in the same position, would have to consider a section 114 notice. Members were informed that in the auditors view there were going to be more local authorities facing financial pressures than before. Peterborough City Council had been open and transparent from an early stage.
- The Council had received some additional funding during the current financial year due to Covid. However at the current time the Government had not looked at funding for the next financial year, this was why the Council had written to MHCLG in October to look at ways of addressing issues going forward. The difficulty was that the Council had to make assumptions as the final settlement figure would not be known until quite late in the current financial year.
- The situation at Croydon Council was different to the challenges faced by other authorities as they had financial issues before the impact of Covid. Members were informed that the Peterborough City Council had been open and clear about the financial issues that it faced.
- In terms of comparison with other Councils the auditors confirmed Peterborough were one of the most open and transparent, during a difficult set of circumstances.
- There were a team in EY that were specialists in helping the auditors show a number of scenarios in terms of the Council's finances going forward and the economic recovery. The Council was being prudent in keeping stress testing its finances at the current time and to try and reflect trends.
- It was important to see what settlement the Council receives from MHCLG and what options the Government allowed the Council to take before making any further plans or decisions.

- There was no evidence of any financial mismanagement by the Council and the officers had taken all the necessary steps at each stage of the audit.

There was a correction that needed to be made to the audit results report, there was a difference noted between the pension fund accounts and the actuarial set of results from the actuary on the investment asset valuations. This was a difference of £2.56 million and in the report it did indicate that this had been amended for this item but that in the end this was not amended. This item was not material and did not have an impact on the fund position. This would need a letter of representation from management and the committee for the reason why this was not corrected.

In terms of impacts of Covid-19 to note there was the impact on the recoverability of debtors. There was a focus on the long standing debt with the CCG, however there were no matters to draw to the attention of the committee. Auditors also considered the Council's operating environment, especially in light of the Council's working post Covid-19 and remote working and internal controls and again there were no matters to draw to the committee's attention.

There were still a number of areas that needed to be signed off before the 30 November, by both officers and the auditors. However there was a risk that this could be missed, but there were plans in place to report any delay to the publication of audited accounts should this be the case.

Members were made aware that the audit fee was likely to increase in the next year due to the amount of work undertaken by the auditors and this was reported in the annual audit results report.

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

1. Receive and approve the "Audit Results Report for the year ended 31 March 2020" from Ernst & Young (EY), the Council's external auditors.
2. Receive and approve the draft 2019/20 Management Representation Letter.
3. Receive and approve the audited Statement of Accounts 2019/20.
4. To delegate to the Chairman to approve further changes if needed before the deadline of 30 November 2020.
5. To note the recommendations and conclusions of the Independent Review of Local Authority Financial Reporting and External Audit by Sir Tony Redmond.

At this point Councillor Sandford left the meeting.

29. INTERNAL AUDIT: MID YEAR PROGRESS 2020/21

The Audit Committee received a report in relation to the internal audit mid year progress 2020/21.

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

The Chief Internal Auditor introduced the report and explained that the report set out the progress the audit team had made so far. The job of internal audit was to look at the key risks and the impacts these had on the Council. The audit plan was built from conversations with chief officers of the Council and previous experience of the audit team. The report focused on a number of key areas and identified the use of resources within the audit team and the outcomes of any audits that had been completed or were ongoing. Any areas that are deemed of little or no assurance had been provided to members in the report. There were two areas that had so far received little or no assurance.

Members were directed to appendix A which was a progress report focusing on the pandemic and work carried out by departments at the Council. In addition the appendix looked at the grant claim processing procedure. Officers had been working with internal and external parties during the pandemic, including the Covid hub, for which one officer had been seconded full time. There had been a number of support packages that had come from central Government for which the officers had been working on monitoring the process for business to be able to claim these. The service to the Combined Authority ceased in September 2020. There was currently a full time auditing position that was in the process of being recruited to.

Despite the extra workloads and reduction in staff numbers, almost all of the planned audits had been undertaken or were in the process of being undertaken. The team were now going to be focusing on the work of the audit plan until the end of the financial year.

The Assistant Director IT Services informed members that the IT audit had taken place when Serco were still responsible for this service, but this had now moved in-house. There were 11 audit findings of which six had now been completed and the remaining five were in progress.

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

- In terms of the overall IT strategy officers were looking at how remote working was provided. It was important to look at how this was controlled properly going forward. Equipment was being looked in to, to ensure that it was fit for purpose. It was important that the Council provided what was needed within its budgets.
- In terms of keeping a track of IT equipment this involved mouse's, keyboards etc that people had used for working at home and trying to keep a track of this. There was no shortage of equipment as far as officers were aware.
- The audit IT strategy was still being developed and more defined information could be presented to members once further work had taken place.

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

30. TREASURY MANAGEMENT MID YEAR UPDATE

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

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

The Head of Corporate Finance and Deputy S151 Officer introduced the report and confirmed the indicators helped show members how the Treasury Management report was underpinned. Performance against the indicators was included in the report. There were no indicators to draw to member's attention.

The report showed that the Council had managed to reduce its debt by 23%. It was anticipated that borrowing after the pandemic would be £551 million by the end of the financial year.

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

- Debt levels were slightly higher than other authorities, however this was still substantially lower than some authorities. Most of the investment was in schools and highways and were not in commercial activities.
- Most of the capital investment was linked to the Council being one of the fastest growing areas in the Country. Being a growth city meant that investment was needed in schools and road infrastructure.

