

AUDIT COMMITTEE

MONDAY 27 NOVEMBER 2023
6.00 PM

Bourges/Viersen Room - Town Hall

THE CHAIRMAN WILL ASSUME THAT MEMBERS HAVE READ THEIR PAPERS PRIOR TO THE MEETING TO AVOID UNNECESSARY INTRODUCTIONS TO REPORTS. IF ANY QUESTIONS ARE APPARENT FROM THE REPORTS THEY SHOULD BE PASSED TO THE REPORT AUTHOR PRIOR TO THE MEETING

AGENDA

Page No

1. Apologies for Absence

2. Declarations of Interest

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification " that has been disclosed to the Head of Legal Services.

3.	Minutes of the Meeting Held on 11 September 2023	3 - 8
4.	Actions log - Democratic Services	9 - 14
5.	Internal Audit Mid-Year progress	15 - 42
6.	Treasury Management Mid-year	43 - 54
7.	Annual Report Corporate Complaints	55 - 92
8.	Audit Committee Terms of Reference	93 - 164
9.	Audit Committee Start time 2024/25	165 - 168
10.	Decisions of Shareholder Cabinet Committee	169 - 170

INFORMATION AND OTHER ITEMS

11. Use of Regulation of Investigatory Powers Act 2000 (RIPA)

To note there are no updates since the last meeting in September 2023.

12. Approved Write-Offs Exceeding £10,000

To note there have been no updates since the last meeting in September 2023

13. Work Programme

171 - 182



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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: Haseeb (Vice Chairman), Jones, Rangzeb, Perkins, Barkham, Schumann (Chair), Fox and B Rush

Substitutes: Councillors: Trust, N Sandford, Strangward and S Lane

Further information about this meeting can be obtained from Democratic Services on telephone 01733 747474 or by email – democratic.services@peterborough.gov.uk

**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 6PM, ON
11 SEPTEMBER 2023
BOURGES/VIERSEN ROOM, TOWN HALL, PETERBOROUGH**

Committee Members Present: Councillors Haseeb (Vice-Chair), Jones, Farooq, Perkins, Rangzeb, Elsey and Barkham (Virtual)

Co-Opted Members: Mike Langhorn, Stuart Green

Officers Present: Cecilie Booth, Executive Director Corporate Services & S151 Officer
Richard McCarthy, Head of Commercial & Procurement
Jill Evans, Service Director & Deputy S151 Officer
Ray Hooke, Head of Corporate Delivery Unit
Dan Kalley, Democratic and Constitutional Services Manager
Adesuwa Omoregie, Interim Head of Legal and Deputy Monitoring Officer

Also Present: Janet Dawson, Associate Partner, Ernst&Young (EY)
Dan Cooke, Audit Manager, Ernst&Young (EY)

1. APOLOGIES FOR ABSENCE

There were no apologies for absence, however Councillor Barkham was present virtually, but could not vote on any of the items.

2. DECLARATIONS OF INTEREST

There were none.

3. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 JULY 2023

The minutes of the meeting held on 24 July 2023 were agreed as a true and accurate record.

ACTIONS AND MATTER ARISING

4.

The purpose of the report was to inform the Audit Committee of the actions outstanding, and progress made to date.

The report was introduced by the Democratic & Constitutional Services Manager who outlined that the actions log had been updated to reflect the previous meetings actions, plus any actions that were still outstanding.

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

- It was anticipated that the 2021 accounts would be ready for sign off at the earliest opportunity, however, following a review process it was identified that additional technical documents were needed to be able to satisfy all areas of FRC. In addition, the Audit Opinion, which had no time constraints, also required additional paperwork and would be completed in the next few weeks.
- Members were disappointed to hear that there had been a delay due to technical documentation and that a more robust plan of action should be considered going forward.
- There had been no precise figure on whether the Council or the Combined Authority received a refund from Stagecoach for a cancelled bus journey that was subsidised by the Council.
- Ernest and Young (EY) had received all the support they needed from the finance team to complete the work required. Furthermore, it was anticipated that completion was expected in the next couple of weeks and before the end of the month.
- The 21/22 audit was currently underway, and EY were waiting for guidance from DLUHC and the Financial Reporting Council (FRC) which was being rewritten to include new requirements. Furthermore, a plan would be in place to deal with the back log that had accumulated for Peterborough's accounts sign off.
- Members were disappointed with the delay in finalising the accounts and felt that this was unnecessary.
- Whilst it was appreciated that Members were disappointed with the delay in finalising the accounts, EY advised that they could not change the position due to the complex nature. Furthermore, feedback had been provided to Public Sector Audit Appointments (PSAA) about how dissatisfied Members were with the situation.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the actions and matters arising from previous meetings and progress made to date.

7. RISK MANAGEMENT FRAMEWORK

The Audit Committee received a report on the draft risk management framework.

The purpose of the report was to provide the Audit Committee with a draft version of the Council's Risk Management Framework and associated Strategic Risk register.

The report was introduced by the Head of Corporate Delivery Unit, who outlined the status of the risk framework

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

- The template required some work to change it into a Peterborough style.
- Members asked whether a clearer breakdown of the risk register, and financial resilience could be provided in future.
- It was confirmed that suitable mitigations measures were in place to ensure smooth transition of the Fostering de-coupling from Cambridgeshire to minimise risks identified.
- Members were disappointed that the management framework was in draft form, and it was expected that improvements would be made for the next meeting.
- Members raised concerns about the risk tolerance and appetite and that it was contradictory as the two subjects should not be separate.
- It concerned Members that there appeared to be an unacceptable high tolerance set for issues such as environment and health and safety outlined on page 31 of the risk management framework and further work was required on how the Council articulated its risk appetite.

- There were fundamental gaps in the risk management responsibilities and better definitions were needed. In addition, a clearer view of what the risk manager and chief internal auditor would review and be responsible for; which should also be reflected in the job description.
- The Council's definition of what risk management was needed to be reflected in the strategy rather than rely on what had been included in a standard template.
- The risk management framework had not clearly defined what gross risk, net risk, the Council's core objectives review process and reporting process needed to be. It was felt that these elements should be articulated in a much more effective way.
- The Council had a physical debt of £431 million and had a debt liability of just under £600 million. Furthermore, the Council's internal cash balances were tied up in borrowing.

The Audit Committee considered the report and **RESOLVED** (Unanimous) and provided any comments on the Draft Risk Management Framework and Draft Strategic Risk register.

ACTIONS:

1. The Head of the Corporate Delivery Unit to feedback comments from the Committee to the Corporate Leadership Team and provide committee with an updated risk management report at a future meeting. - Ray Hooke – January 2024

8. DECISIONS OF THE SHAREHOLDER CABINET COMMITTEE

The Audit Committee received a scheduled report on the decisions of the Shareholder Cabinet Committee.

The purpose of the report was to note the decisions made by the Shareholder Cabinet Committee as set out in the report.

The report was introduced by the Democratic and Constitutional Services Manager and asked members to note the decisions made by the Shareholder Cabinet Committee as set out in the report.

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

- The amount outlined at 4.1 of the report in relation to property limited, was part of the capital programme and had been connected to the three organisations that had contributed to the costs of £1.3m each for the Anglian Ruskin University (ARU).
- The funding of the three organisations covering the physical building of ARU was for additional funding in the overall capital programme envelope.

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

9. PROCUREMENT UPDATE

The Audit Committee received a report in relation to commercial and procurement services.

The purpose of the report was to outline some specific requirements that the Committee requested, which were about social value framework to internal services, large contracts and risk assessments. There had been no definition issued and picked out the Council's 17 largest contracts and in future, due to a new Government procurement bill would require review and information on contracts of £2 million, and corporate information on the top three Key Performance Indicators, diversity, GDPR and modern-day slavery policies. In addition, the

Council's ERP system would be upgraded to ensure the required information would be available and should link into risk management.

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

- Regulation 72 was in relation to procurement to allow an extension or a contract if the Council was not able to take a contract to market, due to issues. Furthermore, the fostering decoupling was an example of use of these arrangements.
- The ERP system would allow a consistent approach to contract management and monitoring. Furthermore, the ERP system would ensure that any requestion raised would automatically check that a contract was in place. This would also help to reduce maverick spending and ensure the correct contract routes were used such as frameworks and therefore help to end the exemption or waiver of contracts.
- Members were asked to note the good work undertaken by the Procurement team to develop and implement new contract processes across the Council.
- Legal colleagues were exploring a process for contracts to utilise block contract or frameworks in the first instance. If this option cannot be put in place, the contract award would be delegated through the head of service to the relevant director. There would need to be evidence that all procurement avenues had been explored, and a thorough report would need to outline all routes undertaken and how the contract was authorised.
- Children social care had a placement change form that legal colleagues were currently reviewing this process to see if it was something that could be used to help with commissioning and kerb the control of high commercial costs for urgent service support.
- The ERP system would be implemented in the next 6 to 12 months. In addition, the process involved had input from finance as well as HR to deliver.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the general Update provided in the report regarding the activity of the Commercial & Procurement Service.

13. USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

The Audit Committee resolved to note that there was no RIPA update.

14. APPROVED WRITE-OFFS EXCEEDING £10,000

The Audit Committee resolved to note that there was no update on write-offs exceeding £10,000.

15. WORK PROGRAMME

The Audit Committee received the report with the committee's work programme for the year 2022/23.

The purpose of the report was to allow the committee to add/remove any items from the work programme for the year ahead.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the work programme and agreed to the additional items being added to future meetings.

ACTIONS:

Democratic and Constitutional Services Manager would discuss with the Head of Commercial & Procurement for a standing item to be included on the Work Programme to provide Members with a list of large contracts.

CHAIR

End 7.06pm

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AUDIT COMMITTEE	AGENDA ITEM No. 4
27 NOVEMBER 2023	PUBLIC REPORT

Report of:	Chair of the Audit Committee	
Cabinet Member(s) responsible:	Councillor Howard, Deputy Leader Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Democratic Services – democratic.services@peterborough.gov.uk	Tel.

ACTIONS AND MATTERS ARISING

RECOMMENDATIONS	
FROM: <i>Chair of Audit Committee</i>	Deadline date: 27 November 2023
It is recommended that the Audit Committee notes the actions and matters arising from previous meetings and progress made to date.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Audit Committee following a request made by the members of the committee to be able to see the progress of actions undertaken by officers.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide an update on the actions and matters arising from the previous meetings of the Audit Committee.
- 2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.2.14 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 At its meeting in July 2022 the Audit Committee agreed to include a standing item to review and note the actions and matters arising from previous meetings of the committee.

At the meeting on 20 March 2023 the committee agreed to update the actions list to include those from the previous meeting and then further any that were still outstanding to streamline the log as much as possible. Those highlighted in green are updates that should form part of the items at the meeting itself.

4.2 Attached to this report is a list of the actions that have been noted in previous meetings where any action is still outstanding (Attached at Appendix A).

5. CORPORATE PRIORITIES

5.1 The report links to the following Corporate Priorities:

1. Sustainable Future City Council:

- The report updates the actions that have been requested by the Audit Committee to ensure the Council continues its journey to a financial sustainable future.

6. IMPLICATIONS

Financial Implications

6.1 There are none.

Legal Implications

6.2 There are no legal implications in respect of what is proposed in the report.

Equalities Implications

6.3 There are none.

7. APPENDICES

7.1 Appendix 1 – Action log

APPENDIX A

AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2023 - APRIL 2024

DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS/ACTION UPDATE
11 September 2023	Item 7. Risk Management Framework	The Head of the Corporate Delivery Unit to feedback comments from the Committee to the Corporate Leadership Team and provide committee with an updated risk management report at a future meeting.	Ray Hooke	January 2024	
	Item 15. Work Programme	Democratic and Constitutional Services Manager would discuss with the Head of Commercial & Procurement for a standing item to be included on the Work Programme to provide Members with a list of large contracts.	Dan Kalley / Richard McCarthy	January 2024	

Outstanding Actions

DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS / ACTION UPDATE
24 July 2023	Item 6. Verbal Update EY	Officers to liaise with EY to start the audit for the 2021/22 accounts as soon as possible and to present a timeline for action.	Jill Evans / Cecilie Booth	Ongoing	November 2023 Update: A briefing note from EY will be circulated in advance of the November 2023 meeting.
	Item 8. Annual report (Fraud and Investigations)	Officers to benchmark against other local authorities in relation to data around fraud and investigations and circulate briefing note.	Steve Crabtree	November 2023	7 November 2023: Questionnaire circulated to other authorities. Awaiting return of information so that appropriate comparisons can be.
30 January 2023	Item 4. Actions Arising	Councillor Coles to address the Overview and Scrutiny Committee at the Combined Authority to get clarity over whether the Council or the Combined Authority received a refund from Stagecoach for a cancelled bus journey that was subsidised by the Council.	Charlotte Palmer	TBC	Note to be sent round to all Audit members
28 November 2022	Item 7. Treasury Management	Officers to quantify the risks around financing and the life of assets. This would enable the Council to have in its sight	Jill Evans / Jeremy Harrison / Cecilie Booth	July 2023 moved to September 2023, to be	November 2023 Update: A detailed review of MRP is being undertaken and this will form part of that and be reflected in

	Report – Mid Year Report	the risks around the gap in the lifetime of debts versus assets.		presented November 2023	the Treasury Management Strategy in February.	
13	25 July 2022	Item 9. Review of the Effectiveness of the Audit Committee	The Chair of the Audit Committee to take on responsibility for the approach to the Annual Review of the Effectiveness of Audit Committee going beyond the checklist in the CIPFA “Toolkit for Local Authority Audit Committees”	Audit Committee Chair / Steve Crabtree	November 2023	7 November 2023: Changes to Committee Chair have delayed progression. Questionnaire to be issued to membership based on current toolkit following the November meeting (3 rd of municipal year), as well as the new Terms of Reference (once approved). (See below)
			Update the Terms of Reference for the Audit Committee to reflect the latest (draft) CIPFA Guidance and implement the necessary changes to the work programme to reflect the updated ToR	Adesuwa Omoregie / Democratic Services / Committee Chair	July 2023 moved to November 2023	The Terms of Reference update will form part of the overall constitution and governance review. Aim for November 2023.

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AUDIT COMMITTEE	AGENDA ITEM No. 5
27 NOVEMBER 2023	PUBLIC REPORT

Report of:	Cecilie Booth – Executive Director of Corporate Services	
Cabinet Member(s) responsible:	Councillor Howard – Deputy Leader and Cabinet Member for Corporate Governance and Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2023/ 2024

RECOMMENDATIONS	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
It is recommended that Audit Committee:	
1. Note the progress of the Internal Audit plan for 2023 / 2024	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee as a routine planned report within the 2023 / 2024 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 Executive Director of Corporate Services 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 2023 / 2024 as at 30 September 2023.

3. TIMESCALES

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

4.1 INTRODUCTION.

- 4.1.1 The details of the progress of the 2023 / 2024 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 also 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 2023 / 2024 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 is a Director of Peterborough Limited. Management of these activities included within the plan was budgeted to be just over 0.4 FTE bringing direct audit time to 5.7 FTE.

In addition to the above, the team held a vacancy for a Senior Auditor which was in the process of being recruited to at the time the plan was agreed, along with a Senior Auditor due to start in May at 80% (0.8 FTE). An adjustment was made and resources were reduced to 5.4 FTE for the year and formed the basis of the plan.

At this point the team has been unsuccessful in recruiting to the vacant Senior Auditor post but some temporary resources through an agency contract have been obtained to cover for some of the shortfall. This is ending in October to enable the team to go out to the market for a permanent solution. In addition, the Senior Auditor appointed as 0.8FTE reduced their hours to 0.6FTE, reducing the FTE available further. They have also recently resigned and are due to leave the organisation. This has resulted in the team once again having 2 vacancies which are due to be readvertised. If suitable appointments are made it is not envisaged that the individuals will be in post until January 2024. Should the recruitment exercise prove unsuccessful consideration will be made to utilise an external provider.

- 4.2.2 The plan continues to highlight those audits that are not achievable within the currently available resource levels, but it remains highly flexible to respond to risks as they arise. Committee should be aware that a number of audits have dropped below the line as they are no longer achievable based on the resourced number of days available. This is due to vacancies, absence levels and a resource heavy investigation which did not form part of the original audit plan. Please see Appendix B for further details regarding the specific audits.
- 4.2.3 Arrangements are being put in place for an external provider to undertake 2 reviews that are programmed within Peterborough Limited. As agreed previously at Audit Committee, this is due to the conflicts of interests arising due to the Chief Internal Auditors directorship. These reviewed are due to be undertaken in quarter 4.

4.3 PERFORMANCE AND OUTPUT

- 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 C, once the review has been agreed and finalised. There are two reports that fall into this category at this time – The Mayor of Peterborough Charity Fund 2021-22 and Climate Change
- 4.3.2 Of the 55 audits planned for the year, 16 have been completed, 23 are in progress and 16 are yet to be started.

- 4.3.3 Due to the nature of the work typically undertaken in the first part of the year including a high proportion of grant activities it is too early in the audit year to provide an overall opinion on the internal controls operating across the Council that have been subject to audit from the 2023 / 2024 audit plans. However, should any areas of significant concern occur the Committee will be advised at the earliest opportunity.

5. CONSULTATION

- 5.1 This report and accompanying appendices have been issued to the Executive Director of Corporate Services and the Director of Law and Governance and Monitoring Officer.

6. CORPORATE PRIORITIES

- 6.1 The annual audit plan is developed to consider and include the corporate priorities of the organisation to ensure that it adds value and assists in the business achieving positive outcomes. Audit activities undertaken will link to one or more of the priorities below depending on the individual scope and the associated risk profile.

1. *The Economy & Inclusive Growth*
 - *Environment (including a summary of the outcome of a completed Carbon Impact Assessment, to be submitted in full to the Transport and Environment Team)*
 - *Homes and Workplaces*
 - *Jobs and Money*
2. *Our Places & Communities*
 - *Places and Safety (including any rural implications)*
 - *Lives and Work*
 - *Health and Wellbeing*
3. *Prevention, Independence & Resilience*
 - *Educations and Skills for All*
 - *Adults*
 - *Children*
4. *Sustainable Future City Council*
 - *How we Work*
 - *How we Serve*
 - *How we Enable*

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 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.

8. REASON FOR THE RECOMMENDATION

- 8.1 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.

9. ALTERNATIVE OPTIONS CONSIDERED

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

10. IMPLICATIONS

Financial Implications

- 10.1 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

- 10.2 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.

Equalities Implications

- 10.3 Not applicable.

11. BACKGROUND DOCUMENTS

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

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

- Internal Audit Annual Plan 2023 / 2024
- Internal Audit written output (reports, memos, grant certifications)

- 11.1 None

12. APPENDICES

- 12.1 Appendix A: Internal Audit Mid Year Progress Report 2023 / 2024 (to 30 September 2023)
Appendix B: Progress against agreed Audit Plan



**INTERNAL AUDIT MID-YEAR
PROGRESS REPORT 2023 / 2024
TO 30 SEPTEMBER 2023**

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 2023 / 2024 Internal Audit 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:

AUDIT ASSURANCE OPINIONS	
Assurance	Definitions
Substantial	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.
Reasonable	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.
Limited	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.
No	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:

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

21

2. **EXTERNAL WORK and OTHER DUTIES**

2.1 The Chief Internal Auditor is also charged with management responsibility for both the Insurance and the Investigations Teams at Peterborough City Council (PCC), and separate reports are provided to the Audit Committee for these areas. During the year to date these have included outturn reports for Insurance and the Investigations teams. The CIA is also a director of Peterborough Limited and a member of the Risk Management Board. It should be noted that during the period being reported on the CIA has been temporarily out of the business and during this time the audit team has been supporting these activities. It should be noted that the CIA also undertook section 151 duties for the Director of Corporate Services during April 2023 as required whilst covering for Director absence.

The CIA does not have responsibility for risk management but has been providing ad hoc support to the risk management function due to sickness and whilst a recruitment exercise was undertaken to the post during the year

2.2 Some audit staff also support the organisation for corporate initiatives such as job evaluation, Equality Diversity and Inclusion, Change Champions Group and assist during the election process.