The Audit Committee considered the report on Counter Fraud Policies and **RESOLVED** (unanimous) to review current performance against the Prudential Indicators as approved in the Treasury Management Strategy (TMS) contained in the Medium-Term Financial Strategy (MTFS).

31. 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.

The Acting Corporate Director Resources explained the content of the report to the committee and that this was a regular report. Overall spend on consultants for the first six months was £0.9 million with a projected overall spend at the end of the financial year of £1.8 million. This was around £1 million pound lower than the previous financial year. In terms of agency spend in the first six months this was £1.7 million which was projected to reach £3.4 million by the end of the financial year. This was significantly less than the average £6 million a year for the past few years. There had been a lot of success recently in converting agency social workers into permanent staff. The Manor Drive Solution business support service was identified as a saving, however this was not part of the savings at the moment as staff had been used for the Covid hub.

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

- The Council saved on average around £20,000 per agency social worker that was made permanent. People were now more comfortable having a permanent job than moving from place to place to fulfil social work roles.
- There were potential savings in terms of consultancy spend this was due to ICT now being moved in-house and no further work carried out by Grant Thornton. It was anticipated that in the financial year 2021/22 there could be savings of around £300k to £400k.
- There were still a number of unfilled position across the authority that could be filled instead of using agency staff or are not needed at all.
- When it came to delivering services the staff at the authority were the experts and when it came to helping out in the Covid crisis the expertise where already in house.
- The only area that might increase the use of consultants was to assist in implementing the budget, most of this was to be delivered by the project and IT teams. However it was anticipated that this would not be the case as IT was not in-house.
- The use of consultant's report had always been put before the committee so that the spend on consultants was open and transparent.

The Audit Committee considered the update report on the use of consultants for the first six months of 2020/21 and **RESOLVED** (unanimous) to note the report.

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

There were no RIPA authorisations in this quarter.

33. APPROVED WRITE-OFFS EXCEEDING £10,000

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

34. 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.

There was no meaningful list across all councils for consultant spends.

A response had been chased by the Chief Internal Auditor in terms of the single person council tax discounts.

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

35. 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:

- It would be useful to keep an item on the agenda in relation to Brexit and any effects this was to have on the Council.

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

Chairman
Virtual Meeting
5:00 – 6:35pm

AUDIT COMMITTEE	AGENDA ITEM No. 4
25 JANUARY 2021	PUBLIC REPORT

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

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

R E C O M M E N D A T I O N S	
FROM: Peter Carpenter - Director of Corporate Resources	Deadline date: 25 Jan 2021
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Note the 2019/20 External Audit of the Council's Statements of Accounts update from EY and next steps. 2. Following this update to re-delegate to the Chairman to approve final changes to formally sign off the final Statement of Accounts following final EY audit actions 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee following a referral from the S151 Finance Officer.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is for Audit Committee to:

- Receive an update on the progress of the External Audit by EY LLP of the Council's 2019/20 Statement of Accounts
- Inform the Committee that the results of the External Audit will follow in a supplementary report to this meeting
- Provide delegate authorisation to the Director of Corporate Resources and chairman to formally sign off the final Statement of Accounts following final EY audit actions.

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

2.2.1.18 To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

2.2.1.19 To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

3. TIMESCALES

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

Statement of Accounts 2019/20

- 4.1 On 16 November 2020 Audit Committee received the draft 'Audit Results report year ended 31 March 2020' as issued by EY, the Council's external auditors. This was considered by Committee as part of the regulations that require the Council's Section 151 officer to recertify the accounts (from those certified in July) and for the Audit Committee to approve the Accounts no later than 30 November 2020 following, and in the knowledge of, the audit findings.
- 4.2 As part of the report from the 16 November 2020, 4.10 it was noted that:
- At the time of reports publication to Committee, EY reserve the right to finalise the audit of Statement of Accounts by the deadline of 30 November 2020 (see Section 1 - Executive Summary, page 5). There are no concerns regarding completing the outstanding items which are under the control of the Council and EY. If there are further updates required to the version 12 of the Statement of Accounts distributed with this agenda, then the revised document together with a schedule of updates will be tabled at the meeting. If there are subsequent further minor amendments Audit Committee members will be notified and the delegation to the Chairman to approve further changes if needed before the deadline of 30 November 2020 will be exercised (if delegation is approved at this meeting).*
- 4.3 The Statement of Accounts audit was not completed by EY by the deadline of 30 November 2020. On review of the audit files prior to audit sign off, EY's Associate Partner raised additional queries to Council officers with regards to the loan made to ECS Peterborough 1 LLP (known as the Empower loan). As at the 31 March 2020 this loan arrangement is shown as a short-term debtor in the Council's balance sheet which reflected the repayment terms of the loan at that point in time. The following point provides background as to the nature of the loan.
- 4.4 In December 2014 the Council entered into a strategic partnership agreement with Empower Community Management LLP to deliver solar panels on residential properties. As part of this arrangement and subsequent additions to the original scheme, the Council invested capital funds totalling £23m which resulted in over 7,700 rooftop installations which have been providing free electricity for the householder. The Empower Loan is fully secured over the solar rooftop assets of ECS Peterborough 1 and is returning a commercial rate of return to the Council.
- 4.5 On 21 September 2020 Cabinet considered and approved a report titled 'Amendment to arrangements with Empower'. The purpose of this report was to:
- Receive an update on the progress of the refinancing of the Council's loan facility provided to ECS Peterborough 1.
 - To authorise the amendment of the current loan facility from a construction loan facility to a long term loan facility.
- This decision was subsequently considered at Council on 21 October 2020.