3. **RESOURCES**

- 3.1 The 2023 / 2024 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 as a Director of Peterborough Limited. Management of these activities included within the plan was budgeted to be 0.4 FTE bringing direct audit time to 5.7 FTE.
- 3.2 In addition to the above, the team held a vacancy for a Senior Auditor which was in the process of being recruited to at the time the plan was agreed, along with a Senior Auditor due to start in May at 80% (0.8 FTE). An adjustment was made and resources were reduced to 5.4 FTE for the year and formed the basis of the plan.
- 3.3 At this point the team has been unsuccessful in recruiting to the vacant Senior Auditor post but some temporary resources have been obtained to cover for some of the shortfall. This is ending in October 2023 to enable the team to go out to the market for a permanent solution. In addition, the Senior Auditor appointed as 0.8 FTE reduced their hours to 0.6 FTE, reducing the FTE available further. They have also recently resigned and are due to leave the organisation. This has resulted in the team once again having 2 vacancies which are due to be readvertised. If suitable appointments are made it is not envisaged that the individuals will be in post until January 2024.
- 3.4 The difficulty in recruitment is industry wide, neighbouring authorities are experiencing similar resource issues in obtaining qualified audit staff. Whilst plans are being discussed to 'develop our own' with the use of apprenticeships etc we intend to explore the market as part of the recruitment process to identify if there are individuals with transferable skills such as contract and project managers that could transition into the role with training.
- 3.5 As a result of the CIA being a Director of Peterborough Limited a decision has been made to appoint an independent audit firm to undertake the two audits that are included in the plan for them. The CIA is in discussion with an audit service to establish if they can undertake the work. If the recruitment process referred to in 3.3 is unsuccessful the viability of more reviews being undertaken by the independent audit firm will be considered.
- 3.6 The audit plan, detailed in Appendix B, continues to highlight those audits that are not achievable within the currently available resource levels. All reviews that have materialised in year due to changing risk or new areas of work have been assessed, prioritised as required and are identified as 'NEW'. As new areas of work are identified through our assessment process it will result in other audit activities moving to the category of non-deliverable due to resources. A large number of audits have dropped below the line and are identified within the section of reviews that are presently unable to commence. This is primarily due to the stated resource issues and also for reasons detailed within the performance section of this report where a particular review has been resource intensive.
- 3.7 Where possible assurance will be gained from audit colleagues where there is a vested interest in audits being undertaken. With the uncoupling of many of the previously shared services between Cambridgeshire County Council and Peterborough City Council opportunities for this are reducing with the exception of public health services. Additionally, the team will be looking to use the assurance framework to establish where assurance can be provided within the business.

4. **PERFORMANCE and OUTPUTS**

- 4.1 A detailed commentary of the progress of the 2023 / 24 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 grant work and reprioritised audit activities. As the plan continues to be prioritised on an ongoing basis these figures may be subject to change.

Planned Activity	
Original Plan	66
Actual Activity	
Complete	16
In Progress	23
Yet to do	16
Current Plan	55

- 4.2 As stated in 3.1.3 the annual plan has previously based on resources of 5.4 FTE. The FTE has been revised further due to the vacancies held and the anticipated level is now likely to be 4.95 FTE after the adjustment for the CIA non audit time if the planned recruitment is successful. A breakdown of how time has been spent as of 30 September 2023 is detailed in the table below.
- 4.3 The table below shows the proportion of time spent to September 2023 on PCC audit work and other duties and highlights how that impacts on the resource levels. The percentage of audit/non audit work is generally in line with budgeted figures.

	Posts		Revised Resources Planned for	Audit Work PCC	Other duties (see para 2.1-2)
	No.	FTE	FTE	%	%
Chief Internal Auditor	1.0	1.0	1.0	61	39
Group Auditor	2.0	1.6	1.6	96	4
Principal Auditor	1.0	0.5	0.5	100	-
Senior Auditor	2.0	2.0	1.25	100	-
Auditor	1.0	1.0	1.0	98	2
TOTAL	7.0	6.1	5.35		

- 4.4 Whilst a governance audit of the City College was included within the audit plan, the scope changed significantly as a result of a number of whistleblowing notifications. Whilst an external investigator was appointed to undertake the HR aspects of the review, internal audit has been focussing on the governance and other aspects of the whistleblowing allegations. This has resulted in the original planned days being significantly exceeded due to the amount of work required.
- 4.5 There has been an unprecedented amount of absence in the first six months due to ill health. Present figures are 69 days and this will increase further with known absence in October. The annual budgeted sickness time for the team is 24 so this has been significantly exceeded at the half year position and represents approximately 5 audits. This will have a further impact on reviews when incorporating October and any other absences to the end of the financial year.
- 4.6 There has been two finalised reports with a **LIMITED** assurance rating to date. The executive summaries of the Mayor of Peterborough's Charity Fund 2021-22 and Climate Change reports are attached at **Appendix C**. Audit Committee will be advised of any future reports falling within these categories as part of the audit committee timetable.
- 4.7 Due to the nature of the work typically undertaken in the first part of the year including a high proportion of grant activities it is too early in the audit year to provide an overall opinion on the internal controls operating across the Council that have been subject to audit from the 2023 / 2024 audit plans. The Assurance Framework will continue to be updated to assist with this. However, should any areas of significant concern occur the Committee will be advised at the earliest opportunity.

5 **AUDIT PROGRAMME AND PROCESS DEVELOPMENT**

- 5.1 The process for following up on the implementation of recommendations has been reviewed during the year. Protocols are presently that recommendations are revisited after six months or before if target dates are sooner. The proposed approach is to use the audit software system to advise services of outstanding recommendations on a quarterly basis. This is intended to obtain more current information and make the follow up process more efficient. The new process is being piloted with the Place, Economy and Communities management team.
- 5.2 During the year the schools audit programme has been reviewed to ensure it incorporates and focusses on the risks and challenges that schools presently encounter. One particular area has been enhanced to include the review of schools arrangements for cyber security.

APPENDIX B

PROGRESS AGAINST AGREED AUDIT PLAN

Where audits are “shaded”, these represent those jobs not started at 30 September 2023.

AUDIT ACTIVITY	COMMENTARY
AUDIT ACTIVITIES Provision for Governance and Anti-Fraud activities that are not subject to risk assessment	
Annual Audit Opinion	Produce report detailing work carried out and Head of Internal Audit Opinion of Governance, Risk and Control, in accordance with PSIAS. Completed - Annual Opinion 2022 / 2023 presented to Audit Committee on 24 July 2023.
Annual Governance Statement Review	<ul style="list-style-type: none"> • Review of senior management self-assessment assurance statements. • Development of the AGS in conjunction with the Corporate Director of Resources In Draft – AGS completed by Internal Audit and referred to Audit Committee on 24 July 2023. Corporate Leadership Team to take responsibility for any further amendments if required prior to finalisation of Statement of Accounts. To date there has been no amendments.
Annual Investigations Report	Completed Annual Report 2022 / 2023 presented to Audit Committee on 24 July 2023.
Mid-Year Audit Progress Report	Completed Annual Audit Progress Report 2023 /2024 being presented to Audit Committee at this meeting, on 27 November 2022.
Internal Audit Effectiveness	On-going On-going monitoring, review and update against the PSIAS standards and associated action plan.
Audit Committee Support	On-going This includes a review of Audit Committee effectiveness, update of the Audit Committee Handbook, provision of training and attendance at meetings.

AUDIT ACTIVITY	COMMENTARY
AUDIT ACTIVITIES Provision for Governance and Anti-Fraud activities that are not subject to risk assessment	
Information Governance Board	Ongoing Attendance at the Information Management Strategic Board.
Risk Management Board	Ongoing Chief Internal Auditor is a member of the Risk Management Board which is chaired by the Director of Corporate Services.
National Fraud Initiative	In Progress Audit work continues in relation to the 2023 data matches which include reviews such as blue badge cases, payroll, payments, benefit / council tax, right to work etc. will be released during February 2023.
Fraud/Compliance activities	In Progress <ul style="list-style-type: none"> • Investigations into alleged fraud or irregular activities are detailed as individual reviews. • Review of fraud policies
Corporate Governance and Assurance Framework	Ongoing An overarching review of the organisations assurance framework was undertaken to support the Annual Audit Opinion and was presented at Audit Committee on 24 July 2023. Review work will continue throughout the year to develop further and to ensure current.
Annual Audit Planning	To commence quarter 3 Establishment of the future plans for 2022 / 2023, including a review of the Strategy, Charter and Code of Ethics and a pre-planning report on emerging themes

AUDIT ACTIVITY	Department	COMMENTARY
OTHER RESOURCE PROVISION 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.		
INVESTIGATIONS		
HR Payroll Overpayment	CS	Complete A review of a complaint resulting from a payroll overpayment. 5 recommendations were made, 2 medium, 3 low.
Email Review	L&G	Complete A review of email arrangements as part of an information governance exercise.
CARRY FORWARD		
Mayors Charity 2021/22	P&E	Complete A follow up to previous review findings. Audit Opinion is LIMITED. 15 recommendations were made in total comprising 4 high and 11 medium
Payroll	CS	In progress Full system review. Previous audit work has reported on weaknesses in accuracy and completeness of data.
Supplier Verification Processes	CS	Complete Internal Audit provided consultancy advice on revised procedures for changes to supplier accounts, following a previous fraud. The scope was extended to look at the whole supplier set up procedure.

AUDIT ACTIVITY	Department	COMMENTARY
OTHER RESOURCE PROVISION 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.		
CONSULTANCY ADVICE		
Data Breach	CS	In progress A review of information retained and recorded in relation to agency staff.
Eye Primary School – IT Breach	ACE	Complete Procedural advice provided as a result of an IT breach.
Childrens Services – Agency Staff	ACE	In progress Verification checks in relation to the recruitment of staff through agencies
FOLLOW UP PROVISION		
Business Continuity	Corporate Services	In progress A follow up of the previous report findings. 2 further recommendations have been made.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
CERTIFICATION 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	PS	In progress	Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Integrated Transport Grant	P&E	Certified	A DfT scheme via the CPCA to help local authorities cut carbon emissions and create local growth.
Highways Maintenance	P&E	Certified	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	P&E	Certified	A capital funded DfT grant via the CPCA to support pothole repairs.
CPCA – Funded Schemes	P&E	Ongoing	A management request for quarterly transport claim documentation to be reviewed by internal audit prior to CPCA submission. Q1 & Q2 completed to date.
Supporting Families	ACE		Ongoing Payments by results scheme. Requirement to audit 10% of the claims for every submission. Also to review the councils Outcomes Plan, which documents how PCC will apply the scheme. Claims are reviewed monthly.
Homelessness Prevention Grant	P&E	Certified	Funding received from MHC&LG in relation to supporting the implementation of the Homelessness Reduction Act.
Rough Sleeper Initiative	P&E	Certified	Funding received from the DLUHU in relation to rough sleeper initiative funded services. Links to the Drugs and Alcohol Treatment Programme.
Supplementary Universal Grant	PH	Certified	From DHSC. Supersedes the Universal Grant and links to the Drugs and Alcohol Treatment programme.
AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY

CERTIFICATION: Continued...

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.

Housing Support Fund	ACE		Certified (2022/23) and Ongoing (2023/24) Grant Fund Scheme to award vouchers to eligible families. The final Quarter relating to 2022/23 has been concluded with review work relating to 2023/24 to continue throughout the year.
Mayors Charity Fund	L&G		To Commence Independent examination of the Mayor's Charities' accounts, in line with the Charity Commission's requirements.

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
Prioritised Audits for Review					
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.					
Section 1 – Audits achievable with planned resources					
Financial Resilience	Corporate Risk	All		To commence Qtr 3 Risk: Savings targets are not achieved / financial sustainability not realised. A review of the arrangements in place to ensure that savings targets are robust and that they are monitored. Utilisation of the Cipfa toolkit	H
Financial Operating Framework	Internal Audit	CS		Control advice during devpt of revised Financial Operating Framework, including Financial Regulations/Contract Standing orders/Contract management policy/Capital governance strategy	H
Programme Boards	Internal Audit	CS		To commence Qtr4 A review of governance arrangements of the Programme Boards due to be introduced as a result of business improvement programmes.	H
Cyber Security	Internal Audit	CS		Follow-up of previous Limited Assurance audit report and focus on security in relation to remote working and phishing.	H
Treasury Management	Financial System	CS		A compliance review of limits as specified within the strategy.	H
Risk Management	Internal Audit	CS		A review of risk Management governance, strategy and operational activities	H

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
Prioritised Audits for Review					
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.					
Section 1 – Audits achievable with planned resources					
City College	Mngt Request	PEC		In progress A review was initially to focus on the governance arrangements in place and that responsibilities are being operated in line with the arms length agreement incorporating any issues and actions identified from the Cipfa review. The scope has since extended to become a governance review incorporating more detailed audit activity around specific operational activities arising from an internal investigation. An independent investigator has been appointed to review specific aspects of the investigation whilst being supported by internal audit.	H
Highways Maintenance	Contract	PCE		In progress A contract monitoring review of Milestone following contract extension	H
Resettlement Contracts	Contract	PEC		In progress A contract management review to include Befriender Services - PARCA	H
Clare Lodge	Corporate Risk	ACE		On hold – awaiting feedback from a management review prior to continuing work. Review of financial and budgetary arrangements of the secure unit.	H
Council Tax	Financial Systems	CS		In draft A review of income collection arrangements	H
Climate Change	Corporate Risk	PEC	Limited	Complete A review of the processes in place to support the Council achieving its net carbon commitments. Audit Opinion is LIMITED. 11 recommendations were made in total comprising 7 high, 3 medium, 1 low.	H

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
Prioritised Audits for Review: Continued					
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.					
Section 1 – Audits achievable with planned resources					
Care and Repair	Contract	ACE		In progress A review of the contract framework and management arrangements	H
Direct Payments	Int Audit	ACE		In progress Arrangements for managing direct payments to ensure that they align with care plans	H
Payment Cards New!	Mgmt Request	CS		In progress A review of procurement card processes and follow up of previous recommendations.	H
Performance Framework	Internal Audit	CS		To commence Qtr4 Arrangements for the reporting and monitoring of performance indicators in association with service plans.	H
Aragon – Income Generation	Mgmt Request	PEC		To commence Qtr4 – Independent Audit	H
Aragon – Use of Subcontractors	Mgmt Request	PEC		To commence Qtr4 – Independent Audit	H
Payroll and HR Integration Project New!	Project	CS		To Commence Qtr3 Internal audit involvement in the project implementation of the new system. Activities to include consultancy advice and UAT.	H
Building Control	Mgmt Request	PEC		To Commence Qtr3 A review of action plan progress following the Essendyke Ombudsman findings and recs.	H

AUDIT ACTIVITY				
Prioritised Audits for Review – NOT Possible with current resources				
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.				
SERVICE OR SYSTEM	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
Income Generation / Charging	Corp Risk	ACE	Dropped below the line Risk: Income levels reduced following COVID. A review of processes that ensure accurate and complete billing and debt recovery in key service areas.	H
External Organisations Governance	Internal Audit	L&G	Dropped below the line An overarching review of External Organisations to include Board membership and the scrutiny arrangements of the Shareholder Committee - Dependent on scope of external constitutional review	H
Health and Safety	Corporate Risk	CS	Dropped below the line A review of operational resilience arrangements as a result of the termination of the SLA with CCC or monitoring of the SLA arrangements if it is extended.	H
Schools Reviews	Mgmt Request	ACE	Dropped below the line Review of a selection of schools to incorporate arrangements such as governance, budgetary control and contract tendering	H
Accounts Payable	Financial System / Project	CS	Dropped below the line A review of the early payment project review of savings realisation and / or A review of dormant accounts	H
Peterborough Investment Partnership	Internal Audit	PEC	Dropped below the line A governance review of the external organisation.	H
Economic Growth Projects	Projects	PEC	Dropped below the line A review and oversight of the projects with regards to service delivery of growth e.g. Station Quarter,	H

AUDIT ACTIVITY				
Prioritised Audits for Review – NOT Possible with current resources				
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.				
SERVICE OR SYSTEM	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
Information Governance	L&G Risk	L&G	Dropped below the line Compliance with GDPR legislation, data retention and how information can be shared. RISK: Lack of oversight and control of information management. RISK: Lack of oversight and control of information management	H
Emergency Planning	Corporate Risk	CS	Dropped below the line A review of emergency planning processes to include the frequency of plan reviews and staff preparedness	H
Schools Capital Programme	Project	ACE	Dropped below the line Project management review - Heltwate School	H
Property Services	Internal Audit	CS	Dropped below the line Review of policies and procedures resulting from the integration of the NPS business into PCC and the relationship with Aragon	H
Home to School transport	Corporate Risk	ACE	Dropped below the line Process to ensure transport is awarded in line with eligibility criteria Risk: Budget is insufficient to meet increasing demands on the service	H
Cost of Living Hub	Project	PEC	Dropped below the line – assessed as no longer required A project management review and it's link to future customer Service Strategies	M
IT Systems	Project	CS	Originally below the line A review of the Insight Spend Data analysis tool project	M

AUDIT ACTIVITY				
<p>Prioritised Audits considered for Review, presently below the line 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. The shaded areas represent audits that will not be possible with current resources.</p>				
SERVICE OR SYSTEM	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
MyView - Expenses Module	Project	CS	<p>Originally below the line No longer required – replaced with new Payroll/HR project Control advice during implementation of expenses module - for online submission and approval of expenses.</p>	M
Blue Badges	Internal Audit	PEC	<p>Originally below the line Arrangements for ensuring Blue Badges are awarded to/used by those eligible to receive them. (could possibly link to NFI data matches)</p>	M
Education Software Suite Replacement	Project	CS	<p>Originally below the line Act as a 'critical friend' during design and procurement stage of the project</p>	M

DEPARTMENTS	
CS	Corporate Services
Cex	Chief Exec
L&G	Law and Governance
ACE	Adults, Children and Education
PEC	Place, Economy and Communities
PH	Public Health

Appendix C**FINAL AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE**

AUDIT ACTIVITY	ASSURANCE RATING	DATE TO AUDIT COMMITTEE
Mayor of Peterborough's Charity Fund 2021-22	Limited	27 November 2023
Climate Change	Limited	27 November 2023

Mayor of Peterborough's Charity Fund 2021-22 - Executive Summary

Introduction

The role of Mayor of Peterborough is subject to election every May. It is longstanding convention that each Mayor nominates three local charities to raise money for throughout their term of office. This is done via the Mayor of Peterborough's Charity Fund (MPCF). Each mayor brings together a small team of volunteers to run MPCF during their term of office, with support from officers provided by Peterborough City Council. MPCF raises money through holding events, such as the annual Mayor's Ball, or from receiving minor donations. After the end of the mayoral year, the net proceeds are shared out between the nominated charities. MPCF was registered as a charity in 2015 and is regulated by the Charity Commission. Under charity law, gross annual income determines the accounting and reporting requirements and whether external scrutiny of accounts is required. For 2021-22, the Mayor nominated Supporting Peterborough Veterans, Family Voice and The Light Project as their three nominated charities.

Internal Audit have been reviewing MPCF accounts and providing advice since 2018 after the Executive & Members Services Manager became MPCF's Treasurer. During an earlier review, it was identified that the MPCF's Constitution, which uses a Charity Commission template, did not reflect how MPCF works in practice, and that it was not consistent with the Memorandum of Understanding (MoU) template used annually to detail the agreed roles of MPCF, the Council and the nominated charities. Significant work was undertaken by Legal Services in 2021 to address this.

Objectives and Scope

Early examination of the Accounts Workbook for 2021-22 found that the annual gross income fell beneath the threshold at which formal detailed external scrutiny of accounts was required. The purpose of the audit was to therefore to provide assurance that accounts have been kept appropriately, that the disbursements made to the nominated charities for 2021-22 reflected the net proceeds raised, and to gauge progress of implementation of agreed actions from previous reviews.

The scope covered:

- MPCF's accounts for 2021-22.
- Outstanding recommendations and agreed actions from previous reviews of MPCF.
- Provision of advice where required.

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

Main Findings

- Internal Audit were able to confirm that the net proceeds total for disbursement to the nominated charities was correct, based on the records and explanations available. It is understood the nominated charities have been paid their shares of the proceeds.
- The original MPCF Constitution contains no ownership of, or responsibility for, MPCF by the Council, and thus the Council appears to have no power over MPCF in its current form. As the MPCF title strongly suggests significant link to the Council, there would be risk to the Council's reputation if anything went seriously wrong. The revised MPCF Constitution attempts to address this and was presented to those at the MPCF meeting of 15.7.21. To take effect, the revised Constitution needed a simple majority of MPCF members to pass a resolution agreeing its adoption. However as each Mayor's set of volunteers is replaced informally at the end of the mayoral year, there appears not to be any official membership. Minutes of MPCF meetings record no resolution approving the revised Constitution. Charity Commission were provided with a copy but have not yet accepted it as the MPCF's new governing document.
- Since Internal Audit started examining MPCF accounts in 2018, the level of income has dwindled from £95k in 2016-17 to £19k in 2021-22. The Covid pandemic, restricting ability to hold events, has undoubtedly affected the amount of income achieved in the past three years, but significant decline was noticeable between 2016 and 2019. The Council provides a significant support to MPCF, and it is questionable whether the levels of income achieved in the couple of years before the pandemic justify MPCF as a standalone charity.
- It is understood that significant donations totalling around £20k have been received in 2022-23 from the Mayor (funded from their Mayoral Allowance) and from a local Solicitors practice. If significant donations are accepted, MPCF's annual income is inflated, causing additional work for MPCF (as a registered charity) though in reality it is the Council, in terms of officer time and greater responsibilities when certain income thresholds are reached. There can also be delays in paying the intended recipients. Where significant donations are offered, the donors should be encouraged to donate directly to the charities or good causes of their choosing as this is a quicker, more efficient way of providing them with the money, and avoids adding to the administration Council officers will undertake.

Conclusion and Opinion

The general approach of MPCF in replacing its participants almost en masse at the end of each mayoral year is not the approach expected in Charity Commission's charity constitution template, and there is a lack of understanding of what the MPCF Constitution actually requires. It is not helped that the key 'governance expert' role of Secretary is not a permanent appointment and is instead filled by annual election from mayoral invitees, potentially leading to loss of knowledge and experience. We have concluded that the Dec 15 version of the MPCF Constitution remains in force. Membership and Trusteeship of MPCF, and its Constitution must be resolved as a matter of priority.

We note that there are lots of local authorities who have their own equivalents of MPCF as registered charities, with varying income levels. However, some local authorities seem to run their charity element through main Council accounts, with a limited programme of Civic Office administered fundraising, thus not needing a separate registered charity. In light of MPCF's relatively small annual pre-Covid income, and that most income from events comes from Civic Office run events, careful consideration should be given to the purpose and future of MPCF and whether a more appropriate 'delivery model' can be found. The findings from the review are explained in more detail in the main body of the report, along with recommendations to address them, although these are mainly predicated on the current model remaining in place.

The audit opinion is Limited Assurance. For guidance on internal audit opinions and audit recommendation priorities, please refer to Appendix 1.

Climate Change - Executive Summary

Introduction

This Audit forms part of the 2022 / 23 Internal Audit Plan.

The European Confederation of Institute of Internal Auditors' Risk In Focus 2023 Survey ranks Climate Change as the 6th most important risk faced by organisations, with a prediction of moving to 3rd in 3 years time.

In 2019 Peterborough City Council declared a climate emergency, committing to becoming a net zero carbon organisation by 2030 and to supporting Peterborough to become a net zero carbon city, also by 2030. This declaration involved the Council committing to a wide range of comprehensive actions. In order to try and achieve this the Council measures its carbon footprint annually and produces an action plan to further reduce emissions.

Objectives and Scope

The purpose of the audit was to review Climate Change activities and assess whether:-

- Climate Change risks have been identified and are considered in all areas of the business
- Climate change goals and objectives to mitigate PCC's impact on the environment have been identified, which are accurately monitored and reported
- Management's arrangements for resilience to respond to extreme weather events
- Effective governance arrangements are in place
- Officers, Councillors and key stakeholders are aware of Climate Change and their responsibilities
- The Council promotes climate change actions and takes measures to support the city in achieving net zero carbon

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

Main Findings

Peterborough City Council is launching a number of initiatives in order to address the challenges of Climate Change and meet its target of net zero carbon emissions by 2030. Positive progress is being made in numerous areas, and just a few can be seen below:-

- There is an annual Council Carbon Management Action Plan which is a detailed document clearly indicating progress against the reduction in carbon emissions challenge, which acts as a useful tool to measure progress and highlight successes.
- The 2019 Climate Change Working Group was replaced with the newly formed Climate Change and Environment Scrutiny Committee, July 2022. This Committee will be key in dealing with the challenges of Climate Change and the urgent need for reduction in carbon emissions.

- Funding has been secured to instigate a project to produce a city wide Climate Change adaptation plan.
- A city wide Climate Change debate has been launched encouraging schools, residents, parish councils and businesses to engage and develop plans to decarbonise the city.

It has not been possible to establish how far Peterborough City Council is on track to meet its commitment to reach net carbon zero by 2030. However, the Draft Climate Change Action Plan 2023 commits to production of a roadmap for achieving net zero emissions. This should in turn provide information on where we are now, and progress required to achieve the target.

It is important to note that documentation reviewed during the course of the review did not include the costs associated with plans for achieving net carbon zero. In addition to producing the plan above, to assess whether the Council is on target, the costs associated should be highlighted in order to identify if the initiatives can be funded sufficiently to meet the net zero emissions commitment by 2030.

Conclusion and Opinion

Important areas are being worked on by the Climate Change team. For example, producing a city wide Carbon Management Plan, provision of training sessions for staff and councillors and securing funding for the production of an adaptation to Climate Change for Peterborough plan. It is understood there are aspirations to expand the team. Joining the Principal Climate Change Officer and the Climate Change School Officer posts it is hoped there will be recruitment for a Climate Change Public Education Officer and a Climate Change Project Development Officer. This in turn will significantly assist in the team's workload, and efforts required to achieve targets set to hopefully result in progress against the City's commitment.

There are areas detailed within the body of this report and the Carbon Management Action Plan, that need addressing. The Limited Assurance opinion given is in no way a reflection of the efforts and progress being made in relation to Climate Change. However, in the absence of the Carbon Management Action Plan being costed, it is unknown whether targets are affordable. In addition to this, a report of where we are now, and level of commitment needed to achieve net zero emissions by 2030 would assist to focus efforts. The planned roadmap should provide this information.

The audit opinion is Limited Assurance.

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AUDIT COMMITTEE	AGENDA ITEM No. 6
27 NOVEMBER 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services /S151 Officer	
Cabinet Member(s) responsible:	Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance	
Contact Officer(s):	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	

TREASURY MANAGEMENT MID YEAR UPDATE

RECOMMENDATIONS	
FROM: Cecilie Booth, Executive Director of Corporate Services and S151 Officer	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Review and consider the Treasury Management Strategy Statement (TMSS) Mid-year position and performance against the Prudential Indicators. 2. Notes the current forecast for the interest receivable and payable for the financial year 2023/23 as at 30 September 2023. 	

1. ORIGIN OF REPORT

- 1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021), which 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.

Treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 1.2 This mid-year report covers the following:

- An update on interest rate forecasts;
- A review of compliance with Treasury and Prudential Limits for 2023/24;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's borrowing strategy for 2023/24; and
- A review of the Council's investment portfolio for 2023/24.

1.3 Interest rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates.

Link Group's latest forecast on 25th September 2023 has a forecast peak in Bank Rate of 5.25%, which runs through to September 2024, when it starts to reduce. By December 2025 they see Bank Rate falling to 2.75%. Public Works loan Board (PWLB) rates are expected to trend in line with bank rate or higher across the curve, from Q4 2023 through to Q4 2026.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

The PWLB rate forecasts above are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

- 1.4 The Treasury Management Strategy Statement, (TMSS), for 2023/24 was approved by this Council on 13 February 2023.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to present current performance and the forecast outturn position against the Prudential Indicators in the Treasury Management Strategy.
- 2.2 To give an update on interest receivable and payable for the financial year 2023/24 and the actuals as at 30 September 2023. – **Please see appendix D**
- 2.3 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.18 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. TREASURY MANAGEMENT STRATEGY PRUDENTIAL INDICATORS

- 4.2 The 2023/24 Prudential Indicators are shown in Appendix A. During the half year ended 30th September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24.

5. CONSULTATION

- 5.1 The Council's Prudential Indicators and Treasury Management Strategy 2023/24 - 2025/26 forms part of the Annual MTFs and so has undertaken a public consultation, and been through the scrutiny process, as part of that.
- 5.2 The Council continues to liaise with its treasury advisors, Link Group.

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 TMSS set in the MTFS.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The Treasury Management Strategy 2023/24 – 2025/26 is required to be prepared in accordance with the Treasury Management in the Public Services: Code of Practice 2021. 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 Prudential Indicators.

Legal Implications

9.2 This report is presenting an update on the Treasury Management Statement which is required to have regard to the CIPFA Prudential Code, the CIPFA Treasury Management Code of Practice.

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 – 2021 Edition, CIPFA; and Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2021 Edition, CIPFA.

11. APPENDICES

11.1 Appendix A - Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at 30 September 2023
Appendix B – Borrowing strategy as at 30 September 2023
Appendix C - Investment Portfolio as at 30 September 2023
Appendix D – An update on Interest receivable and payable as at 30 September 2023
Appendix E - CFR, Debt Liability Benchmark and Borrowing

Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at September 2023

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. The Capital Plans identify the borrowing need of the Council and the longer-term cash flow planning to ensure the Council can meet its capital spending requirements. Cashflow management may involve long or short-term loans and investments, using longer term cash flow surpluses for investment purposes, and / or restructuring of the Council's debt portfolio.

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 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.

The Councils Capital Position

This part of the report is structured to update:

- a) The Council's capital expenditure plans;
- b) How these plans are being financed;
- c) The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- d) Compliance with the limits in place for borrowing activity.

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	2023/24 Indicator £m	2023/24 Actual at 3 £m	2023/24 Forecast Outturn £m
New Capital Bids and Slippage	76.9	65.7	125.9
Transformation/Invest to Save	5.6	0.0	5.6
Total	82.5	65.7	131.5

The actual and outturn now includes £51.8m of additional approved capital funding in the capital programme. This includes the purchase of Sand Martin House for £50m and funding of phase 3 of the University for £1.3m. The table includes £14m of slippage from 22/23.

Financed By	2023/24 Indicator	2023/24 Forecast Outturn
	£m	£m
Capital receipts (used to fund capital Programme)	13.4	13.4
Capital Grants & Third Party Contributions	63.5	76.5
Transformation/Invest to Save	5.6	5.6
Net Financing Requirement	0	36
Total	82.5	131.5

The table above draws together the main strategy elements of the capital expenditure plans, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

The Council's Capital Strategy 2023-2025 sets out that borrowing is only allowed for projects that have a sound business case and/or failure to do so would result in a breach of our Health & Safety/Statutory duties.

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	2023/24 Indicator	2023/24 Forecast Outturn
	£m	£m
CFR brought forward	586.8	608.7
Borrowing / Repayment	(13.0)	17
Invest to Save	0	0
CFR carried forward	573.8	625.7
Movement in CFR	(13.0)	17
Net financing requirement	6.0	36
Less MRP & other financing	(19.0)	(19.0)
Movement in CFR	(13.0)	17

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 Budget	2023/24 Indicator	2023/24 Actuals at 30.09.223	2023/24 Forecast Outturn
	Total Ratio	17%	15%

4. **Indicator 4: Liability benchmark** – Please see appendix E

5. **Indicator 5: The council's treasury position**

The Council's treasury position as at 30 September 2023 is summarised below. The table below shows the actual external borrowing (Gross debt) against the CFR.

Gross debt & capital financing requirement	2023/24 Indicator £m	2023/24 Actual at 30.09.2023 £m
External Borrowing		
Market Borrowing	420.5	457.5
Repayment of borrowing	(50.1)	(72.0)
Expected change in borrowing	35.9	66.0
Other long-term liabilities	46.3	46.3
Gross Debt on 30 September 2023	452.6	497.7
CFR	573.8	-
% Of Gross Debt to CFR	78.9%	-

6. **Indicator 6: 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.

Operational Boundary	2023/24 Indicator £m	2023/24 Actual at 30.09.2023 £m	2023/24 Forecast Outturn £m
Borrowing	586.8	451.5	517.3
Other long-term liabilities	46.3	46.3	46.3
Total	633.1	497.7	563.8

7. **Indicator 7: The Authorised Limit for external borrowing**

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. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Authorised Limit	2023/24 Indicator £m	2023/24 Actual at 30.09.2023 £m	2023/24 Forecast Outturn £m
Borrowing*	606.8	451.5	517.3
Other Liabilities	46.3	46.3	46.3
Total Authorised Limit	653.06	497.76	563.8

*This limit also incorporates a margin 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.

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 and has done so in 2023/24 to enable it to buy Sand Martin House without risking breaching the limit. The forecast outturn is lower than the indicator as the Council does not currently anticipate any exceptional cashflow movements or borrowing in advance of need.

8. Indicator 8: 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	2023/24	2023/24	2023/24
	Est £m	Actual at 30.09.2023 £m	Forecast Outturn £m
Limits on fixed interest rate net debt	624.4	451.5	517.3
% Of fixed interest rate exposure	100%	100%	100%

9. Indicator 9: Variable interest rate exposure

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.

Upper limit for variable rate exposure	2023/24	2023/24	2023/24
	Indicator £m	Actual at 30.09.2023 £m	Forecast Outturn £m
Limits on variable interest rate on net debt	156.1	0	0
% Of variable interest rate exposure	25%	0%	0%

10. Indicator 10: 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 taken up to the end of September 2023 is £451.5m shown in the indicator below.

Period	Upper Limit	As at 30th September 2023 £m	As at 30th September 2023 %
Under 12 months	40%	78.5	17.4%
12 months to 2 years	40%	14.0	3.1%
2 years to 5 years	80%	28.5	6.3%
5 years to 10 years	80%	15.8	3.5%
10 years and above	100%	314.6	69.7%
Total Borrowing		451.5	

* The borrowing for under 12 months includes £12.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 2054 years' time, they are classed as loans repayable within the financial year due to LOBO's having a call-in date every 6 months.

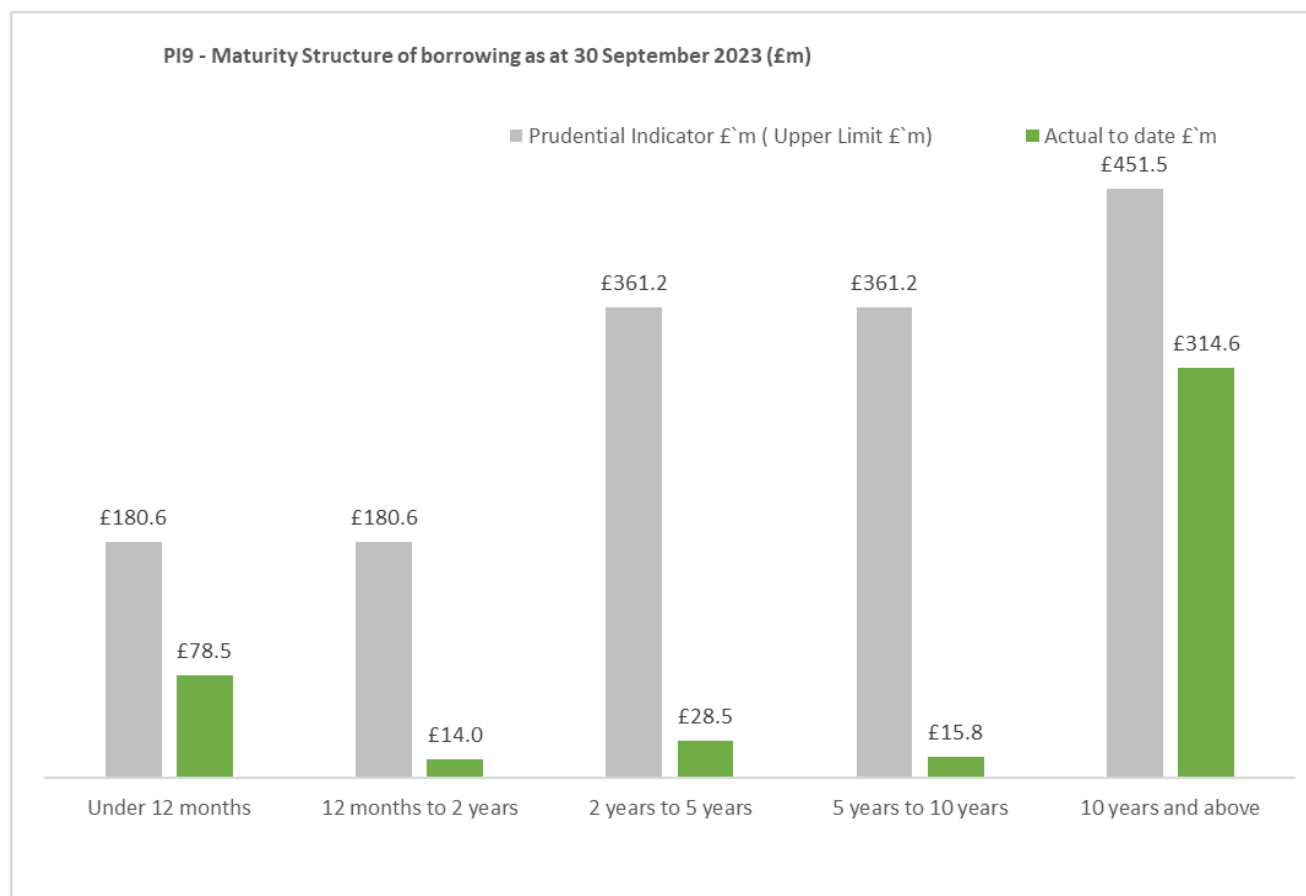
A LOBO loan valued at £7.5m was repaid on 9 October 2023.

11. Indicator 11: Total Investments for periods longer than 365 days

Authorities are able to invest for longer than 365 days excluding loans. 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, however if higher rates are available, it would be advantageous to consider other types of financial instruments to invest in.

	2023/24 Indicator £m	2023/24 Actual at 30.09.2023 £m	2023/24 Forecast Outturn £m
Principal sums invested >365 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 minimised its available cash balances as an alternative to new borrowing and has internally borrowed. This is in line with the current strategy for revenue savings and avoids the 'cost of carry' associated with taking borrowing in advance of need.



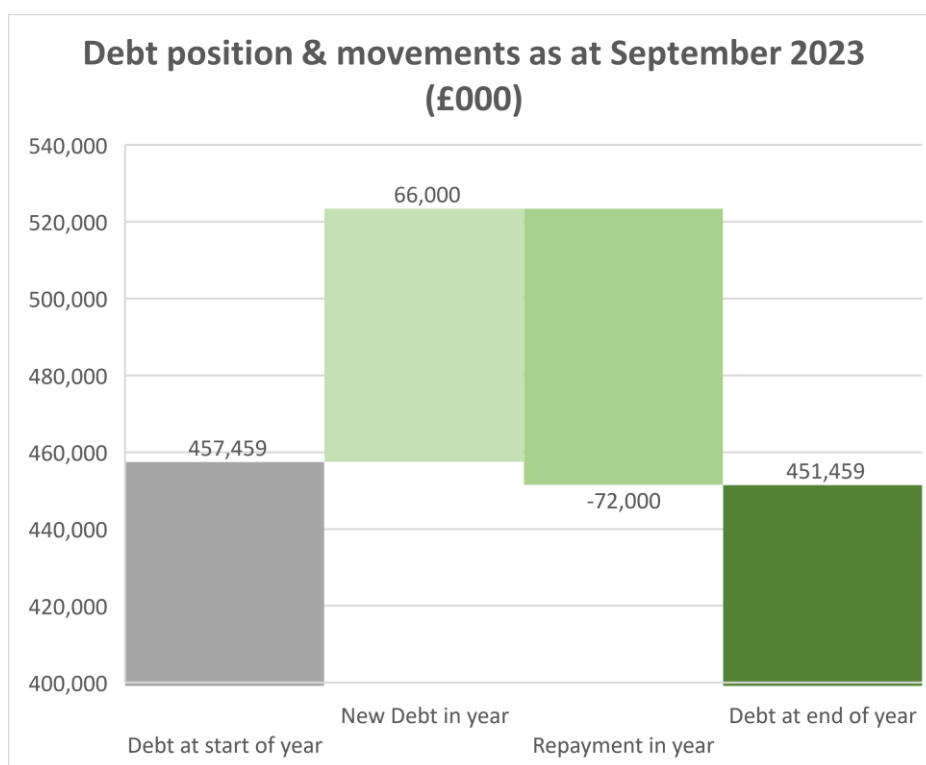
12. IFRS16

A new International Financial Reporting Standard (IFRS) on leases is due to be adopted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) with effect from 1st April 2024. All leases that do not meet the exceptions will be treated as capital expenditure from 2024/25 and form part of the Capital Financing Requirement. Due to the number of leases held by the Council the full detailed impact has not been quantified in the mid-year report.