- 4.6 Following the additional queries raised, Council officers and EY have been in liaison as to whether further disclosures are required to the 2019/20 Statement of Accounts in the form of an additional note in recognition of a 'Post Balance Sheet Event', (IAS10). Application of this accounting standard states that:

IAS 10 Events After The Reporting Period contains requirements for when events after the end of the reporting period should be adjusted in the financial statements. Adjusting events are those providing evidence of conditions existing at the end of the reporting period, whereas non-adjusting events are indicative of conditions arising after the reporting period (the latter being disclosed where material).

- 4.7 The Council's accounts were closed with the best knowledge known at the time of the 31 March 2020. The condition existing at this time is the Coronavirus pandemic which influenced the refinancing activity being undertaken at this time in relation to the loan. As noted in the Cabinet report, 21 September 2020 -

Global Tower Solutions had concluded their due diligence on the portfolio and were in a position to proceed, however their long term funding facility, from which this project was to be financed, was put on to hold due to the COVID-19 emergency. Due to the uncertainty within the financial markets at this time the Council requested its financial advisor, Deloitte LLP to undertake a review of the loan and the facility.

Additional information will be provided to the Audit Committee as to the resolution of this issue.

- 4.8 The delay in final audit approval is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404.

Therefore this notification explains, as per Regulation 10 paragraph (2a), that EY LLP were not able to publish the Council's audited 2019/20 final Statement of Accounts in line with publication date of 30 November 2020, as per paragraph (1).

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 To receive and approve the audited 2019/20 Statement of Accounts
- 5.2 To receive an update to the 'Audit Results report year ended 31 March 2020' as issued by EY and considered by Audit Committee on 16 November 2020.

6. REASON FOR THE RECOMMENDATION

- 6.1 Paragraph 2.2.16 of the Constitution requires the Audit Committee to "review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council."
- 6.2 It is a statutory requirement under the Accounts and Audit Regulations 2015.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The Statement of Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom in compliance with the Accounts and Audit Regulations 2015. The only alternative option would be non-compliance with statute which is rejected.

8. IMPLICATIONS

Financial Implications

8.1 See main report.

Legal Implications

8.2 None.

Equalities Implications

8.3 None.

9. BACKGROUND DOCUMENTS

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

Cabinet 21 September 2020, Item 6 - Amendment to arrangements with empower

Council 21 October 2020, Item 10 - Record of executive decisions made since the last meeting

Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404.

<http://www.legislation.gov.uk/uksi/2015/234/regulation/10/made>

[https://www.legislation.gov.uk/uksi/2020/404/regulation/2/made.](https://www.legislation.gov.uk/uksi/2020/404/regulation/2/made)

9.1 The Accounts & Audit Regulations 2015
Council Constitution

AUDIT COMMITTEE	AGENDA ITEM No. 5
25 JANUARY 2021	PUBLIC REPORT

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

INTERNAL AUDIT PLAN 2021 / 2022: APPROACH AND EMERGING THEMES

RECOMMENDATIONS	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> Note and comment upon the emerging themes to be considered for inclusion in the 2021 / 2022 Internal Audit Plan. 	

1. ORIGIN OF REPORT

- This report is submitted to the Audit Committee as a routine planned report on the development of the 2021 / 2022 Internal Audit plans.

2. PURPOSE AND REASON FOR REPORT

- The purpose of this report is to provide Members with details of current and emerging issues which are seen as potential risks to the delivery of quality services to the Council. It provides an opportunity for Members to consider these themes and provide input into the development of the Audit Plan.
- This report is for Audit Committee to consider under its Terms of Reference No. 2.2.1.9 “*To commission work from internal and external audit*”.

3. TIMESCALES

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

4.1 INTRODUCTION

- In accordance with the Public Sector Internal Audit Standards (PSIAS), the Chief Audit Executive must develop a risk-based plan to determine the priorities of the internal audit activity. It must also explain how the planned assurance delivery links to the organisational objectives and priorities. Within Peterborough City Council (PCC), the role of Chief Audit Executive is undertaken by the Chief Internal Auditor.

4.1.2 In an ever changing risk and control environment, of which 2020 has demonstrated, it is important that audit plans can adapt quickly to the needs of the organisation. To ensure a flexible and prioritised approach to our work, we utilise an assessment and planning tool which is used throughout the year on a rolling basis. This helps to ensure that at the point of each piece of work commencing is considered to be the next highest priority one according to our risk assessment.

4.2 **APPROACH**

4.2.1 Consultation and research is currently underway to determine possible themes and areas for audit work. This includes consulting with senior management and reviewing risk registers, budgets, plans and strategies, decisions, project and contract registers.

4.2.2 The potential areas for review that this generates will then be subject to an assessment, using our planning tool (see **Appendix A** for details). The key factors being assessed are:

- Materiality: The size of a system or process in terms of financial value or numbers of transactions or number of people affected.
- Corporate Importance: The extent to which the Council depends on the system to meet statutory or regulatory requirements or corporate priorities.
- Stability: The degree of change within the process.
- Vulnerability: Extent to which the system is liable to breakdown, loss, error or fraud.
- Specific concerns: Arising from management's assessment of risk as well as audit intelligence.