Borrowing Position

The Council's forecast capital financing requirement (CFR) for 2023/24 is £625.7m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

The Council's external borrowing has reduced by a net £6.0m in year to date:



Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), new external borrowing of £66m was undertaken to refinance maturing debt and to facilitate the purchase Sand Martin House (£30m). The total purchase price for Sand Martin House was £50m, and the remainder was internally borrowed. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, in order to achieve optimum value and risk exposure in the long-term.

PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2023

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%. The Council continues to liaise with Link Group on actions to mitigate any potential increased costs, with the current strategy being to borrow from the inter-authority market which typically provides access to short term funding at rates lower than equivalent PWLB rates.

July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

Investment Portfolio

The Treasury Management Strategy Statement (TMSS) for 2023/24 to 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 13 February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep the majority of investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.

In addition, the Council is also seeking approval to explore the options to invest longer term in non-specified investments.

Investment Counterparty

The Council has begun to invest in a wider range of institutions to take advantage of rising interest rates. Surplus cash is invested for short periods with Barclays, the Churches, Charities and Local Authorities (CCLA) money market fund, and Federated Hermes, AVIVA Investors, Aberdeen GBP Liquidity, JP Morgan and LGIM Short Term Sterling Prime money market fund. The Council also currently has short term deposits with Standard Chartered, SMBC Bank International, Lloyds and Goldman Sachs banks and with other local authorities.

Investment balances

The Council held £9.8m of investments as at 30th September 2023. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of grants, and progress on the capital programme.

Estimated interest earned on investments as at 30th September 2023 is £573k.

In comparison to Sterling Overnight Index Average (SONIA) average rate of 4.44% for 90 days the Council achieved a higher rate at 5.39%.

Investment performance as at 30th September 2023

Investment Portfolio '000	30-Sep-23		
	Principal	Average Rate (%)	Average Life (days)
MMFs	350	5.22%	1
Banks	9,450	5.39%	90
Local Authorities	-	0.00%	0
Total Investments	9,800	5.38%	90

* MMFs have no set maturity date and can be accessed at short notice.

	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	5.25	5.19	5.19	5.20	5.12	4.78	4.06
High Date	03/08/2023	29/09/2023	04/09/2023	27/09/2023	29/09/2023	29/09/2023	29/09/2023
Low	4.25	4.18	4.18	4.02	3.81	3.32	2.27
Low Date	03/04/2023	04/04/2023	11/04/2023	03/04/2023	03/04/2023	03/04/2023	03/04/2023
Average	4.81	4.74	4.71	4.64	4.44	4.10	3.16
Spread	1.00	1.01	1.01	1.17	1.31	1.46	1.79

Update on Interest Receivable and Payable

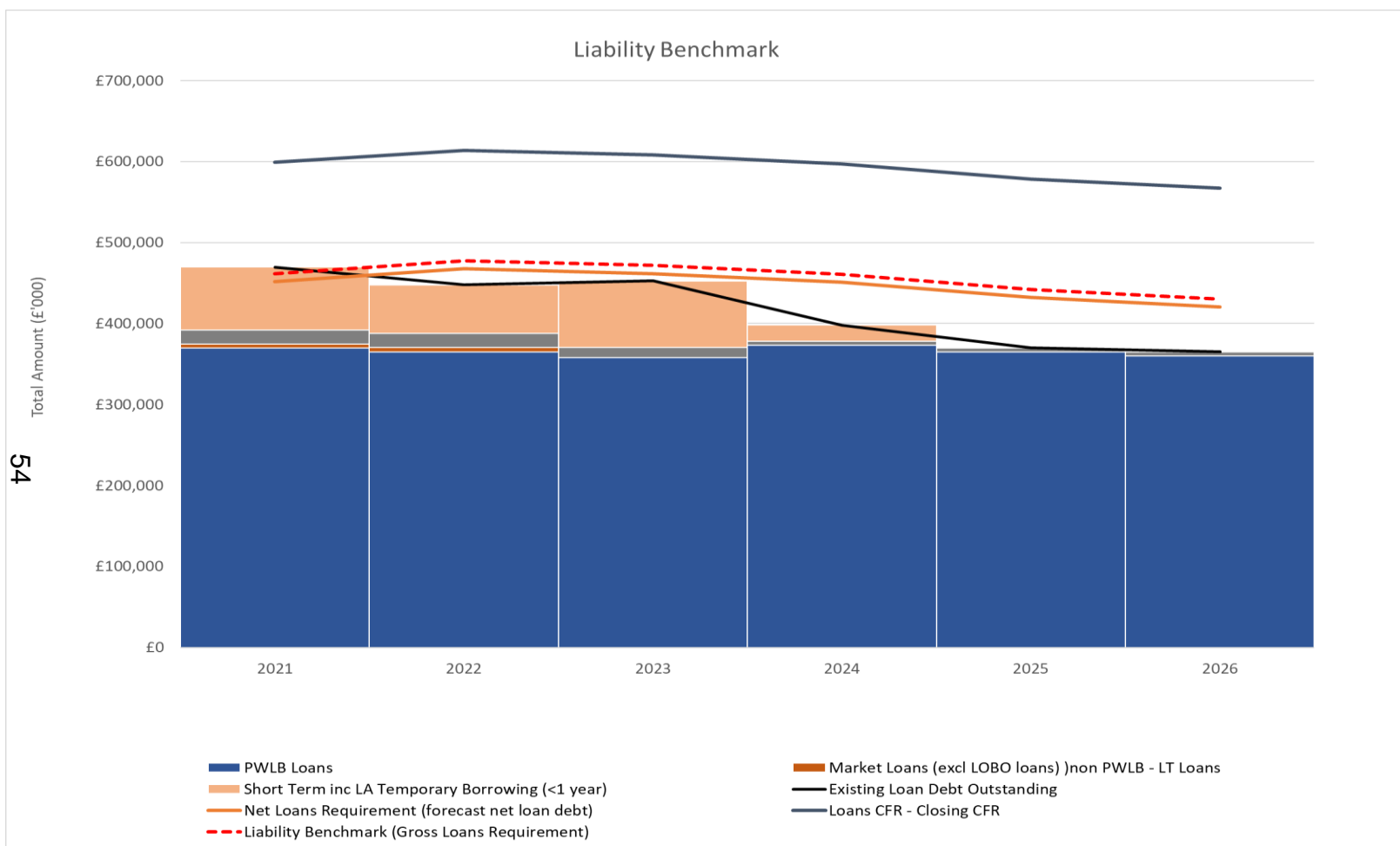
The below table shows the interest receivable and payable for the financial year 2023/24 and the actuals as at 30 September 2023.

Interest	2023/24 FY Indicator £'000	2023/24 Actual at 30.09.2023 £'000	2023/24 Forecast Outturn £'000
Interest Receivable	955	573	1,300
Interest Payable	16,088	8,082	16,088

The Indicator for Interest Payable is higher than previously shown due to the fact that the Council bought Sand Martin House in May 2023 and so a higher indicator is appropriate.

CFR, Debt Liability Benchmark and borrowing.

Comparison of borrowing parameters to actual external borrowing:



The liability benchmark is effectively the net borrowing requirement plus a liquidity allowance. It is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

AUDIT COMMITTEE	AGENDA ITEM No. 7
27 NOVEMBER 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Director of Corporate Resources		
Cabinet Member(s) responsible:	Deputy Leader and Cabinet Member for Corporate Governance and Finance - Councillor John Howard		
Contact Officer(s):	Belinda Evans Complaint Manager	Tel. 01733 296331	

ANNUAL REPORT OF COMPLAINTS 2022/23

RECOMMENDATIONS	
FROM: <i>Audit Committee</i>	Deadline date: <i>N/A</i>
<p>It is recommended that Audit Committee:</p> <p>1. Review the report (detailed in Appendix A & B) and provide any comments or recommend areas for future scrutiny.</p>	

1. ORIGIN OF REPORT

- 1.1 This report has been an annual item, which was moved under the remit of Audit Committee since 2022. The Chief Executive requested that going forward this report should include the data from the two statutory complaint reports (Childrens Social Care and Adults Social Care)also.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The effective management of complaints is important to ensure action is taken when customers express dissatisfaction about the delivery of any of our services. Complaints are also an important factor to aid in the identification of service improvements. Failing to take customer concerns seriously would impact the reputation of the Council and Scrutiny of the complaints process and performance on complaint handling across the Authority helps to identify areas for further scrutiny.
- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.

[Democratic Services to complete this section following liaison with Author. Do NOT include any other text under this heading].

3. TIMESCALES

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

- 4.1 The corporate complaints process is used to facilitate complaints made by members of the public about council services where an alternative form of appeal or dispute resolution process is not available. Since 2015 this has been a two-stage process involving local resolution by the appropriate service at the first stage and a review by the Chief Internal Auditor at the second stage.

The management and monitoring of the complaints process is carried out by the Central Complaints office which is part of the Customer services department. This team are responsible for receiving complaints from the public, registering complaints, and arranging for response by the appropriate service area. They also handle all contact with the Local Government & Social Care Ombudsman who provides an annual letter detailing the council's performance on complaints with the Ombudsman which is attached.

The report contained at Appendix A provides detailed performance information for the 12 months period from April 2022 to March 2023.

Key areas highlighted are:

- Complaint volumes across the council remain the same as the previous level
- Complaint volumes for Peterborough Ltd have increased significantly

5. CORPORATE PRIORITIES

- 5.1 Consider how the recommendation links to the Council's Corporate Priorities:

- The Economy & Inclusive Growth
- Environment (including a summary of the outcome of a completed Carbon Impact Assessment, to be submitted in full to the Transport and Environment Team)
- Homes and Workplaces
- Jobs and Money
- Our Places & Communities
- Places and Safety (including any rural implications)
- Lives and Work
- Health and Wellbeing

Many complaints are about problems with the physical environment and processing requests promptly helps support the council's ambition to provide a safe and healthy environment.

- Prevention, Independence & Resilience
- Educations and Skills for All
- Adults
- Children

Receiving complaints from the vulnerable sections of our community helps us to intervene early and signpost customers to forms of support.

- Sustainable Future City Council
- How we Work
- How we Serve
- How we Enable

Complaints give us rich data & insight into how services are experienced by the people we serve and improvements that can be made.

Further information on the Council's Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#)

6. CONSULTATION

6.1 Not Applicable

6.2 Not Applicable

6.3 Has this recommendation been considered by the below? If not, please provide reasoning.

- Corporate Leadership Team (CLT) will review this before Audit committee

None of the other forums below were consulted as this item is not applicable to their remit

- Cabinet Policy Forum (CPF) - N/A

Please also consider whether the recommendation should also be considered by the following:

- Financial Sustainability Working Group (FSWG)
- Group Leaders' Meeting
- All Party Policy (APP)

Guidance on the items each group should see can be found here - [Meetings Pathway Guidance Link](#)

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 Areas for further scrutiny may be identified.

8. REASON FOR THE RECOMMENDATION

8.1 Further scrutiny of complaints data can help to identify areas for service improvement, increase customer satisfaction with council services and may help to reduce service failures and inefficiencies.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 None Considered

10. IMPLICATIONS

Financial Implications

10.1 There are no financial implications

Legal Implications

10.2 There are no legal implications in respect of what is proposed in the recommendation which is an update on the annual report.

Equalities Implications

10.3 There are no equality implications

Other Implications

10.4 No other implications

11. BACKGROUND DOCUMENTS

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

11.1 Local Government and Social Care Ombudsman Annual Letter 2023 – Peterborough City Council

<https://www.lgo.org.uk/documents/councilperformance/2023/peterborough%20city%20council.pdf>

Local Government and Social Care Ombudsman Review of Local Government Complaints 2022/23

<https://www.lgo.org.uk/information-centre/reports/annual-review-reports/local-government-complaint-reviews>

13. APPENDICES

- 13.1 Appendix A - Complaints Monitoring Report 2022-23
- Appendix B – Peterborough Ltd Complaints and Compliments 2022-23
- Appendix C – Childrens Social Care Statutory complaints report 2022-23 (this has already been to Childrens and Education Scrutiny on 06/11/2023)

Appendix A - COMPLAINTS MONITORING REPORT 2022/23

Purpose of Report

To provide the committee with an overview of complaints received and responded to during 2022-23. Following committee's request last year this report will now include details of complaints following all three complaints procedures, Corporate, Childrens Social Care and Adult Social Care. There is also detail provided of complaints following the Peterborough Ltd complaints process, the council's contractor for waste services and grounds maintenance as well as sports and leisure.

Both Adults and Children's Social Care complaints are also reportable to separate scrutiny committees and from next year both these committees will have reviewed their separate reports prior to this report being prepared for Audit and both these reports will be included as Appendices in this report. This was not possible for ASC annual complaints report this year as this is not scheduled to be presented to that committee until March 2024, but the Childrens Social Care annual complaint report is attached as Appendix D.

Summary of Complaint Volumes 2022-23

Adult Social Care Complaints

Complaints registered under the Adult Social Care statutory process for 2022-23 will be detailed to the Adults and Health Scrutiny committee later this year but the summary data is provided here.

ADULT SOCIAL CARE	Complaint Volumes	Withdrawn	Percentage where fault found	Escalation Rate
2022-23	48	2	50%	13%
2021-22	42	3	70%	16%

Childrens Social Care Complaints

Complaints registered under the Childrens Social Care statutory process are detailed in **Appendix D** - but a summary of this data is shown here.

CHILDRENS SOCIAL CARE	Complaint Volumes	Withdrawn	Percentage where fault found	Escalation Rate
2022-23	48	3	75%	8%
2021-22	73	3	67%	7%

Corporate Complaints

Complaints logged under the corporate complaints process incorporates all complaints that are non-statutory, but excluding Peterborough Ltd complaints who currently have their own separate complaints process (**Peterborough Limited complaints detailed in Appendix B**)

CORPORATE COMPLAINTS	Complaint Volumes	Withdrawn	Percentage where fault found	Escalation Rate
2022-23	330	13	47%	7.5%
2021-22	329	9	48%	5%

Corporate complaint volumes reduced in 2020-21 due to the pandemic but over the past two years numbers have returned to normal levels.

Compensation Paid from Complaints 2022-23

The committee have asked for the report to include the amount of compensation paid as a result of complaints each year to be included in the report – this is displayed in the table at Figure 1

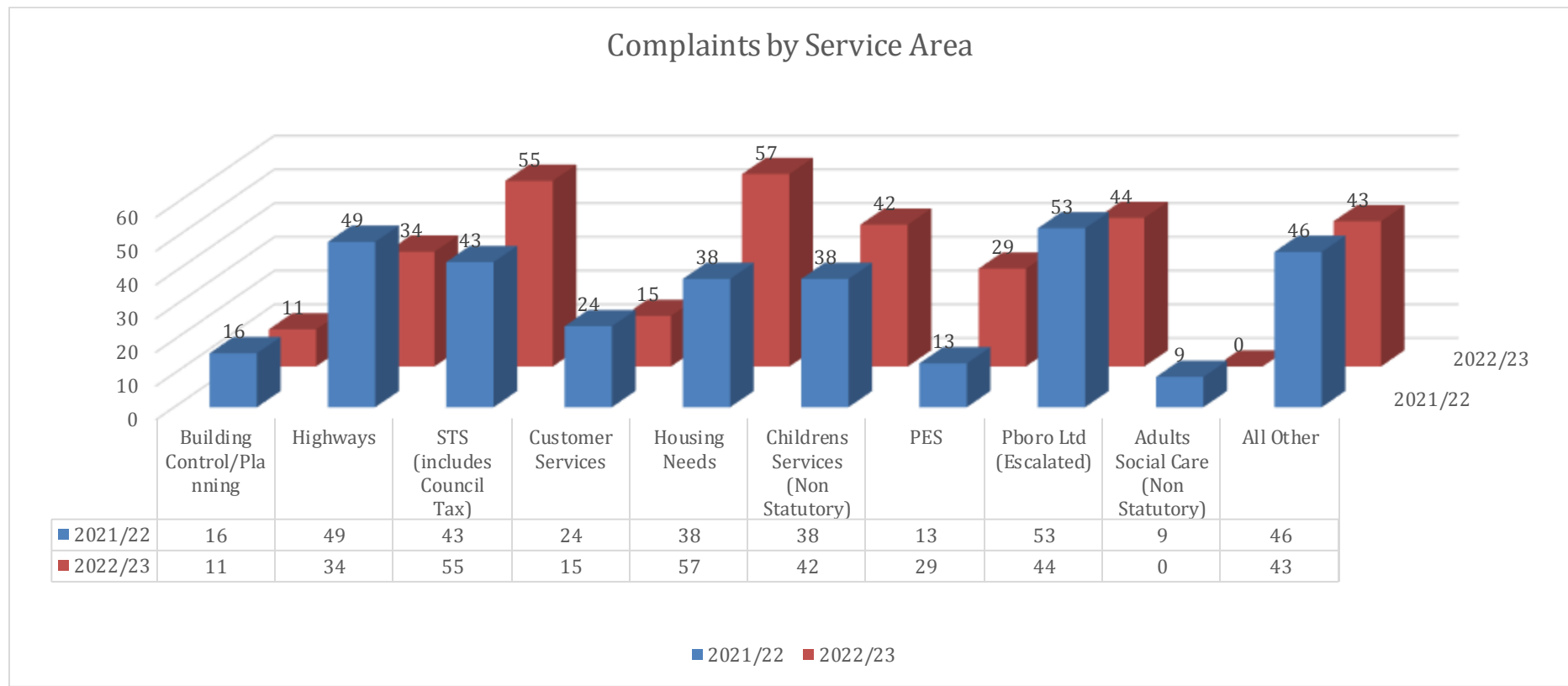
Figure 1: Compensation from Complaints

	2020-21	2021-22	2022-23
Corporate Complaints	£6850 (4)	£1500 (2)	£2400 (4)
CSC Complaints process	£Nil	£650 (2)	£28,939 (4)
ASC Complaints Process	£Nil	£200 (1)	£120 (1)
Totals	£6850	£2350	£31,459

(Number of cases included in each total is shown in brackets after the amount)

Figure 2: Complaint Volumes by Key Service Areas – 2022-23

In previous years complaints were compared by Directorates. Over the past few years there have been ongoing restructures which have meant that services moved Directorates which made comparisons against previous years challenging. Therefore, complaint comparisons are now given of the main service areas who receive higher levels of complaints whilst those services with very few complaints annually (less than 10) are grouped together into an 'All Other' category. This includes Register office, Electoral Services, Regulatory services, Legal and Property Services.



Corporate Complaint Stages & Outcomes

The councils' corporate complaints procedure includes two stages. Most complaints will be resolved at the first stage. If escalated a complaint will have a review at Stage 2 and if the customer remains dissatisfied, they will have the right to approach the Local Government and Social Care Ombudsman to review their complaint.

Figure 3: Stage where Complaints Resolution Achieved

When was the complaint resolved?	2020/21	2021/22	2022/23
Informal	31	82	110
Stage 1	153	215	183
Stage 2 review*	10	13	11
LGO	18	10	14
Withdrawn	7	9	12
Totals	219	329	330

Over the past two years we have promoted the importance of engaging with customers verbally on receipt of a complaint so customers feel heard and can talk through their concerns. This has led to an increasing number of complaints resolved informally by telephone where the customer confirms they are satisfied, and the matter is resolved.

Due to the success seen with the informal approach from April 2023 the process was changed to require all managers to attempt a call with customers before they investigate a complaint unless the customer indicates they do not wish to be contacted.

Recognising fault at the earliest opportunity will also ensure that complaints are resolved promptly leading to increased customer satisfaction and less escalation of complaints to the review stage and ultimately to the Ombudsman.

Complaint Outcomes 2022/23

Complaint Outcomes at Stage 1

The percentage of complaints which where some fault was identified in 2022/23 is in a similar range to the previous year where fault was found in 55% of informal complaints and 46% of formal complaints at Stage 1.

Figure 4 - Complaint Outcomes at Stage 1 2022-23

Stage 1	Upheld	Partially Upheld	Not Upheld	Withdrawn	TOTALS	% where some fault identified
Informal	31	21	56	2	110	47%
Formal	52	52	105	11	220	47%

Complaint Outcomes at Stage 2 Review

Although there were 39 complaints where customers were not happy with their response at Stage 1 some were resolved with intervention by senior managers. Only 22 complaints then progressed to Stage 2 review in 2022-23. The level of Stage 2 reviews represents an escalation rate of 7.5% of the complaints that were received – this is within an expected range of between 5% and 10% per annum.

Up until February 2023 Stage 2 reviews were the responsibility of the Chief Internal Auditor and investigators in the compliance team. Due to resourcing issues for that team Stage 2 reviews were put on hold and several of the Stage 2 reviews were carried forward to 2023-24 to be completed by independent Heads of Service under the revised complaints process.

Of the thirteen complaints that had a Stage 2 review the percentage that found fault with the service was 38%.

Figure 5: Stage 2 Review Outcomes 2022/23

Service	Outcome	Complaint	Actions
Planning	Partially Upheld	Planning Consultation Advice	Apology for not sending copy of decision
Highways	Partially Upheld	Failure to notify about planned roadworks	Service to improve communications
Highways	Partially Upheld	Poor management of reinstatement of pavements	Apology and compensation offered
SEN	Not Upheld	Inadequate education provided to child out of school	Escalated to Ombudsman
PES	Not Upheld	Wants CCTV sited in area	Referred to Ombudsman
SEN	Partially Upheld	Additional Education provisions not delivered	Apology
Early Help	Not Upheld	Dissatisfied that parental assessment required before Autism assessment could be accessed.	Escalated to Ombudsman
Customer Services	Partially Upheld	No support provided when customer fell at Town Hall	Officers must log all incidents
Aragon	Not Upheld	Alleged damage caused by grass cutters	Referred to Ombudsman
Council Tax	Not Upheld	Delay in issuing bill	Referred to Ombudsman
Highways	Not Upheld	Wants parking restricted on their street	Referred to Ombudsman
Council Tax	Not Upheld	Alleged Billing error	Referred to Ombudsman
Vivacity	Not Upheld	Increase in membership fee	Referred to Ombudsman

Local Government and Social Care Ombudsman Decisions 2022-23

The Local Government and Social Care Ombudsman (LGSCO) reviews complaints they receive from residents about council services.

Every year the Ombudsman sends an Annual Letter to each council to detail the enquiries they have received for that council and the investigations that have taken place. A link to the letter is provided under background documents.

The number of enquiries that the LGSCO has received about Peterborough City Council this year has seen a significant fall to 25 complaints (36 in 2021-22, 39 in 2020-21).

The Ombudsman has changed their working processes over the past 2 years so that they only investigate complaints where they identify that it may be in the public interest to do so or where there is a potential for significant injustice.

They recognise that this has led to an increase in the number of complaints that they are likely to uphold

Complaints Upheld

In 2022-23 the LGSCO investigated nine complaints about our council and upheld six of these. This is an uphold rate of 67%

The LGSCO provide a benchmark for Unitary Authorities so we can compare our performance with other Authorities of the same type. For Unitary Authorities the average is an uphold rate of 72% so we are in line with this figure.

The six cases are detailed in the table at **Figure 6**.

It should be noted that four out of the six cases are for Childrens Services. In the LGSCO Annual report on Local Government 2022-23 they recognise “We received and upheld more complaints about Education and Children’s services than any other service area”. Our council does not receive high volumes of complaints about these two services but they are often complex and more likely to escalate.

Generally, complaints investigated by the LGSCO will have been investigated by the council in the previous year particularly for Childrens Social Care as the complaints process for these complaints can take up to six months. This year two of the complaints that were Upheld were from the current year.

Figure 6. Complaints Upheld by the LGSCO 2022-23

Service Area	LGSCO Ref	Type of complaint	Recommended Actions
Adult Social Care	21003925	The council and Health services failed to arrange regular S117 aftercare reviews following discharge from hospital	Apology for not ensuring the provision of the review within a reasonable period
Education	21008178	Delays in reviewing an Education, Health and Care plan leading to missed provision	Apology for the delay, Compensation for missing education and distress caused, Council required to develop an improvement plan for the delivery of annual reviews
Childrens Social Care	21014757	The council did not provide agreed support to a family with three disabled children for a protracted period	Compensation for the impact on the whole family who had to take on additional responsibilities due to the lack of care being provided. There were also delays in complaint handling, so a review of the complaints process was also required.
Building Control	21018326	Resident unhappy the council failed to act to stop unauthorised building works in a residential property near their home	Fault in how the Council failed to properly consider the legal powers available to it and complaint handling delays. Apology, financial remedy for delay in complaint handling review of procedures/retraining of staff around enforcement powers.
Childrens Social Care	22000753	Parent unhappy that service would not fund therapeutic support for their child.	Substantive complaint was not upheld but there were delays in complaint handling and for this a symbolic payment was made. The council were also required to develop a tracking system to ensure service improvements could be delivered.
Early Help/Education	22008825	Failure to consider a request for an EHCP assessment	Apology, payment for distress, undertake the assessment, issue guidance to staff to ensure they recognise when an EHCP assessment is being requested

Compliance with Recommendations

The Ombudsman requires that Local Authorities must update them within 3 months confirming delivery of the agreed actions on each upheld case.

Where departments fail to evidence the delivery of actions required by the Ombudsman within the requested timescale the LGSCO will record this as late compliance.

The central complaints office set targets for completion of any LGSCO recommendations and vigorously chase services to ensure compliance.

Compliance with this requirement is expected to be 100% by the LGSCO and this year the council met this requirement.

Satisfactory Remedy provided by the Authority

In their annual letter the LGSCO also provides performance data on where an organisation had upheld the complaint previously and the LGSCO agreed with how it offered to put things right.

In 2022-23 the average for Unitary Authorities against this indicator is 12%. However, the score for PCC was recorded as 0%. This is an area for improvement.

To meet expectations under this category the council needs to ensure that it considers the right remedy for the errors that have been caused. In one of these complaints, the complaint was upheld and a financial remedy offered but this was not at the right level. On several others the LGSCO recommended a service improvement that the service area had failed to identify.

To improve the council's performance in this area changes to the corporate complaints process introduced in April 2023 require that at the final stage the reviewing manager is considering appropriate financial remedies and service improvements and obtaining advice from the complaint manager. This should improve resolution of complaints at the final stage but if the customer does approach the Ombudsman, it is hoped the LGSCO will be satisfied with the level of remedy the council has offered.

Complaint Timescales

One of the key areas of focus with complaints should be on reaching an effective resolution as quickly as possible.

First Stage

In 2022/23 the average response time at the first stage was 19 days. This is within the set timescale of 20 working days.

With the changes to the corporate process from April 2023 it will be a requirement for most complainants to be contacted by phone and this should lead to earlier resolution of complaints.

Review Stage

In 2022/23 the average response time at the review stage was 27 days. This is within the set timescale of 28 working days. However, 25% of cases took more than 40 working days at the final stage and we received criticism from the LGSCO on several complaints which took longer than the LGSCO recommended guidance of 60 working days for complaints to complete both stages.

The lack of resource for investigations at the review stage in Q4 2022-23 has meant that some reviews were held back for several weeks and therefore the council may receive further criticism of these delays as some of these cases are currently being investigated at the LGSCO.

The recently implemented changes to the corporate complaints process provides for reviews on escalated complaints to be carried out by any Head of Service who has not been previously involved in the complaint. This increased resource should ensure less delay in the future.

Service Improvements

When a complaint is upheld, the focus should be on providing the solution that rectifies the problem for the customer. This may often be an apology or an explanation but can sometimes be delivering a service that has been delayed or could even be compensation.

Sometimes an upheld complaint can highlight that service improvements are needed to ensure customers don't have similar problems in the future. Service improvements have been identified in several key areas during the year and these are illustrated below in the table at Figure 7

Figure 7. Service Improvements

Service Area	Complaint Issues	Service Improvement Identified
Aragon	Bins missed	Customers offered the pull-out service to ensure a better service going forward
Licensing	Delay in Taxi Licensing Applications being processed	Service received agreement to recruit additional staff to meet an increased demand for this service
Planning	Unhappy with the siting of a telephone mast near resident's property	Introduced a supplementary report for any amendments to telecoms prior-approval decisions
Highways	Unhappy with conduct of operatives completing highways maintenance	Highlighted a learning point to contractors that they should use screening fences with facilities cabins
Communities	Denial of application for Household Support Fund	Changed criteria to remove the stipulation that people can't access the fund if they have a child receiving free school meals.
Prevention and Enforcement	Resident highlighted issues with ASB and littering in residential rear access road	Multi team review led to discovery area was not on cleaning schedule and was subsequently added to ensure regular cleaning and area will now be monitored through Neighbourhood policing patrols
Early Help	Delays in Early Help Assessment	Process review undertaken to ensure communication with parents improves
Family Safeguarding	Incorrect information about benefit entitlement	Training will be arranged so that workers understand Benefit regulations
Council Tax	Delays and error in determination	Further staff trained to improve processing timescales and specialist training to ensure officers understand the legislation around different types of tenancy

Complaint Categories

On receipt a complaint is registered and given a category so that trends can be identified.

The most common cause for complaint is about delays. The categories of complaints received in 2022-23 are shown in Figure 8

Figure 8 – Complaints received by Category 2022-23

Complaint Category	2021-22		2022-23	
	Volume	Uphold Rate	Volume	Uphold Rate
Not to Standard	11	63%	9	89%
Poor Facility or Building	0	N/A	1	0%
Staff Attitude/Conduct	26	54%	36	55%
Breach of Confidentiality	4	25%	1	0%
Denial/Withdrawal of Service	9	22%	6	67%
Delay/Failed Service	208	58%	244	50.5%
Lack of Information	0	N/A	2	0%
About Legislation	2	0%	0	N/A
About Policy	47	23%	28	14%
Other	5	60%	3	33%

Accessibility

Most complaints are received digitally – the numbers received in 2022/23 were -

- **Email/Online Form 85%**
- **By Telephone – 13.5%**
- **By Letter – 1.5%**

As a service it is more efficient to receive complaints and correspond by email. The council website offers a complaint form which customers can use to make their complaint directly with the complaints team. Most complaints received by the council are received by this web form. However, a direct telephone line is also provided so customers that prefer to make their complaint verbally can contact the team direct without going through the council's call centre.

The complaints received by letter has fallen further from 4% to 1.5% as more customers chose the quicker and more convenient methods of telephone and email.

The complaints team will always ensure they obtain both phone and email details from customers so that they can offer services both options in contacting the customer to discuss their complaint. However, if the customer does not wish to be contacted by telephone this will be respected.

The team are also able to respond to requests for 'reasonable adjustments' from customers – for example reading the complaint response to a complainant by telephone where there are language or literacy issues.

Compliments

243 compliments have been recorded in 2022-23 as shown in Figure 9 below. The previous year it was 191.

Compliments for Peterborough Ltd are not included in these figures but are included in **Appendix B**)

Figure 9. Compliments 2022-23

Service Area	Number of Compliments 2022/23
Household Waste Service	52
Customer Services	67
Register Office	24
SEN*	26
Highways	12
STS (Council Tax, Revs & Bens)	8
Communities	1
Prevention & Enforcement Service	4
Housing Needs	44
Total	238

**SEN compliments are illustrated in Appendix C*

Compliments can be received both from members of the public or external professionals but also from one service to another.

There is a compliment form on the council website which enables customers to send in feedback which is managed by the complaints team who will then share the feedback with the appropriate service.

However, most compliments received have traditionally been received direct to service areas. Not all services have a centralised way to record these which we are trying to improve upon.

Some examples of the compliments received in 2022/23 are shown in Figure 10

Figure 10: Examples of Compliments 2022-23

Examples of Compliments 2022-23
<p><i>Housing Needs</i></p> <p>I contacted XX over an urgent safeguarding case which required immediate housing actions. They responded immediately and has worked with me with a very tricky case to assist probation in exploring housing options. The person is a MAPPA case and assessed as high risk to public and children. Regardless of the outcome I would like to highlight the excellent communication and efforts that xx has made. I just wanted to express my thanks and gratitude for the support that xx has given.</p> <p><i>"Just reaching out to say thank you so much for all your help; we just received our first rent payment for our property!"</i></p> <p><i>- Landlord of a leased property who had been set up with the Syrian refugee resettlement.</i></p> <p>I just wanted to raise with you how brilliant xx was today. Although I was constantly calling, xx always picked up the phone immediately and dealt with every situation fully. Including have to arrange a large number of translators for various cases. Please can you pass on my thanks to xx as their assistance meant we could properly support a sizeable number of people.</p> <p><i>To the Resettlement team and Housing Needs team, I would like to say thank you to all of you involved in helping me being housed. I know you are extremely busy, but you managed to get me and my children out of a difficult situation and I will always be grateful for all your help. Often people forget to talk about their good experiences and always talk about the negatives. So, here's a great big thank you for all your hard work, a special thank you to xx for helping me with any questions and always getting back to me. You have really made a difference to our lives. Have an amazing weekend, Kind Regards, xx</i></p>
<p><i>Highways</i></p> <p>Just wanted to thank you for resolving my issue with the line outside my drop curb. A member of your team came out today and reinstated it, I am most pleased.</p> <p><i>Having recently walked some of the foot paths under your jurisdiction/area, I have been impressed with how well the marker posts/way markers are, making walking this glorious an area easier, thank you to the team responsible.</i></p> <p>I reported this today at school drop off - And at pick up it was fixed!! Amazing. Thank you to whoever did it so quickly.</p> <p><i>Just wanted to thank you for resolving my issue with the line outside my drop curb. A member of your team came out today and reinstated it, I am most pleased.</i></p>

Household Waste Service

Friendly staff all very helpful. Well organised. Massive improvement over the old council site. Excellent.

Have always found staff very helpful and quick to jump to assist an older lady who cannot always reach the sides of skips to get rubbish in. Cheerful and courteous staff make the whole process enjoyable instead of a chore.

I visited the recycling centre today and the member of staff was really friendly and helpful. I have found every visit to the centre is less stressful because the staff are so helpful and polite. They advise which area is the right one for the recycling. They are a good team. It's never a job I look forward to but in the end it always feels good.

I wanted to compliment another member of your staff in the recycling centre. They were so helpful with regards to emptying my car. As I have mentioned before, I am a pensioner, and am finding so much in my life difficult. However, coming to the recycling centre (I like to do my bit for the environment) is a pleasure when I meet such good staff. You have a core of really good staff, hang on to them.

Customer Services

Customer called to thank officer for listening - Customer stated 'I wish all Council services listened to me the way you did. Thank you for being proactive and moving things forward'

From an officer visiting Reception: Just wanting to pass on my thoughts to what I saw from one of your officers yesterday at town hall.

Just after 9am a PCC customer arrived in reception foyer. She was in a distressed state having been left on the street alone all night and just took a seat at the bottom of the stairs.

I was surprised at how the officer went to the lady, even to the point of sitting on the floor at her level, openly and calmly taking the time to talk to the lady. His body and vocal language were so open and genuinely supportive. The lady calmed to him, and you could see the officer in a professional supportive role. I was very impressed by the officers approach. "

Customer took the time at the end of his enquiry to say that he has dealt with many Councils in the past, and they have not all been good experiences. He wanted to say that at PCC we are all switched on and it has been a pleasure dealing with us on behalf of his family member.

During a Council tax call, the customer told the member of staff that he wanted to tell them that they had been very helpful, they explained things very clearly, and they helped him out and put his mind at peace as he was very worried about the correspondence he had received.

Appendix B- Complaints and Compliments registered by Peterborough Limited 2022/23

Peterborough Limited T/A Aragon	Complaint No. Received	Justified %	Number Escalated
Property	10	10%	0
Transport	3	33.33%	0
Grounds	77	28.57%	1
Building Cleaning	3	33.33%	0
Street Cleansing	42	19.04%	0
Refuse and Recycling	1632	18.81%	20
TOTALS	1767	19.5%	21

Part A – Aragon Services

Commentary and service improvements

Complaints have increased by 41% compared to the previous year due to several factors, e.g.

- During this period Aragon were unable to procure food waste bags for a period. As such the Council agreed to introduce an alternative process for ordering bags to enable Aragon to catch up with the back log of orders received. Meetings are due to take place in December to agree the most suitable process for delivering this service going forward. During this period a trial was introduced following a recommendation from Aragon which meant that people could only report a missed bin collection up until midday the day after collection. Having reviewed the number of complaints received a change has been introduced to extend this to 4pm which has significantly reduced the complaints received.

Performance

Performance 98.82% responded to within 15 working days.

Compliments

There were 47 compliments received by the service in 2022/23

NB: Examples of upheld complaints/escalated complaints and compliments can be provided if the committee requires it at a future date.

Part B – Vivacity Services

Peterborough Limited T/A Vivacity	Complaint No. Received	Justified %	Number Escalated
Sports	121	96.69%	0
Libraries	2	100%	0
TOTALS	123	96.7%	0

Commentary

Due to the pandemic Leisure and Cultural Services were transferred from Vivacity to Peterborough Ltd. This led to no data being provided for 2019-20 & 2020-21 as the services were suspended for some of this time or were in transition.

Complaint volumes for this service area have increased significantly from the previous year.

April 2022 and Mar 2023 saw high numbers due to

- Regional pool closure following Legionaries – communication
- Closure of the Regional pool car park – communication
- Lift at Premier Fitness – out of action
- Sauna and Steam at Premier fitness and replacement parts

Performance

Performance 100% Responded to within 15 working days.

Service Improvements

Be more transparent when reporting to members.

Improved maintenance reporting and approving.

Working closely with Contractures to speed up repair responses.

Compliments

There were 9 compliments received by the service in 2022/23

Appendix D – CSC Statutory Complaint Report 2022-23

Introduction

This report is for the Children and Education Scrutiny Committee. It is a requirement of The Children Act 1989 Representations Procedure (England) Regulations 2006 that the local authority publishes an Annual Report, to provide a mechanism by which the local authority can be kept informed of the operation of its complaint's procedure for Children's Social Care (Regulation 13 (3)).

The Children in Care Pledge includes a promise to give children in care information on how to make a complaint or to give a compliment. This report provides evidence that children in care are being given the required information as complaints are being received from children in care and are being satisfactorily resolved.

This information demonstrates how far the concerns of service users are reflected in changes to services which improve outcomes for children and young people. Evidence that children and families know how to complain and do make complaints is seen as positive evidence of their empowerment. Complaints therefore must always be investigated in a spirit of openness and learning, although of course not all complaints will be justified and upheld.

The Complaints Team provide data to the senior management team within social care monthly so that complaint performance can be monitored. Complaints officers receive complaints by letter, email and by telephone from children and their advocates, as well as parents and carers, providing guidance about the process.

If the customer is not happy at any stage of the complaints process the complaints team can provide help and support with the process. If a complaint cannot be resolved the complainant will have a final right of referral to the Local Government & Social Care Ombudsman.

The statutory Childrens Social Care Complaints Procedure

This procedure is statutory and applies to complaints presented by or on behalf of 'children in need' or 'looked after' (meaning in the council's care) as defined by the Children Act 1989. Effectively this means those children in receipt of children social care services.

A young person may make a complaint directly or an adult (parent, carer, relative with sufficient interest or advocate may act on their behalf). This council provides an independent advocacy service, as required by law, and therefore a number of children are supported through that service.

Only eligible people can use the Children's Social Care Statutory Complaints Process as mentioned above.