4.2.3 The Annual Internal Audit Plan will be compiled on the basis of:

- The prioritised list of potential audit reviews generated by the above assessment.
- The number of audit days available for the year.
- The skills, knowledge and experience of audit staff.
- Information from other audit providers.
- An allowance for statutory activities, ad hoc consultancy, supporting the democratic process and follow-up reviews.

4.2.4 During the year, any new emerging risks or concerns identified are reviewed using the assessment tool. This determines the priority for new pieces of work to those already included in the plan. This can result in the lowest priority areas being dropped from the plan. Co-ordination between Internal Audit and the Risk Management Board/risk functions can assist this process in identifying emerging local and national risks and areas that need to be covered in audit work where appropriate.

4.2.5 Internal audit aims to develop an assurance framework as part of this and ongoing future year's plans. This framework maps the controls in key areas to the sources of assurance for those controls. It will provide valuable insight for management and will also give the Chief Internal Auditor an oversight of the control framework at the council, which will feed into the Annual Audit Opinion report at the end of the year. The assurance framework will be based on the Three Lines of Defence model, which categorises assurance according to its source:

- First Line of Defence: Operational managers and staff carrying out day to day responsibilities and monitoring activities.
- Second Line of Defence: Oversight functions that set policy and process and monitor implementation such as HR, Finance, Health and Safety, Legal, Procurement, ICT and Property.
- Third Line of Defence: Independent assurance providers, such as Internal and External Audit as well as regulators.

4.3 **THEMES EMERGING**

4.3.1 Following our initial works as determined in 4.2.1 the following areas have been identified for potential coverage. Assurance will be established from elsewhere in the business if appropriate.

4.3.2 Financial Governance

- Financial resilience – arrangements for ensuring that savings proposals are robust and targets are achieved;
- Brexit arrangements, including impact on procurement activities, regulatory framework, service demand and EU funding;
- Financial Systems, where changes have occurred, data mining may be explored or risk has increased due to the impact of COVID (i.e. council tax, accounts payable)
- COVID related grants – continued internal audit activity in relation to eligibility processes and reporting to MHCLG.

4.3.3 Information Governance

- The operation of new or upgraded IT systems such as Power BI, the organisations new project management system;
- Cyber security issues carried out by PCC IT services;
- Shared Services to include financial controls.

4.3.4 Corporate Governance

- Risk Management and the assurance obtained from the Risk Management Board;
- Anti-fraud and corruption to include the resultant dataset matching activities from the NFI Initiative 2020;
- Business Continuity;
- Compliance with our Code of Corporate Governance.

Other Service Delivery Arrangements

- Aragon wholly owned company – client management arrangements such as refuse and recycling
- City College - a review of arm's length governance arrangements and the incoming services previously provided by Vivacity;
- Housing Revenue Account – governance arrangements

4.3.5 Contracts and Procurement

- Financial and operational performance of contracts. Consultation is ongoing with management for consideration and we will review and risk assess our register of contracts. Examples could include Skanska, Integrated Community Equipment Store, Serco.

4.3.6 Project and Programme Management

- An overview of corporate arrangements as a result of new systems and project management processes (see Power BI);
- Joint IT Service Management Systems e.g. Mobile refresh programme
- Further development of the HR management system to include the expenses module;
- Climate Change Action Plan;
- Reviews of risk assessed projects – to be determined.

4.3.7 People Management

- Upskilling of managers, following re-shaping of HR and Finance functions;
- Impact on recruitment processes due to Brexit;
- Arrangements for managing agile working;

4.3.8 Service Delivery

- Direct payments;
- Covid-19 – any further changes to service delivery resulting from the pandemic;
- Parking Services;
- Coroners Service;

4.4 Other Activities

Internal Audit also provides support for other activities of the council as well as developing commercial services to other organisations. These include:

- Grant certification/independent examination, as required by Central Government, the Charities Commission and the Cambridgeshire and Peterborough Combined Authority;
- Development of commercial activities with PCC organisations such as Aragon and Peterborough City College (Vivacity);
- Other internal audit commercial opportunities with neighbouring authorities.

5. CONSULTATION

- 5.1 Directors and Heads of Service have been invited to input into the planning process to date. Consideration of any information received has been incorporated into this report where applicable and further consultation is in train with Directors and their Management Teams.

The Audit Committee is similarly invited to input into the annual planning process by way of this report. Any comments will be incorporated and assessed for inclusion within the plan in accordance with the planning tool (See Appendix A).

6. ANTICIPATED OUTCOMES OR IMPACT

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

7. REASON FOR THE RECOMMENDATION

- 7.1 To provide members with an insight into the development of the audit plan to provide assurance to the Council on its governance and operations.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 None

9. IMPLICATIONS

Financial Implications

- 9.1 The Audit Plan needs to be deliverable within available resources and the achievement of the audit plan will require that the current structure remains essentially intact throughout the year. Resource requirements are reviewed each year during the planning process. Currently it is unknown if there will be any implications on staff numbers as a result of the 2021 budget process or as a result of alternative service delivery arrangements such as a shared service with CCC.

It should be noted that initial discussions are taking place to discuss the feasibility of providing audit management services to another local authority where income will be derived. Similarly the Chief Internal Auditor is in discussion with Aragon and Peterborough City College with a view to providing internal audit services for those activities previously provided by Vivacity.

Any changes to the structure and resourcing of Internal Audit will result in a further review of our programme of work and this will be reported to the Audit Committee.

Legal Implications

- 9.2 The Accounts and Audit regulations 2015 require the Council to have a sound system of internal control which includes effective arrangements for the management of risk, controls and governance.