There are three stages to the statutory complaints process:

- **Stage 1**, requiring a response within 10 working days and a maximum of 20 if a delay is unavoidable
- **Stage 2**, requiring independent investigation within 25 working days and a maximum of 65 in exceptional circumstances
- **Stage 3**, requiring presentation to an independent complaint review panel within 30 working days.

Where a complaint is not resolved at Stage 3, the complainant may appeal to the Local Government & Social Care Ombudsman who may choose to investigate and may support or dispute the local authority's response

Ineligible Complaints

Under the statutory process there are only certain functions which can be subject to a statutory complaint and certain people that are eligible to use this process. A large proportion of complaints are rejected from the Statutory process each year.

Where a complaint is not accepted the complainant will be advised of the reason why they are not eligible to use the statutory complaints process and what other process may be open to them. If the person is not a category of person eligible to complain they may be advised there is no alternative process.

The numbers rejected and reasons are shown in Figure 1.

Figure 1 – Complaints ineligible under the Statutory process

Complaints Not Logged	2021-22	2022-23	Example
Court Related	23	18	Care decisions are under the court's jurisdiction
Insufficient Interest (explained below)	6	9	Complaint made by a friend or family member
Alternative Process (Legal/Corporate/GD PR)	13	24	There is an alternative process
General Enquiries	17	27	Anonymous enquiries/requests for data/questions
Out of Time/Jurisdiction (explained below)	9	23	Another LA/organisation has jurisdiction/ Complaint is historic
Consent not gained	1	2	Complainant does not have consent
S47/Child Protection	8	5	Child Protection and Section 47 exempt from process
Safeguarding referral	17	17	Passed to MASH
Other	8	6	Customer not engaging with complaints process/failing to provide detail
Totals	102	131	

Out of Jurisdiction

These are complaints that cannot be accepted as they have another statutory process to follow ie Police Investigation, Legal proceedings, or another organisation has jurisdiction.

There was an increase in these complaints in the past year as the team received some (9) complaints eligible to be considered by Cambridgeshire CC which had to be redirected.

Sufficient Interest

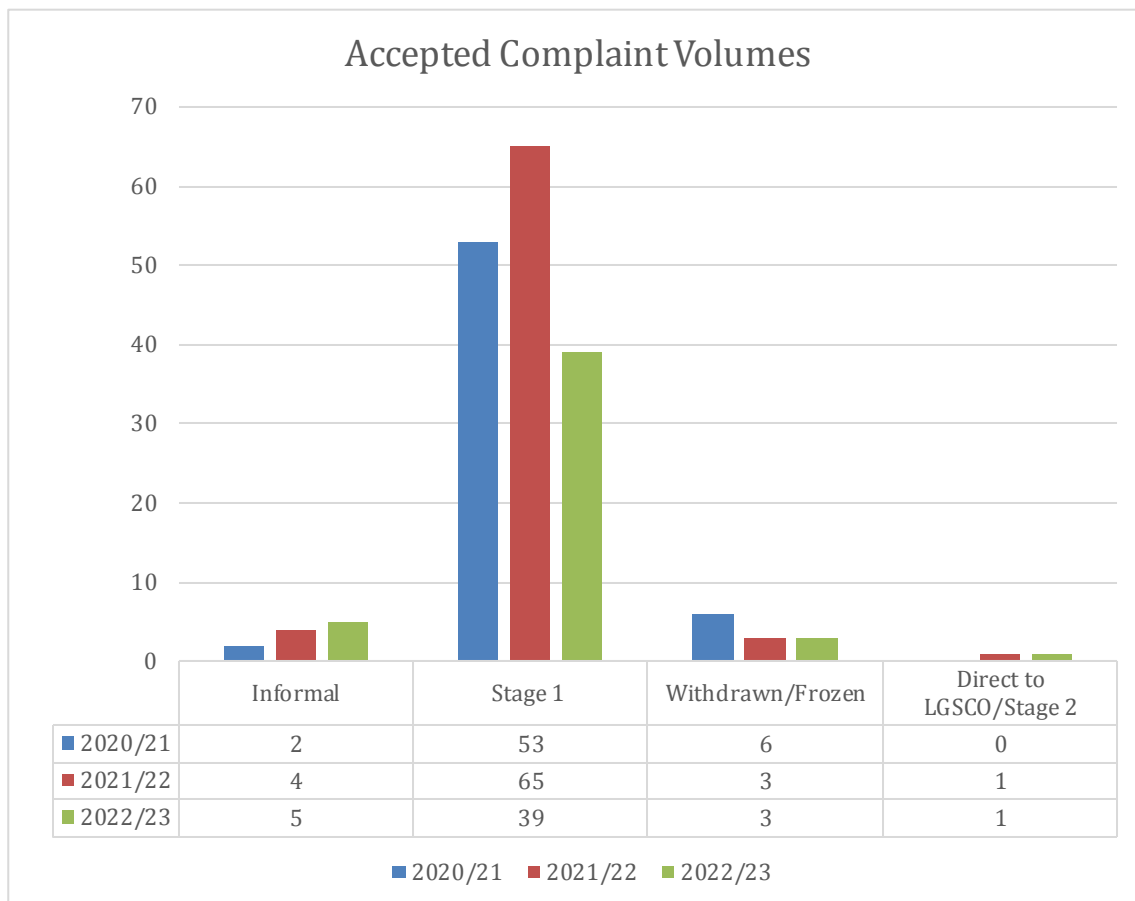
The statutory process defines who can make a complaint as follows: -

- any child 'in need' and/or 'looked after' by the local authority.
- their parent, or anyone with parental responsibility for such a child
- a foster carer
- a child leaving care.
- a Special Guardian or child (or their parent) who is subject to such an order.
- any person applying for a Special Guardian support service s14F(3) or (4)[1] or to adopt a child
- any child who may be adopted or their parent or guardian.
- any person covered by adoption services.
- people previously adopted, their parents, natural parents, or former guardians.
- anyone the local authority accepts has a sufficient interest in a child's welfare.

Complaint Volumes & Performance

In 2022-23 there were 48 complaints which could be accepted under the statutory process. This was a significant decrease in the number of complaints registered against the previous year's (2021-22) total of 73 complaints. This was partly due to an increase in complaints received which were ineligible including an increase in complaints which were accepted under the corporate process.

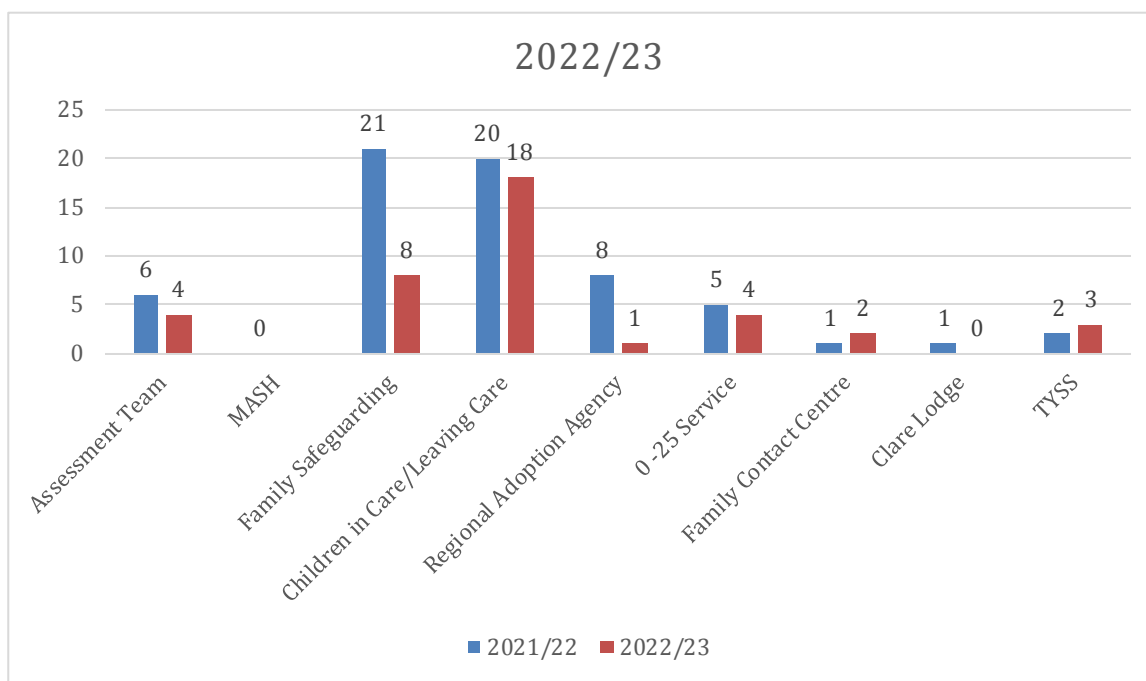
Figure 2. Accepted Complaint Volumes 2022/23



Most statutory complaints are logged formally as Stage 1 complaints. Relatively few complaints will be responded to informally which is when the complaint is answered verbally within 3 days and the complainant confirms they are satisfied with the outcome.

Sometimes complaints are made and then withdrawn/frozen before a response is made and this can be for a variety of reasons. On this occasion 3 complaints were withdrawn/frozen as the complainants decided not to proceed with their complaint or an alternative process had to take precedence.

Figure 3 - Stage 1 Complaints investigated 2022/23 by Team



The chart above illustrates that much of the reduction in complaints in 2022/23 is due to a steep fall in complaints received about Family Safeguarding and the Regional Adoption Agency.

In the previous year we received several complaints about review of Special Guardians allowances which we have not seen this year. Family Safeguarding complaints are less likely to be from children and are generally from parents who are unhappy with social care involvement and are more likely to follow the corporate process – where there has been an increase in complaints this year.

Stage 1 Complaint Outcomes

Complaint outcomes currently fall into 3 categories.

Upheld, Partially Upheld, Not Upheld,

The Ombudsman is recommending a move away from using partially upheld and makes determinations of either Fault found or not found.

In 2022/23 the Complaint Outcomes were as follows

Figure 4 – Stage 1 outcomes

	Complaints determined at Stage 1	Upheld	Partially Upheld	Not Upheld
2021/22	65	8	36	21
2022/23	44	13	22	9

This year this equates to an increase in fault found from 67.6% of complaints in 2021/22 to 79.5% of complaints in 2022/23. As the number of complaints have fallen significantly this year it is difficult to draw conclusions from this increase.

Complaint Escalations

It is the aim of the Children’s statutory complaints process to reach a resolution on complaints at the earliest opportunity.

The factors which prevent escalation of complaints are

- Proactive contact with the complainant to discuss their complaint
- Quality of written responses
- Timeliness of response

There has been a further improvement in the number of cases where the team manager has proactively contacted the complainant to discuss their complaint this year.

56% of cases had contact compared to 41% the previous year.

Contacting the complainant to discuss their complaint can help to build trust and ensure the family feel heard and the importance of this is promoted by the complaints team when passing a complaint over to a team manager.

The quality of responses continues to improve also.

Complaints at Stage 1 are expected to be responded to within 10 working days on most occasions unless the matter is complex when the maximum timescale of 20 working days is permitted.

66% of the Stage 1 responses were sent within the permitted maximum timescale but a lower volume (34.1%) were sent a response within the standard timescale of 10 working days. A monthly report is sent to senior managers in Childrens Social Care to highlight complaints that are overdue.

The escalation rate for complaints this year was 5% (2 cases). The proactive contact by team managers and the generally high quality of responses are significant factors in maintaining a low escalation rate to Stage 2.

Stage 2 Investigations

Due to the timescales involved in investigating Stage 2 complaints under the statutory process it is common for complaints made in one year to continue through the process in a subsequent year. There has also been a backlog of cases during 2020-2022 due to complaints being suspended for a period during the pandemic followed by a lack of investigators, this was resolved in September 2021 when a new contract for investigations commenced.

Stage 2 complaints involve the commissioning of an independent investigation service (contracted to Coram Voice) to investigate then produce a report with findings and recommendations. This is then adjudicated by a senior manager within Childrens Social Care.

In 2022/23 two of the 48 cases escalated to Stage 2. This represents 5% of the complaints received. This is within the anticipated parameters – in the past the annual escalation rate has been between 5 – 10%

But there were also five cases which commenced a Stage 2 investigation in 2022/23 where the original complaint was received in the previous year.

This resulted in a total of 7 complaints commencing investigation at Stage 2 in 2022/23, with six of these being finalised during the year and one was still under investigation at the end of the year.

Figure 5 shows the six completed cases and their outcomes.

Figure 5: Stage 2 Outcomes during 2022/23

Case No.	Team	Stage 2 Outcome	Escalated Further
1	CIC	Partially Upheld	No
2	Leaving Care	Partially Upheld	No
3	SGO	Upheld	Pending
4	SGO	Partially Upheld	Stage 3 panel then LGSCO
5	Family Safeguarding	Partially Upheld	No
6	SGO	Not Upheld	Stage 3 panel then LGSCO

Stage 3 Panels

Stage 3 panels are the final stage of the process and can be requested by a complainant who is not satisfied with the outcome of the independent investigation which is conducted at Stage 2. The panel consists of three contracted panel members and all parties involved at Stage 2 to discuss the Stage 2 investigation outcomes.

Figure 6 - Stage 3 panel outcomes in 2022/23

Case No.	Team	Stage 3 Outcome	Escalated Further
1	0 – 25 team	Upheld	No
2	SGO	Partially Upheld	Yes (to LGSCO)

Two cases were escalated to a Stage 3 panel in 2022/23 – one was a Stage 2 investigation from the previous year and one from the current year.

Local Government and Social Care Ombudsman (LGSCO)

At the end of Stage 3 the complainant can refer the matter to the LGSCO if they remain dissatisfied. The LGSCO concluded two investigations about Children's Social Care in 2022-23. Both these cases were from previous years.

As Childrens Social Care complaints can take longer than six months to conclude the statutory complaints process and due to waiting times for investigation at the LGSCO this will often be the case.

Fault was found in both cases and the full details of the cases can be viewed on the following links: -

<https://www.lgo.org.uk/decisions/children-s-care-services/other/22-000-753>

<https://www.lgo.org.uk/decisions/children-s-care-services/disabled-children/21-014-757>

Complaint Process Accessibility

We continue to see a percentage of complaints from young people (25%) but a greater percentage continue to be from parents. If the complaint is not on behalf of the child or about the services provided to the child, then the complaint will not follow the statutory process. Most of the young people making complaints were supported by an advocate provided under the council's contract with the National Youth Advocacy Services (NYAS).

Figure 7 Who is making Complaints?	2020/21	2021/22	2022/23
Children/Young People (not LAC)	2	2	2
Looked After Children/ Leaving Care	14	16	12
Parents/Guardians	40	47	28
Other Carers	2	1	0
Foster Carers	1	3	0

Prospective Adopters	0	1	0
Adoptive Parents	0	1	1
LAC (now Adult)	1	2	3
Friend	0	0	0
Relatives	0	0	2
Professionals	1	0	0
Total	61	73	48

Service Improvements

If an investigation establishes the service is at fault managers at every stage of the complaints process should be looking to identify Service Improvements which could prevent complaints of the same nature occurring in the future. Such changes may be a process or policy change or a training workshop.

Figure 8 – Service Improvements Identified in 2022/23

Service Improvements 2022/23		
Team	Complaint Details	Service Improvements
Stage 1		
Regional Adoption Agency	Support Plan did not cover tax status of foster carer and caused issues when claiming child benefit.	Direction given to workers that they must consider if Special Guardians may be in higher tax threshold as this will have tax implications in their claim for child benefit
Family Contact Centre	Worker breached confidentiality about a user of the service	Disciplinary procedure invoked to resolve this with the worker, importance of confidentiality being reiterated at staff briefing.
Leaving Care	Young person required to report homeless to obtain accommodation after placement ends post 18.	To provide more detailed housing information to young people to manage their expectations of social housing. To ensure that young people understand the alternative post 18 options available to them. To ensure that the Housing service are aware of any changes to a young person's circumstances in good time. To ensure that all housing applications are made by a young person's 17 and half year mark to avoid any delays in post 18 accommodation being allocated
Child in Care	Delays in obtaining a driving licence	Service manager will discuss with team ways to stop delays in obtaining identification documents
Stage 2		
Regional Adoption Agency	Dispute about calculation of	PCC to increasing the contribution towards payment of legal fees when there is

	allowances for Special Guardians	more than one child involved in a Special Guardianship Order. Review of council's allowance policy to be undertaken.
Stage 3		
0 – 25 service	Unhappy with 0-25 decision about payment for adaptations to a disability vehicle	Briefing note to staff about this issue. LA to organise a meeting with Health colleagues to discuss the eligibility criteria for a Continuing Care package of support Transfer tracker to be introduced to ensure the smooth transfer of cases between teams
Regional Adoption Agency	Dispute about calculation of allowances for Special Guardians	Review of Special Guardianship Order Financial Assistance arrangements to include consultation with Carer groups

Complaint Categories

Figure 9 below shows the category of complaints recorded in the current year using 10 nationally recognised categories. This helps with analysis of themes and trends.

Figure 9: Complaints Logged by Category

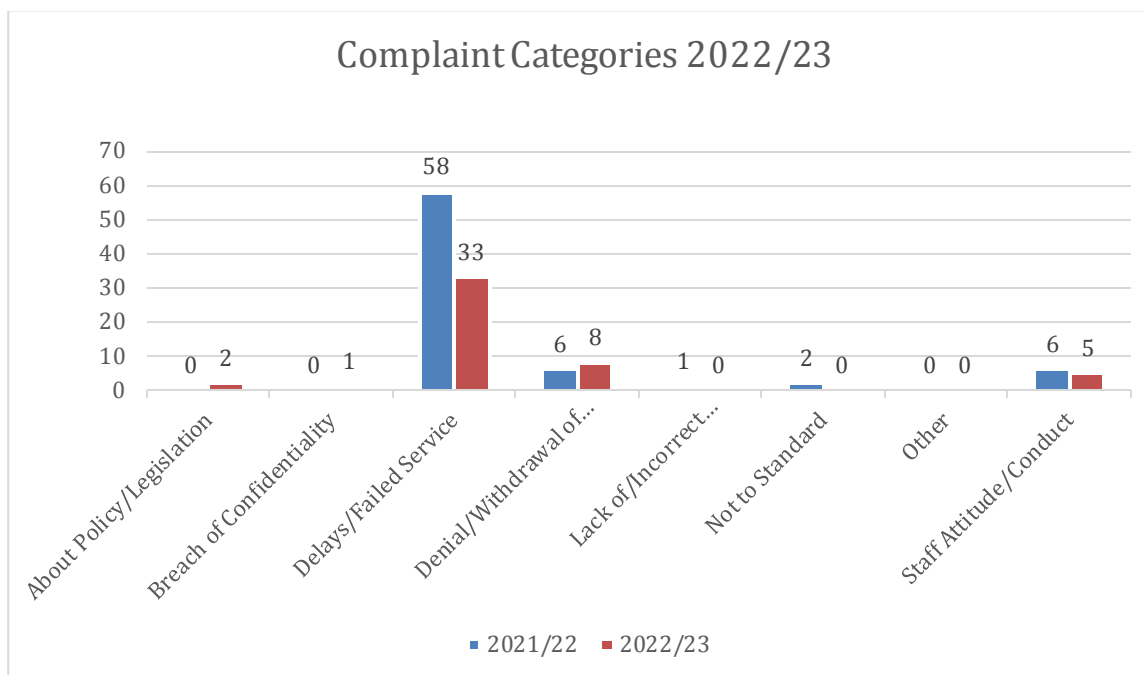


Figure 10: Examples of Complaints by top 3 categories

Category	Complaint Detail	Impact of Complaint
Delay/Failed Service	Delay in Bursary	Young Person leaving care had financial shortfall and lost a few weeks of payments until being re-imbursed
Delay/Failed Service	Delay in processing British Citizenship application	<i>Young Person could have missed holiday opportunity</i>
Delay/Failed Service	Short notice notification about a placement move	<i>Caused unnecessary stress and worry for Young Person</i>
Delay/Failed Service	Delays in workers returning calls	<i>Stress and frustration, lack of faith in worker</i>
Delay/Failed Service	Assessment Delays	<i>Anxiety caused regarding residency as assessment was not progressing. Relationship with worker became strained due to the delays</i>
Denial/withdrawal	Leaving Care grant not received	<i>Risk of financial debt causing instability in Leaving Care Arrangements</i>
Denial/withdrawal	Reductions in SGO allowances	<i>Financial strain causing risk of placement breakdown</i>
Staff Conduct	Alleged Impartiality	<i>Strain on mental well-being. Feels they are not being listened to or their feelings being considered</i>
Staff Conduct	Lack of empathy from worker	<i>Distress and concern caused by lack of understanding and empathy for situation</i>

Compliments

Children's Social care record Compliments they receive so that they can share the positive feedback with staff.

Compliments are received both from young people and their families but also from other agencies who are involved in cases in a professional capacity, including teaching staff, health visitors, and police officers.

In 2022/23 there were 56 compliments recorded. This was lower than in the previous year when 86 compliments were received.

Figure 11 – Examples of Compliments for Childrens Social Care in 2022/23

Compliment	For Team	From
<p>Thank you for all your hard work and guidance to make us the family we have become. 'X' will always be your first and we are immensely grateful. A social worker is someone who works tirelessly to help strangers, families and their entire community to become the best version of themselves through unconditional love.</p> <p>Thank you for being that person to us</p>	Children In Care Team 1	Adoptive Family
<p>We couldn't thank X enough for the support she offers with our foster child. She always works within a high professional friendly manner, she very flexible (even with a busy working schedule), she is very approachable and always acts within the child's best interest. X is a massive credit to Peterborough city council social care. If the council could have 10 more X's working and managing their work loads, then Peterborough city council would never have a complaint ever again.</p> <p>She goes above and beyond all the time. We couldn't thank her enough for the ongoing support for our foster child and us as foster parents</p>	Children In Care Team 1	Foster carers
<p>Just wanted to pass on that each YP I speak to who has X as their social worker, think he is great and want him to be their social worker forever!</p> <p>I have found X to be proactive and conscientious in his decision making and he shows the right level of professional curiosity and challenge where necessary.</p>	Children In Care Team 2	Independent Chair
<p>Feedback from a care leaver when asked 'What plans do you have for the future?</p> <p>For my foreseeable I want to be a social worker like mine she is my inspiration and I want to have a family of my own."</p>	Leaving Care	Young Person
<p>I wanted to sing X praises after I's CCR yesterday. It was an extremely positive meeting, and lovely to hear how well I is doing.</p> <p>The icing on the cake was the news that I has now achieved permanency with his carers who he considers to be his family. I'm aware this was no mean feat for X due to I's level of need, and something she had been working on for some time in conjunction with the fostering agency. All parties at the review were thrilled with the news, in particular I's mum and nan who were full of praise for the carer with how well she meets I's needs. This was an excellent piece of work which has benefited I very much.</p>	Children In Care Team 2	Independent Chair

Corporate Complaints for Childrens Services – 2022-23

Whilst corporate complaints are reported to a different committee it was it was agreed in 2022 that this committee would also welcome the opportunity to comment on complaints for Childrens Social Care and Education teams that follow the corporate process.

Children Social Care Corporate Complaints 2022-23

Corporate complaints for Children’s Social Care are generally from parents or foster carers about matters that do not affect the child and are not eligible for the statutory process.

There were **20** complaints received about Children Social Care that followed the corporate process in 2022/23 (13 in 2022/23). The increased numbers were in Family Safeguarding and Early Help.

Figure 12 – Childrens Social Care complaints following corporate process by Team

Team	Number Received	Fault Identified	Escalated to Stage 2
Assessment Team	1	1	
0-25 Team	0	0	
Children in Care	3	3	1
Fostering	3	3	
Family Safeguarding	6	6	
Early Help	6	2	1
Contact Centre	1	1	
LADO	1	1	1
TOTALS	21	17	3

Service Improvements Identified

There were a high number of service improvements identified in regard to these cases as follows:

- Team briefing to explain the importance that parents are promptly updated about changes of social workers and changes to dates/times of meetings.
- Reviewing internal processes to ensure more timely responses are made to families as part of the Early Help process.
- Reminding staff of the importance of correct matching between a child and a foster carer/placement to meet children’s needs and ensure promotion stability and longevity of placements.
- Offer training to all Social Workers regarding benefits and when to claim or stop claiming.
- Reminder to the staff about the importance of promptly sharing and explaining assessments & how home visits should be arranged.
- Reminder to staff about impartiality.

- A review of the LADO policy to clearly outline the role of the LADO and offers specific guidelines relating to when a LADO outcome differs to the outcome agreed at a disciplinary hearing. A leaflet will also be devised and provided to individuals who are referred to LADO, clearly outlining the role of the LADO and their right to raise concerns and complain.

Education Complaints following the corporate process 2022-23

The council are not responsible for complaints made about schools. Schools have their own complaints process and parents can also raise concerns with Ofsted. Also, many Education services have statutory appeals processes which require the complainant to use that process rather than making a complaint. This includes EHCP appeals, School Admission Appeals etc. Issues that arise for parents that do not carry a right of appeal can be considered under the corporate complaints process.

There were 21 complaints recorded for Education teams in 2022/23 (25 in 2021/22)

Figure 13 – Education complaints following the corporate process by service

Team	Number Received	Fault Identified	Escalated to Stage 2
SEN	15	5	2
Attendance	1	0	0
Admissions	2	3	1
School Transport	3	3	0
TOTALS	21	11	3

Service Improvements

There were no service improvements identified in regard to Education complaints but actions were taken in regard to the complaints where fault was identified including

- Apology for delays
- Reimbursement of transport costs

LGSCO Decisions – Childrens Services Non-Statutory

There were 2 decisions made by the LGSCO in 2022-23 about non-statutory Childrens Services complaints.

Fault was found in both cases and the full details of the cases can be viewed on the following links: -

<https://www.lgo.org.uk/decisions/education/special-educational-needs/21-008-178>

<https://www.lgo.org.uk/decisions/education/special-educational-needs/22-008-825>

Compliments for Education Teams 2022/23

The SEND & Inclusion teams record compliments that they receive both from parents they are working with and professionals such as school staff. They share this positive feedback with staff.

In 2022/23 there were 26 compliments recorded. Compliment numbers have been captured for the first time for this team but other Education teams are now being encouraged to keep a register of compliments they receive so these can be included in future reports.

Figure 14 – Examples of Compliments for Education Teams in 2022/23

Compliment	For Team	From
I just want to say thank you so much to xx for being there, for my family, she did a big job with my child, xx helped my son to walk and to be more confident on the road, so I just want to say thank you so much may God bless you. xx I will give you 10 out of 10 keep up with your job!	SEN & Inclusion	Parent
Good morning - I just did the survey and all I can say to you is a big thank you for everything, the support and the help you have been given to me and my child. Keep doing what you do because you are great . God bless you and your family. Have a lovely week xx	SEN & Inclusion	Parent
"Both of us wanted to say thank you very much for your professional help to our son & our family in regard to your home visits for xx. I appreciate your efforts to educate us that how we should engage xx & how we can help him in little things at home. I believe this help & involvement is definitely playing a role in xx's development & understanding. "	SEN & Inclusion	Parent
I would like to say what a pleasure it's been to work with you over the last 2 years & what a wonderful support & listening ear you've been when I've needed advice as to how to improve things for the children I work with & I've appreciated your support & enjoyed working with you!	SEN & Inclusion	Teaching Assistant

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AUDIT COMMITTEE	AGENDA ITEM No. 8
27 NOVEMBER 2023	PUBLIC REPORT

Report of:	Adesuwa Omoregie, Interim Director of Legal and Governance	
Cabinet Member(s) responsible:	Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance	
Contact Officer(s):	Adesuwa Omoregie, Interim Director of Legal and Governance (Monitoring Officer)	Tel.

AUDIT COMMITTEE TERMS OF REFERENCE

RECOMMENDATIONS	
FROM: <i>Interim Director of Legal and Governance</i>	Deadline date: 27 November 2023
<p>That Audit Committee</p> <ol style="list-style-type: none"> 1. Reviews the terms of reference of the model CIPFA terms of reference included at Appendix 2. 2. Proposes any changes to the Audit Committee's current terms of reference included at Appendix 1 in line with the CIPA terms of reference. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Audit Committee for the Committee to consider any changes to the terms of reference in line with the recent CIPFA guidance.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to request that the Audit Committee considers changes to the Terms of Reference of the Audit Committee. The review was requested by Audit Committee at its meeting on 25 July 2022.
- 2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.2.14 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	
---	-----------	----------------------------------	--

4. BACKGROUND AND KEY ISSUES

- 4.1 In late 2022 CIPFA produced guidance for local authorities with regards to best practice in terms of local authority Audit Committees.

- 4.3 The committee has made a number of positive strides over the last 18 months to two years including appointing three independent members to the committee. This includes having an independent chair of the Audit Committee.
- 4.4 As part of the Council's improvement journey the Independent Improvement and Assurance Panel have welcomed the progress made by the committee, recognising that there is still more to be done.
- 4.5 This now feels like the appropriate time for the committee to review its terms of reference and make suggestions on changes that will help enhance the work of the committee.
- 4.6 Attached as Appendix 1 is the current terms of reference for the committee and at Appendix 2 is the CIPFA guidance in full. The model terms of reference can be found in the document at pages 35 to 38.

5. CORPORATE PRIORITIES

5.1 This report relates to:

1. Sustainable Future City Council
 - How we Work
 - How we Serve
 - How we Enable

Any changes will play a key role in how the Council serves its residents.

6. CONSULTATION

6.1 As part of the wider review the Audit Committee and its members form part of the consultation.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 It is anticipated that this will enable the committee to have an up to date fit for purpose terms of reference.

8. REASON FOR THE RECOMMENDATION

8.1 The committee are a vital part in agreeing to the terms of reference that will enable them to be more effective. The recommendations allow the committee the opportunity to comment and suggest changes before being endorsed to the Constitution and Ethics Committee and ultimately Full Council.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 The committee could agree to keep the terms of reference as they are, however, these have not been updated or reviewed in detail for a number of years and do not take into account the CIPFA Guidance.

10. IMPLICATIONS

Financial Implications

10.1 There are none at this time.

Legal Implications

10.2 *This report is seeking views from the Audit Committee on changes to the Terms of Reference. Legal implications will be considered as part of any proposed changes.*

Equalities Implications

10.3 There are none.

11. BACKGROUND DOCUMENTS

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

11.1 [CfGS report into governance arrangements.](#)

12. APPENDICES

12.1 Appendix 1 – Audit Committee current terms of reference
Appendix 2- CIPFA guide for Audit Committees

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2.2. Audit Committee

2.2.1 It is advised that Members undertake relevant training within the past three years in order to hold a seat on this committee.

2.2.2 Terms of Reference

2.2.2.1 To consider the annual 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.

2.2.2.2 To consider summaries of specific internal audit reports as requested.

2.2.2.3 To consider reports dealing with the management and performance of the providers of internal audit services.

2.2.2.4 To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

2.2.2.5 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

2.2.2.6 To consider specific reports as agreed with the external auditor.

2.2.2.7 To comment on the scope and depth of external audit work and to ensure it gives value for money.

2.2.2.8 To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.

2.2.2.9 To commission work from internal and external audit.

2.2.2.10 To have oversight of the Regulation of Investigatory Powers policy and processes.

2.2.2.11 Authority to approve any changes regarding the Council's Whistle-Blowing policy and arrangements.

2.2.2.12 To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.

2.2.2.13 To produce an annual report for consideration by Full Council.

Regulatory Framework

2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.

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

2.2.2.16 To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.

2.2.2.17 To oversee the production of the authority's Annual Governance Statement and to recommend its adoption.

2.2.2.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

Accounts

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

Independent Members of Audit Committee

- 2.2.1.21 The Audit Committee will include up to 3 independent co-opted non-voting members sitting alongside 7 elected members. Independent members will be appointed by the Council to serve an initial 4 year term, which may be extended with the agreement of Council.
- 2.2.1.22 The Committee will be chaired by an Independent Member. In the absence of the appointed chair one of the remaining two Independent Members will be appointed as Chair by the Committee.
- 2.2.1.23 The Vice-Chair will be an elected member whose purpose will be to support the Chair and in the event of an equality of votes, to exercise a second or casting vote.
- 2.2.1.24 The role of an Independent Member is to support the Council's Audit Committee in its role to provide independent assurance to the members of Peterborough City Council, and its wider citizens and stakeholders.
- 2.2.1.25 Independent members will be expected to actively participate in meetings of the Audit Committee and demonstrate independence, integrity, objectivity and impartiality in their decision-making. They will support reporting as required to Full Council, including the Annual Audit Committee report.
- 2.2.1.26 Independent members will contribute to the work of the Audit Committee in its role in reviewing the Council's financial affairs, including making reports and recommendations, overseeing internal and external audit arrangements, reviewing and scrutinising financial statements, seeking assurances of compliance with the Treasury Management Strategy and practices and reviewing and assessing the governance, risk management and control of the authority.

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practical guidance for
local authorities and police

2022 edition

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Published by:

CIPFA \ The Chartered Institute of Public Finance and Accountancy

77 Mansell Street, London E1 8AN

020 7543 5600 \ customerservices@cipfa.org \ www.cipfa.org

© October 2022 CIPFA

ISBN for this publication: 978 1 84508 5 650

ISBN for complete suite of Audit Committees: Practical Guidance for Local Authorities and Police (2022 edition): 978 1 84508 5 636

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Introduction

This section is aimed at officers responsible for guiding the audit committee. It will also be a useful reference guide for an audit committee member wanting to develop greater understanding of the committee's role or access additional resources.

It identifies the underpinning legislation, regulations, guidance or resources that the committee should be referencing in its operations.

It is a supplement to the guides *Audit committee member in a local authority* and the *Police audit committee member* and should be read in conjunction with the appropriate guide. It includes information for both authorities and police bodies.

Contents

CORE FUNCTIONS OF THE AUDIT COMMITTEE	7
MAINTENANCE OF GOVERNANCE, RISK AND CONTROL ARRANGEMENTS.....	7
Good governance	7
Ethical values.....	8
Risk management.....	8
Internal controls.....	8
FINANCIAL AND GOVERNANCE REPORTING.....	11
Financial reporting.....	11
Annual governance statements	12
Other accountability reports	12
SUPPORTING ARRANGEMENTS FOR AUDIT AND ASSURANCE.....	12
Assurance frameworks and assurance planning.....	12
External audit	13
Internal audit.....	17
GUIDING THE AUDIT COMMITTEE – WIDER FUNCTIONS	19
WIDENING THE WORK OF THE COMMITTEE.....	19
WALES	19
TREASURY MANAGEMENT	19
SUPPORTING CORPORATE IMPROVEMENT PROGRAMMES.....	20
INDEPENDENCE AND ACCOUNTABILITY	21
INTRODUCTION	21
SECTOR AND DEVOLVED GOVERNMENT GUIDANCE	21
STRUCTURE AND INDEPENDENCE.....	22
Ensuring a dedicated audit committee	22
Committee size.....	22
Audit committees for collaborations.....	23
Delegated decision making and voting rights.....	23
ADMINISTRATIVE AND OPERATIONAL ARRANGEMENTS	23
ACCOUNTABILITY AND THE ANNUAL REPORT	24
MEMBERSHIP AND EFFECTIVENESS	25
COMPOSITION AND OPERATION OF THE COMMITTEE.....	25
POLITICAL BALANCE.....	25
APPOINTING THE CHAIR OF THE COMMITTEE.....	26
CO-OPTED INDEPENDENTS	26
Definition of a co-opted independent or lay member	26
MAKING BEST USE OF INDEPENDENT MEMBERS	27
Role descriptions for co-opted independent members.....	27
Selection process.....	28
Supporting members of the committee.....	28
Training needs analysis	30
Impact and effectiveness	30
APPENDICES	31

Core functions of the audit committee

MAINTENANCE OF GOVERNANCE, RISK AND CONTROL ARRANGEMENTS

Good governance

Delivering Good Governance in Local Government: Framework (CIPFA/Solace 2016) is principles based and informs the approach to good governance adopted by police, local authorities and fire and rescue authorities. CIPFA recommends that each authority develops a local code of governance setting out how it applies the principles in practice.

CIPFA's **Financial Management Code** (FM Code) also attributes responsibility for the Framework to the authority's leadership team. This supports the principle of assurance in the FM Code.

Other useful resources for evaluating governance and identifying governance risks include the research resource co-ordinated by the Centre for Governance and Scrutiny, **The governance risk and resilience framework**. This sets out the risks to good governance and can be used as part of the evaluation process for the annual governance statement (AGS) or as part of other governance development work. Further information on the AGS is included in **Accountability and the annual report**.

Where an authority is found to have failed in its statutory obligations to provide best value, the government has the power to intervene. The audit committee is one of the mechanisms an authority should have in place to identify, escalate and oversee the improvement of any governance weaknesses.

In Wales, the **Local Government and Elections (Wales) Act 2021** provides for intervention by Welsh ministers to increase the extent to which a council is meeting the performance requirements.

Key references

Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework') sets the standard for governance in UK local government bodies. The Framework is supported by guidance notes for each sector (CIPFA/Solace, 2016) as follows.

- **Delivering Good Governance in Local Government: Guidance Notes for English Authorities**
- **Delivering Good Governance in Local Government: Guidance Notes for Scottish Authorities**
- **Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities**
- **Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales**

Accounts and audit regulations (various according to location in the UK)

The governance risk and resilience framework (Centre for Governance and Scrutiny, 2021)

Ethical values

As part of the annual governance review, the audit committee should consider how effectively the **Seven Principles of Public Life** are supported and whether the arrangements in place to achieve Principle A of the governance framework are fit for purpose:

Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law.

Authorities have a standards committee to oversee member conduct and review complaints. This is not a function of the audit committee and combining the two committees should be avoided.

The standards framework for elected members in England was established by the **Localism Act 2011**. English local authorities have a statutory duty to promote and maintain high standards of conduct, and the audit committee should consider assurances on the discharge of this responsibility and be satisfied that there are arrangements in place. The Committee on Standards in Public Life last reviewed standards in local government in 2019. The report recommended some amendments to the Act, but in its 2022 response, the Department for Levelling Up, Housing and Communities (DLUHC) did not commit to these. This remains an active topic that the audit committee should be aware of, and it should understand the steps its authority is taking to promote and ensure good ethical arrangements are in place.

The **Public Sector Internal Audit Standards** (PSIAS) include the ethical framework as a specific area of governance for internal audit work.

Whistleblowing arrangements support the development of ethical conduct and greater transparency and help authorities ensure compliance with the **Public Interest Disclosure Act 1998**. As part of the audit committee's oversight of the governance framework and assurances underpinning the AGS, the committee may wish to review the effectiveness of the whistleblowing arrangements.

Useful resources

Upholding Standards in Public Life (Committee on Standards in Public Life, 2021)

Risk management

In determining the audit committee's responsibilities towards risk management, authorities should have regard to the responsibilities of other committees such as scrutiny committees and the specific responsibilities of those charged with governance in relation to risk management. Where a local authority establishes a separate risk committee, then its roles and responsibilities need to be considered in determining the role of the audit committee.

Police audit committees are directed in the **Financial Management Code of Practice for the Police Forces of England and Wales** (FMCP) (Home Office, 2018) to advise the PCC and the chief constable on the adoption of appropriate risk management arrangements.

Welsh local authority and English combined authority audit committees are required to review and assess risk management arrangements.

Internal controls

Internal control arrangements will be informed by service requirements and guidance specific to individual areas.

Financial management

Regarding financial management arrangements, CIPFA's FM Code is a helpful resource to guide and evaluate the adequacy of financial management. The results of the assessment should be shared with the audit committee.

Audit committees in local authorities in Wales and in combined authorities are required to review and scrutinise the authority's financial affairs. Robust arrangements for financial control, understanding financial risks and longer-term financial planning will provide assurance to the committee. The review of financial statements also supports this objective. Care should be taken to not overlap with financial scrutiny. Tasks such as budget monitoring should not be undertaken by the committee.

Value for money and best value arrangements

Making best use of resources is a key objective for all local authorities and is part of the Framework. One of the behaviours and actions that underpin Principle C of the Framework is "delivering defined outcomes on a sustainable basis within the resources that will be available." When the AGS is prepared, the adequacy and effectiveness of arrangements to secure value for money (VfM) should be included, as per CIPFA guidance.