Equalities Implications

- 9.3 The identification of risks and the proper management of those risks will ensure that:
- The Councils environmental policies and ambitions can be met; the Council is able to mitigate against potential financial losses, litigation claims and reputational damage; the Council is able to effectively deliver the strategic priorities.

10. BACKGROUND DOCUMENTS

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

10.1 None.

11. APPENDICES

11.1 Appendix A

INTERNAL AUDIT PLANNING AND ASSESSMENT TOOL

Category	Weight	Description	Total Possible Category Score
Materiality	1	Value (budgeted income and expenditure; contract values; project costs etc.) and volume (number of transactions, number of staff/public affected). 1= up to £100k or 100 transactions 2= £100k-£1m, or 100-1000 transactions 3= £1-10m, or 1000-10,000 transactions 4= £10-£100m, 10,000 or 100,000 transactions 5= £100m plus, or 100,000 plus transactions Score 1 to 5 (1= low, 5 = high).	5
Stability	2	Amount of change within a system or process. Growth in size or responsibilities; staff turn-over; legislative change; new or upgraded IT systems; cultural change; new service delivery models; significant internal policy change. Score 1 to 5 (1= low, 5 = high)	10
Vulnerability	4	Inherent risks (fraud, corruption, error, commercial or sensitive information, health and safety, vulnerable adults and children). Control environment (limited central control or ownership, poor physical security, high turn-over of staff, complexity of systems and processes, poor SoD, lack of expertise) Score 1 to 5 (1= low, 5 = high)	20
Corporate Importance	5	Dependence on the system to meet regulatory requirements or corporate priorities and objectives. Score 1-5 (1= low, 5= high)	25
Specific Concerns	4	Concerns and risk assessment of management and auditors. Review risk registers, specific areas raised by management, audit intelligence. score 1-5 (1= low, 5= high)	20
Total Possible Overall Score			80

Prioritisation Schedule

>50	High Priority	30-50	Medium Priority	< 30	Low Priority
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AUDIT COMMITTEE	AGENDA ITEM No. 6
25 JANUARY 2021	PUBLIC REPORT

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

USE OF CONSULTANTS – UPDATE REPORT

RECOMMENDATIONS	
FROM: Corporate Director Resources	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> consider the update report on the use of Consultants for the first nine months of 2020/21 (April 2020 - December 2020). 	

1. ORIGIN OF REPORT

- This report is submitted to Audit Committee following a referral from Sustainable Growth Committee on 6 March 2012

2. PURPOSE AND REASON FOR REPORT

- The purpose of this report is to update Audit Committee as to the level of spend on external Consultants.

The report is presented to enable review of the consultancy and interim policy adopted on 26 March 2012.

- This report is for Audit Committee to consider under its Terms of Reference No.

- 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. TIMESCALES

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

- 4.1 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 The expenditure for the last ten full years, plus in current year to date is shown below.

	Total £m
2009-10	8.5
2010-11	6.4
2011-12	5.4
2012-13	4.3
2013-14	4.5
2014-15	3.1
2015-16	2.5
2016-17	3.0
2017-18	2.4
2018-19	2.7
2019-20	4.5
2020-21 (first 9 months)	1.2



4.5 For consistency the reported expenditure includes that on contracts for services where the supplier meets the procurement classification of consultancy. The first nine months of 2020-21 show costs of £1.2m, though while this might suggest a 12 month cost of £1.6m there is likely to be some delay in costs being accounted for, and an outturn of >£2m is likely. The full final outturn position will be reported after April 2021. Costs to date are detailed in Appendix 1.

4.6 The Council also employs Agency staff through a number of Contracts. The spend for the past 4 financial years on Agency has been:

- 2016/17 - £6.3m
- 2017/18 - £6.5m
- 2018/19 - £8.8m
- 2019/20 - £6.4m
- 2020/21 first nine months - £2.4m

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 OR IMPACT

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

7. REASON FOR THE RECOMMENDATION

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

Financial Implications

9.1 The report sets out the costs of consultants and agency staff.

Legal Implications

9.2 There are no legal implications arising from this report.

Equalities Implications

9.3 There are no equalities implications arising from this report.

Carbon Implications

9.4 There are no carbon implications arising from this report.

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; 18 November 2019; 27 January 2020
- Report to Audit Committee 14 September 2020; 16 November 2020

11. APPENDICES

11.1 Appendix 1 - list of companies used during the period 1 April 2020 to 31 December 2020 with summary of purpose of engagement.

**Appendix 1 - List of companies with Summary
2020/21 (April – 30 December 2020)**

Supplier Name	Initiative	Amount
3DReid Birmingham Ltd	Feasibility design city centre regeneration project	16,000.00
Allen Lane	Housing accountant / support to Finance change management	102,379.56
Arcus Global Ltd	Integration work to the new payment portal	2,709.50
Cambridgeshire County Council	Adult Social Care consultancy 76k; ICT & contract exit support 67k	143,559.58
Campbell Tickell Ltd	Interim Housing Director	142,843.75
Civica UK Limited	Regulatory Services (Taxi) technical support	4,000.00
Eddisons Commercial Ltd t/a Barker Storey Matthews	Viability assessment regeneration project	9,500.00
Fathom Consultancy Solutions Ltd	Review of the future market place in leisure	3,890.63
Fenland District Council	Shared CCTV service management costs	17,173.69
Gemini Consultants Ltd	Termination of Local Authority Mortgage Administration	645.00
Grant Thornton UK LLP	Financial Improvement Programme, Lean Cost Structure	106,081.97
Housing Partners Ltd	ICT strategy	11,361.50
Imperial Civil Enforcement Solutions Limited	ICT support	3,400.00
Inform CPI Ltd	RV Finder	10,980.00
Liz Holmes Consultancy	Phonics training (schools standards)	1,850.00
NCVO National Council for Voluntary Org.	Commissioning Team	1,250.00
No5 Barrister Chambers Ltd	Legal support	650.00
NPS Peterborough Ltd	Property Support	105,622.80
Penna Plc	Interim Development Director	86,775.00
Penny O'Shea	Examination of Glinton Neighbourhood Plan	3,368.60
Permanent Futures Ltd	Development consultant for Towns Fund	84,930.00
Quadrant Security Group Ltd	CCTV relocation project	4,830.00
RJW Associates Ltd	Peterborough Safeguarding Board	11,049.12
Serco Ltd	ICT Project support	262,478.61
Shelton Development Services Ltd	Housing Needs development consultancy	1,300.00

SQW Limited	Advice on structure of investment plan	1,823.00
Tamar Communications Ltd	Finance change management support	36,177.00
Valuation Office Agency	Viability advice regarding planning application	1,000.00
Vero HR Ltd	HR support - Joint Consultative Forum	2,333.75
Vivacity Culture and Leisure	Abortive prior year costs in relation to Great Eastern Run	5,425.00
2020/21 Total for April 2020-December 2020		£1,185,388.06

AUDIT COMMITTEE	AGENDA ITEM No. 8
25 JANUARY 2021	PUBLIC REPORT

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

UNCOLLECTABLE DEBTS IN EXCESS OF £10,000

R E C O M M E N D A T I O N S	
FROM: Peter Carpenter – Director of Corporate Resources	Deadline date: 25 January 2021
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> Note the Uncollectable Debts in excess of £10,000 report. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee for information from Cllr Seaton (Cabinet Member for Finance) following the publication of a Cabinet Member Decision Notice (CMDN).

2. PURPOSE AND REASON FOR REPORT

2.1 This report is for information following the Cabinet Member for Finance exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (n).

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.2.13 To review any issue referred to it by the Chief Executive or a Director, or any Council body.

3. TIMESCALES

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

4.1 The attached CMDN report details the Cabinet Member's approval to write-off uncollectable debts that exceed £10,000 in relation to non-domestic rates, council tax, housing benefit overpayments and accounts receivable (sundry debt), as detailed in the appendices to this report. The aggregate total value of these debts is £116,128.

4.2 All cases requested for write-off follow a lengthy process to recover the outstanding money, sometimes dating back many years. Only once all avenues have been exhausted will the council consider writing off debt.

4.3 It is acknowledged that given the high volume and value of invoices and bills issued there will always be a requirement to write off an element of debt as uncollectable, however, a number of the debts included within the report are historic and should have been considered for write off a number of years ago.

4.4 Sundry debt raised each year is normally in excess of £50 million. When the sum recommended for write off in this report is expressed as a percentage of the total debt raised over the period, it represents only 0.018%. If debts less than £10,000 are also included, the total percentage written off is only 0.025% of the total debt raised.

4.5 The majority of debt to be written off has been provided for in the council's debt provisions. As a result, the impact on the Council's revenue position as a result of this write off exercise is £32,155. All debt recovery actions available to the council must be exhausted before outstanding debt can be recommended for write-off.

5. CONSULTATION

5.1 Information concerning the consultation undertaken is detailed within the attached CMDN report.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 It is anticipated that the Committee will note the attached 'Uncollectable Debts in Excess of £10,000' Cabinet Member Decision Notice.

7. REASON FOR THE RECOMMENDATION

7.1 Reasons for recommendation are detailed within the attached CMDN report.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Alternative options are detailed within the attached CMDN report.

9. IMPLICATIONS

Financial Implications

9.1 Financial implications are detailed within the attached CMDN report.

Legal Implications

9.2 Financial implications are detailed within the attached CMDN report.

Equalities Implications

9.3 There are no significant equalities implications.

10. BACKGROUND DOCUMENTS

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

10.1 Cabinet Member Decision Notice: To approve the write-off of any uncollectable debts in excess of £10,000.

11. APPENDICES

11.1 Cabinet Member Decision Notice: To approve the write-off of any uncollectable debts in excess of £10,000.

UNCOLLECTABLE DEBTS IN EXCESS OF £10,000
COUNCILLOR DAVID SEATON, CABINET MEMBER FOR FINANCE
January 2020
Deadline date: 25 January 2021

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton, Cabinet Member for Finance. Peter Carpenter, Acting Director of Corporate Resources
Is this a Key Decision?	NO If yes has it been included on the Forward Plan: N/A Unique Key decision Reference from Forward Plan: N/A
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	NO

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to authorise the write off of the debt shown as outstanding in respect of accounts receivable (sundry debt) accounts included in the Appendices. These detail the financial year and the category for the write off request.

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks the Cabinet Member’s approval to write-off uncollectable debts that exceed £10,000 in relation to accounts receivable (sundry debt), as detailed in the appendices to this report. The aggregate total value of these debts is £116,128.
- 1.2 All cases requested for write-off follow a lengthy process to recover the outstanding money, sometimes dating back many years. Only once all avenues have been exhausted will the council consider writing off debt.
- 1.3 It is acknowledged that given the high volume and value of invoices and bills issued there will always be a requirement to write off an element of debt as uncollectable.
- 1.4 Sundry debt raised each year is normally in excess of £50 million. When the sum recommended for write off in this report is expressed as a percentage of the total debt raised

over the period, it represents only 0.018%. If debts less than £10,000 are also included, the total percentage written off is only 0.025% of the total debt raised.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Finance to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (i).

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO
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4. DETAILS OF DECISION REQUIRED

- 4.1 The Cabinet Member for Resources is requested to approve the write off of uncollectable debt in excess of £10,000. These debts relate to accounts receivable (sundry debt) accounts.

Financial Context

- 4.2 The Council is committed to taking all appropriate action necessary before considering a debt for write off. This includes multiple written reminder letters early in the recovery process, telephone call follow up, senior management dialogue with counterparts, and where necessary, court and enforcement agent action. It can take several years before all actions have been undertaken.
- 4.3 Per annum, the Council currently expects to receive in excess of £50m of sundry invoice income. As a result of activity on this scale, the Council recovers millions of pounds every year in unpaid debt, sometimes dating back years, due to being persistent in recovery activity.
- 4.4 Despite our best endeavours, it is inevitable that a small percentage of debt will not be collected and will ultimately have to be written off. There are a number of reasons why this occurs with the most common being where a company has gone into liquidation, an individual has been made bankrupt, a debtor has died with no funds available, or where it has not been possible to trace a debtor. It is very common for large organisations in both the public and private sectors to incur debt, and the Council is no different in that respect. Writing off debt is standard practice and recommended as part of good budget management.
- 4.5 In addition to the balances to be written off as part of this report, debts with a value less than £10,000 also require write-off consideration. While not forming part of this governance process (due to delegation limits as part of the Council's financial regulations), the values are shown in Appendix 2 for completeness and overall context.

5. CONSULTATION

- 5.1 Consultation between relevant Council Officers, the Head of Finance, the Local Taxation section and key Heads of Service within the Peterborough-Serco Strategic Partnership was undertaken to provide the relevant information for this report.

6. ANTICIPATED OUTCOMES

- 6.1 It is anticipated that the Cabinet Member for Finance will approve the write-off of the debt amounts summarised in Appendix 1.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

7.1 In all cases included in this Cabinet Member Decision Notice the authorisation for write-off is requested due to one of the following scenarios:

- the individual being made insolvent/ bankrupt;
- the ratepayer is deceased with no further income due from the estate;
- all recovery options/ activity have been exhausted.

7.2 Where debt being written off is in relation to companies that have gone into administration/ individuals being made bankrupt, proof of debt has been lodged with the Administrators or Liquidators in all appropriate cases and either it has been confirmed that no dividend is payable or a final dividend payment has been received. Recovery action has therefore been exhausted and there is no further action that can be taken to obtain any further payments in relation to the debt. Table 2 in Appendix 1 summarises the rationale for the different reasons for write off decisions by year and by value.

7.3 The majority of the aged debt outlined in Appendix 1 has been fully provided for in the council's debt provisions in accordance with the council's debt provision policies, local accounting procedures and statutory accounting regulations. As a result, the impact on the Council's revenue position as a result of this write off exercise is £32,155. All debt recovery actions available to the council must be exhausted before outstanding debt can be recommended for write-off.

7.4 To further strengthen its debt collection procedures, the Council has a robust end-to-end accounts receivable process, including ensuring that all future debt write off exercises take place on a quarterly basis. This report represents the first exercise for 2020-21 due to the impact of Covid-19 on individuals/ organisations and the resulting suspension of active debt recovery action.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The alternative option is to not write off this debt but this would result in an uncollectable debt continuing to be shown as outstanding with a bad debt provision for this debt. Once a debt is no longer collectable it should be written off in the Council's accounts and the debt provision adjusted accordingly.

8.2 All other alternative options available to the Council to collect the debt have already been undertaken before making a decision to recommend a debt for write off.

9. IMPLICATIONS

9.1 Financial and legal implications have been included within this report.

9.2 Section 151 of the Local Government Act 1972 requires a local authority to make arrangements for the proper administration of their financial affairs and the write-off of debts falls within such duties.

9.3 There are no equalities implications arising from the recommendation.

Carbon Impact Assessment

9.4 It is considered that there is no/ negligible impact of implementing this decision.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

There are no documents.

12. APPENDICES

Appendix 1 - Debt Write-Offs With A Value Over £10,000 by type

Appendix 2 - Debt Write-Offs With A Value Over £10,000 by write-off rationale

Appendix 3 - Debt Write-Offs With A Value Under £10,000 (for information only)

Appendix 1 - Debt Write-Offs With A Value Over £10,000

Table 1: By financial year and % of debt type raised

Financial Year	Adult Social Care			Sundry Debt		
	Write-off (£)	Debt raised in year (£)	Percentage in year	Write-off (£)	Debt raised in year (£)	Percentage in year
Up To 2008/09	-	-	-	1,041	-	-
2009/10	-	n/a	-	3,133	51,430,000	0.01%
2010/11	-	n/a	-	2,494	51,450,000	0.00%
2011/12	10,575	n/a	-	7,639	47,270,000	0.02%
2012/13	6,232	n/a	-	340	48,540,000	0.00%
2013/14	-	n/a	-	6,320	46,140,000	0.01%
2014/15	1,447	n/a	-	18,208	45,140,000	0.04%
2015/16	12,562	n/a	-	22,100	54,270,000	0.04%
2016/17	3,574	5,628,589	0.06%	15,422	56,610,000	0.03%
2017/18	3,098	5,381,202	0.06%	588	56,914,648	0.00%
2018/19	1,355	4,721,450	0.03%	-	67,843,815	-
2019/20	-	5,671,537	0.00%	-	68,726,462	-
2020/21	-	3,948,641	0.00%	-	43,762,501	-
Total	38,843	25,351,419	0.15%	77,285	638,097,426	0.01%

Table 2: By financial year and write-off rationale

	Company/ ratepayer placed into Administration/ Liquidation/ Bankruptcy/ Entered into a CVA	Recovery action exhausted	The ratepayer is deceased with no further income due from the estate	Total
Up to 2008/09	-	1,041	-	1,041
2009/10	-	3,133	-	3,133
2010/11	-	2,494	-	2,494
2011/12	-	7,639	10,575	18,214
2012/13	-	340	6,232	6,572
2013/14	-	6,320	-	6,320
2014/15	1,447	18,208	-	19,655
2015/16	2,712	22,100	9,850	34,662
2016/17	2,932	15,422	642	18,996
2017/18	3,098	588	-	3,686
2018/19	1,355	-	-	1,355
2019/20	-	-	-	-
2020/21	-	-	-	-
Total	11,544	77,285	27,299	116,128

Appendix 2 - Debt Write-Offs With A Value Under £10,000 (For Information)

Financial Year	Adult Social Care			Sundry Debt		
	Write-off (£)	Debt raised in year (£)	Percentage in year	Write-off (£)	Debt raised in year (£)	Percentage in year
Up To 2008/09	376	-	-	-	-	-
2009/10	180	n/a	-	-	51,430,000	0.00%
2010/11	229	n/a	-	-	51,450,000	0.00%
2011/12	734	n/a	-	-	47,270,000	0.00%
2012/13	3,374	n/a	-	-	48,540,000	0.00%
2013/14	6,409	n/a	-	-	46,140,000	0.00%
2014/15	3,245	n/a	-	-	45,140,000	0.00%
2015/16	9,904	n/a	-	-	54,270,000	0.00%
2016/17	6,907	5,628,589	0.12%	-	56,610,000	0.00%
2017/18	5,945	5,381,202	0.11%	-	56,914,648	0.00%
2018/19	1,744	4,721,450	0.04%	-	67,843,815	0.00%
2019/20	6,485	5,671,537	0.11%	-	68,726,462	0.00%
2020/21	1,328	3,948,641	0.03%	-	43,762,501	0.00%
Total	46,860	25,351,419	0.18%	0	638,097,426	0.00%

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AUDIT COMMITTEE	AGENDA ITEM No. 9
25 JANUARY 2021	PUBLIC REPORT

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

FEEDBACK REPORT

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

1. ORIGIN OF REPORT

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

2. PURPOSE AND REASON FOR REPORT

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

3. IMPLICATIONS

Financial Implications

3.1 There are none.

Legal Implications

3.2 There are none.

Equalities Implications

3.3 There are none.

4. APPENDICES

4.1 Appendix A - Feedback report

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AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2020 - APRIL 2021

AGENDA ITEM	ACTION ARISING	OFFICER RESPONSIBLE	ACTION TO BE TAKEN	COMPLETED
Annual Report: Investigating Fraud	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.	Steve Crabtree	Briefing note to be circulated. CIA awaiting response from Department (as at 14 January 2021)	Ongoing
Annual Report: Investigating Fraud	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.	Steve Crabtree	Briefing note to be circulated. CIA awaiting response from Department (as at 14 January 2021)	Ongoing

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AUDIT COMMITTEE	AGENDA ITEM No. 10
25 JANUARY 2021	PUBLIC REPORT

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

WORK PROGRAMME 2020/21

R E C O M M E N D A T I O N S
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> Notes and agrees the Work Programme for the municipal year 2020/21.

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 2020/21

APPENDIX A

DATE: 25 JANUARY 2021			
		Section / Lead	Description
	Internal Audit: Approach to Audit Planning	Internal Audit Steve Crabtree	To receive a report on the approach to Audit Planning
	Letter of representation and update statement of accounts	EY	To receive and approve the External Annual Audit Letter identified as part of their audit works
	Use of Consultants	Finance/HR Pete Carpenter	To receive an update on the use of consultants and agency staff
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Finance Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	
	Work Programme 2020 / 2021	Democratic Services Dan Kalley	

DATE: 22 MARCH 2021

	Section / Lead	Description
Draft Annual Audit Committee Report	Democratic Services Dan Kalley	To receive the Draft Annual Audit Committee Report prior to submission to Council
Internal Audit: Draft Internal Audit Plan 2021 / 2022	Internal Audit Steve Crabtree	To receive and approve the Internal Audit Plan 2020 / 2021
Risk Management: Strategic Risks	Governance Pete Carpenter	To receive an update on the strategic risks for the Council
National Fraud Initiative: Investigating Allegations of Fraud	Internal Audit Steve Crabtree	To receive a report setting out the latest outcomes in relation to tackling fraud and corruption through the National Fraud Initiative and future activities to protect the public purse
Impact of Brexit	Finance Pete Carpenter	
INFORMATION AND OTHER ITEMS		
Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
Approved Write-Offs Exceeding £10,000	Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Feedback report	Democratic Services Dan Kalley	

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