One specific area of activity for the committee will be consideration of the external auditor's wider work, as set out in the codes of audit practice and other guidance adopted by national audit bodies as follows.

- **England:** statutory value for money commentary as defined by the [National Audit Office](#).
- **Scotland:** periodic reviews of best value from [Audit Scotland](#).
- **Wales:** annual improvement reports from [Audit Wales](#).
- **Northern Ireland:** a review of arrangements for the use of resources from [Northern Ireland Audit Office](#).

When the external auditor raises concerns about VfM, the audit committee should ensure there is a robust action plan to address the issues raised. A significant VfM failing is likely to lead to a formal recommendation or report in the public interest. In addition to the work of the auditor, the audit committee should consider what other assurances are available in relation to identified VfM risks and highlight areas for improvement.

The [Cities and Local Government Devolution Act 2016](#) requires the audit committee of a combined authority to review and assess the economy, efficiency and effectiveness of resource use in discharging the authority's functions. By reviewing the adequacy of the authority's arrangements, including aspects such as performance management, financial planning and procurement, the audit committee will be able to report and make recommendations to fulfil this responsibility. Where risks to value for money are identified to the audit committee – for example, through the work of internal audit – those concerns need to be escalated for management action.

Countering fraud and corruption

The audit committee should include counter fraud and corruption within its agenda. This should not be limited to an update to the committee on a significant case of fraud or corruption. The audit committee's responsibility to have oversight of arrangements means that they should be able to judge whether the authority's arrangements are fit for purpose

CIPFA's [Code of Practice on Managing the Risk of Fraud and Corruption](#) (2014) sets out the counter fraud standards for public sector organisations. Sector-specific strategies such as [fighting fraud and corruption locally](#) should also be considered, along with [Integrity matters](#)

(HMICFRS, 2015). The committee should understand the level of fraud risk the authority is exposed to and the implications for the wider control environment.

The audit committee should have oversight of the authority's counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation such as the **Bribery Act 2010**.

The CIPFA guidance on the AGS recommends that the adequacy of counter fraud arrangements is evaluated and reported on in the AGS with reference to the *Code of Practice on Managing the Risk of Fraud and Corruption*. The audit committee should have sight of the assurances underpinning this assessment and can play an important role in supporting the development of effective counter fraud and corruption practice. The audit committee may also refer to the Internal Audit Standards Advisory Board's (IASAB) guidance on **internal audit's role in counter fraud** (2017), which sets out internal audit's responsibility to provide assurance to the organisation on how it manages fraud risk.

Partnership governance, collaborations and subsidiaries

Ensuring that the audit committee has oversight of significant collaboration arrangements or the governance arrangements for the authority's partnerships is important. This is an area of assurance that should be planned as new arrangements are established as well as considered regularly.

Guidance is available in CIPFA publications, including **Successful Collaborations in the Public Services: The Role of Internal Audit** (2021). This highlights some of the governance risks that should be considered in collaborative arrangements, together with the role of internal audit. It highlights the need for the audit committee's oversight of internal audit to extend to their work on collaborations.

CIPFA's **Effective Governance of Collaboration in Policing** (2021) provides an overview of the nature of collaborations in policing and guidance on governance for those arrangements, and other relevant guidance is included in **Principles for section 151 officers working with LEPs** (2018).

Recently, authorities that have the general power of competence have established trading companies to operate more commercial activities, including delivery of services and commercial investments. Some authorities have experienced difficulties with these activities, so the governance, oversight and risk management arrangements in them are likely to be of considerable interest to the audit committee. CIPFA has issued new guidance in 2022 in **Local Authority Owned Companies: A Good Practice Guide**.

In addition to reviewing assurances over partnerships, the committee may choose to develop its own partnership arrangements with the audit committees of partner organisations. This could involve planning and co-ordinating agendas or developing forums to share ideas or briefings. More established partnerships could lead to the development of a shared audit committee between partner authorities or a joint committee.

FINANCIAL AND GOVERNANCE REPORTING

Financial reporting

Local authority financial statements should follow the professional practices set down in the **Code of Practice on Local Authority Accounting in the United Kingdom** (CIPFA/LASAAC). The responsible financial officer is required by statutory provision to sign the statements to confirm that they have been properly prepared and are ready for audit prior to the commencement of the period for the exercise of public rights. These are the unaudited accounts. Currently, deadlines are subject to change because of the COVID-19 pandemic (and because of difficulties resourcing local audit in England). Therefore, it will be important to check the current regulations applicable.

At the time of publication, the latest regulations were as follows.

- In England, **The Accounts and Audit (Amendment) Regulations 2021**. This amends the Accounts and Audit Regulations 2015.
- In Wales, **The Accounts and Audit (Wales) (Amendment) Regulations 2018**. This amends the Accounts and Audit (Wales) Regulations 2014.
- In Scotland, **The Local Authority Accounts (Scotland) Regulations 2014**.
- In Northern Ireland, **The Local Government (Accounts and Audit) (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020**. This amends the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

Further details about the requirements of the regulations are in Appendix A.

Prior to the current period of disruption, there had been a trend to reduce the elapsed time from the end of the financial year to the publication of audited statements. For example, under the 2015 regulations for English authorities and policing bodies, in practice, the latest date by which the statements would need to be confirmed (by the responsible finance officer) is 31 May, as the 30 working day period for the exercise of public rights must include the first ten days of June. In CIPFA's view, the timely availability of the statements is important for transparency and accountability.

Under the regulations, Scottish and Northern Irish authorities must all ensure that the financial statements are signed off by the chief financial officer (CFO) by 30 June. The Accounts and Audit (Wales) (Amendment) Regulations 2018 require preparation and publication to be completed by 15 June. Authorities have had flexibility to delay due to COVID-19, but deadlines will revert to those specified in regulations at an appropriate point.

CIPFA recommends that it is good practice for the accounts and the AGS to be reviewed by the audit committee prior to the commencement of the external audit. The committee will also review them at the completion of the audit prior to publication. Authorities will formally approve the financial statements after the completion of the external audit.

The date the statements must be published by is set down in government regulations. Prior to COVID-related amendments, the latest date for publication was 31 July for English authorities. Scottish and Welsh authorities must publish by 30 September, and Northern Irish authorities must publish by 31 October. These dates are intended to reflect the target for the completion of the audit. However, meeting the deadline is not a statutory requirement for the auditor; auditors will aim to meet this date, but their primary concern is to complete the audit to the required auditing standard.

The financial statements are the most technical aspect of the audit committee's remit and one that can be daunting for those elected members with no prior experience of financial reporting or

external audit. The differences in financial reporting practice in the accounts can also be daunting for those used to the presentation of company accounts. Additional attention should therefore be paid to this area when evaluating training needs.

Annual governance statements

Legislation requires local authorities, fire and rescue authorities and police bodies to prepare an AGS and to report publicly on the effectiveness of governance and control (see Appendix A for details of the legislative requirements). The AGS should be reviewed and then approved by an authority body prior to being signed by the leading member and the authority's chief executive. Typically, audit committees undertake the role of reviewing the AGS prior to approval.

Statutory and professional guidelines will determine when the AGS goes before the audit committee for review. These are set out in **Financial reporting** and in more detail in Appendix A. CIPFA recommends that the AGS is first reviewed by members of the audit committee at an earlier stage to allow comments and contributions to be made. The AGS must be current at the time it is published, so the audit committee should review it before final approval.

When the AGS is taken to the audit committee for review, it provides an opportunity to sense check the content, ensuring it is consistent with other information and is understandable to a lay reader.

The audit committee should be made aware of any updates to guidance on the AGS issued by CIPFA.

In March 2022, CIPFA's Practice Oversight Panel published an **advisory note on governance**. The note emphasises the importance of ensuring that annual reviews of governance and the AGS are robust. An effective audit committee is one important aspect of ensuring adequate internal challenge.

Other accountability reports

The audit committee may be asked to comment on or review other accountability reports. If this is consistent with the purpose of the committee, then it may be appropriate – for example, if the report included extracts from the financial statements or AGS. It should always be clear whether the committee is being asked to formally endorse any report and consider whether this involves duplication with the work of other committees.

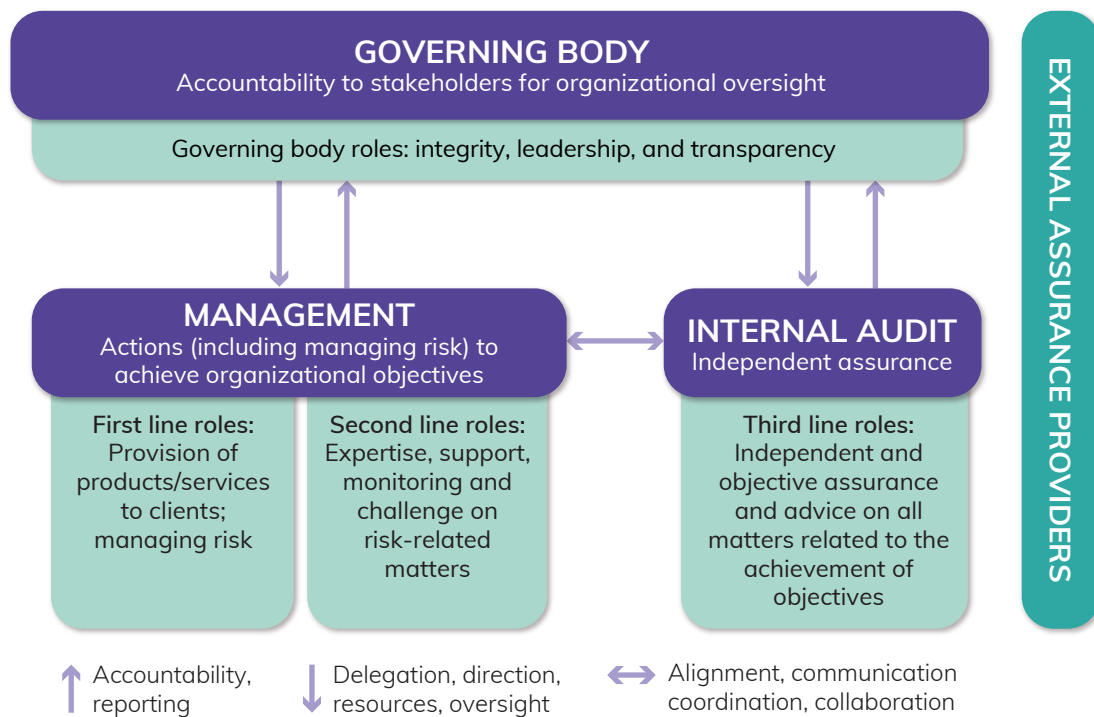
SUPPORTING ARRANGEMENTS FOR AUDIT AND ASSURANCE

Assurance frameworks and assurance planning

The organisation's leadership team should establish arrangements to provide them with assurance. The purpose of assurance is to provide greater certainty over the operation of internal control arrangements and the implementation of policies and decisions. In practice, an organisation will have a range of different means of obtaining assurance, some of which will already be embedded in management arrangements. Taken together, the suite of assurances forms the framework of assurance for the organisation. Some organisations have taken steps to map or summarise their arrangements in diagrammatic or tabular form.

CIPFA is in the process of establishing more detailed guidance for leadership teams on assurance frameworks, including high-level principles to define assurance frameworks. The purpose of this will be to raise awareness of assurance and the different forms it can take. Developing CIPFA guidance will include the **Three Lines Model** developed by the Institute of Internal Auditors (IIA).

Figure 1: The IIA's Three Lines Model



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Having a good understanding of different sources of assurance is important:

- for managers and the leadership team, to have confidence in how things work in practice
- for the audit committee, to help them fulfil their responsibilities
- for internal auditors, to inform risk assessments, supplement the direct independent audit work the team undertakes, and to inform the head of internal audit's annual opinion.

As well as understanding the organisation's arrangements for obtaining assurance, the audit committee should ensure that it receives the assurances necessary to support its annual report and to play its part in reviewing the AGS. While internal audit and external audit will be significant contributors to the overall assurance, the committee will need to be proactive in specifying additional areas where assurance is needed.

External audit

Audit committees have a role to play in relation to the appointment of external auditors. This role varies between England, Scotland, Wales and Northern Ireland, primarily due to the change in appointment procedures for English authorities with the closure of the Audit Commission and the introduction of new local audit arrangements under the **Local Audit and Accountability Act 2014**.

In Scotland, Wales and Northern Ireland, national audit agencies are responsible for the audits of local bodies. In England, authorities have the option to appoint auditors themselves via means of an auditor panel (individually or jointly with other bodies) or through Public Sector Audit Appointments (PSAA), which has been established by the Local Government Association (LGA) and specified as an 'appointing person' under the 2014 Act. For further information on auditor panels and the role of the audit committee, see CIPFA's **Guide to Auditor Panels** (2015).

The audit committee's role in appointment is generally to express an opinion on the selection and rotation of the external auditor through whichever method is applicable for the organisation. The audit committee's objective is to support auditor independence and effective arrangements and relationships with the auditors.

In England, for all opted-in bodies, PSAA appoints the auditor following consultation with the body. Otherwise, the audit committee will work alongside the auditor panel, which will oversee the local appointment process. Where the audit committee members meet the requirements of an auditor panel as defined in regulations supporting the 2014 Act, then the committee can operate as an auditor panel itself and make recommendations on the appointment of the local auditor. Regard must be had for the 2014 Act and regulations if the committee is nominated as an auditor panel.

Supporting independence

The independence of auditors is critical for confidence in the audit opinion and audit process. For this reason, there is extensive guidance from the Financial Reporting Council (FRC) for external auditors on the need to safeguard independence and objectivity. These rules apply to all auditors across all sectors. In addition, the national audit bodies issue guidance to auditors on safeguarding integrity, objectivity and independence. It is an important role for an audit committee to help guard against threats to independence and to satisfy itself that the external auditor's independence is safeguarded. The critical issue of independence will be considered when the external auditor is appointed, but the audit committee's role will be to monitor on an annual basis, or more often when required.

Each year, the external auditor will disclose to the committee an assessment of whether it is independent. This disclosure should include any significant facts that could impact, or be seen to impact on, independence and objectivity, together with any safeguards put in place. The audit committee should use this opportunity to discuss with the external auditor their assessment of threats to independence and any safeguards. The table below summarises the potential threats that external auditors need to consider and manage.

Understanding the potential threats to external independence

Self-interest threat

This is where there are, or are perceived to be, financial or other interests that could impact on the actions of the external auditor. The potential fees from provision of non-audit or additional services to the audited body could fall within this category.

Self-review threat

This is where the audit could include a review of work performed or services or advice provided by the same firm or team.

Management threat

This is where the auditor has become involved in or associated with decision making at the audited body.

Advocacy threat

This is where the auditor has taken on an advocacy role for the audited body or supports the management in an adversarial or promotional context.

Familiarity (or trust) threat

This is where familiarity or close personal relationships mean that the external auditor is insufficiently questioning or accepting in forming audit judgements.

Intimidation threat

This is where the conduct of the external auditor is influenced by fear or threats from individuals in the audited body.

Full details of the threats are set out in the [Revised Ethical Standard 2019](#) (FRC).

Receiving and considering the work of external audit

The timetable of external audit work will be shaped by the appropriate Code of Audit Practice under which the audit is being undertaken and the appropriate regulations of the nation.

From time to time, there may be disruption to the routine timetable of audit. For example, the impact of the pandemic and recent difficulties experienced in England by local audit firms have contributed to delays. Where this is the case, the audit committee should actively monitor changes to timetables and audit plans, supporting good communication between the auditor and the authority to manage difficulties in the best possible way. Those officers responsible for liaising with the external auditor should ensure the audit committee is kept informed and any difficulties drawn to their attention at an appropriate stage.

One of the recommendations of the Redmond Review ([Independent review into the oversight of local audit and the transparency of local authority financial reporting](#)) was that the external audit annual report should be submitted to full council by the external auditor. The rationale behind the recommendation was that there were examples where serious issues raised with the audit committee by the external auditor were not then escalated to full council. As all councillors are “charged with governance”, they should be aware of serious issues and the overall results of the audit.

In addition, full council is more visible to the public than the audit committee, so it supports greater transparency. When this recommendation was considered by the stakeholder group advising DLUHC, it was considered important for the audit committee to receive the external auditor’s reports, allowing more in-depth discussion and formulation of recommendations for action in response to issues raised. It suggested that the annual report should be presented to full council in the way suggested by Sir Tony to improve transparency and strengthen the governance response, but it should also be accompanied by a report from the audit committee setting out its suggested response to the report. This was discussed in the technical consultation issued in July 2021 and CIPFA would support this approach.

Although the specific recommendation related to English local authorities, CIPFA would recommend that authorities in the rest of the UK also consider adopting a similar approach, if they do not do so already.

Supporting the quality and effectiveness of the external audit process

The audit committee should support the quality and effectiveness of the external audit process:

- at the planning stage, understanding and commenting on external audit plans, assessment of risks and proposed areas of focus, and deployment of audit effort in response to identified risks
- during the external audit process, including:
 - assessing whether the external auditor has a good understanding of the authority
 - how the external auditor has responded to areas of audit risk
 - actions taken to safeguard independence and objectivity
- at the reporting and finalisation stages:
 - ensuring there is feedback from key people such as the CFO and the head of internal audit on the conduct of the audit
 - supporting the auditor’s annual report to the full council, PCC, chief constable or other body as appropriate on the results of its considerations with the audit committee report.

In monitoring the quality of the external audit provision, the audit committee should be briefed on any relevant issues around quality that emerge from the regulation of external audit – for example, the quality reports from the FRC and contract monitoring reports from PSAA. Links to useful resources are provided at the end of the section.

There should be an opportunity for the audit committee to meet privately and separately with the external auditor, independent of the presence of those officers with whom the auditor must retain a working relationship.

Supporting audit quality

The audit committee should be an advocate for high audit quality. Ensuring that quality is maintained provides confidence in the audit opinion and recommendations. In its interactions with the auditors, the committee should be alert to the culture of the auditor and its regard for quality, its customer focus and how the firm creates a positive audit culture. The FRC's recent report **What Makes a Good Audit?** (2021) highlights the importance of governance and leadership in the audit firm.

Senior leadership must live and drive the right values, ethics and behaviours that support high audit quality throughout the firm. There must be a clear link between remuneration/ promotion and audit quality. Learning from audit inspections (internal and external) must be shared across the audit practice and understood, including the sharing of good practice identified within the firm or from external reviews. There must also be an emphasis on the public interest role of audit. At the larger firms, Independent Non-Executives (INEs) already have an important role to play in holding leadership to account for improving audit quality and for driving an appropriate culture and mindset within audit.

What Makes a Good Audit? (FRC, 2021)

The committee should ask about the auditor's approach to audit quality, including the support and training provided to the team on specialist areas within the scope of the audit. This is a particular consideration in England where audits are undertaken by a firm, as the team may not consist of auditors with extensive local audit experience. It should be noted that the key audit partner must have that experience and knowledge. This was an issue raised by the Redmond Review, and work to improve and support auditors is ongoing. For the firms, achieving improvements in this area is challenging, given wider issues around shortages of appropriate skilled auditors.

The audit committee needs to work with auditors and key officers to ensure that there is a shared understanding of objectives, expectations and outcomes from the audit. It is likely that the committee members will need support and training to improve their knowledge and understanding in this area unless they have had prior experience.

Where there are difficulties in the relationship between auditor and client, the audit committee should seek to support and resolve in an objective way that helps the delivery of a quality and timely audit.

Assessing audit quality

In determining the committee's role in reporting on external audit, CIPFA has taken account of requirements in other sectors. The **UK Corporate Governance Code** (FRC, 2018) expects the audit committee to report annually on its assessment of the independence and effectiveness of external audit. The audit committee annual report should also include a section on external audit. This is addressed in **Independence and accountability**.

The FRC published **Audit Quality: Practice Aid for Audit Committees** in 2019 to help support audit committees. It should be noted that this is not tailored to audit committees in local

government, but some general principles remain relevant for an authority committee. Suggested good practice would be to consider the following areas:

- How the auditor interacts with the audit committee. Examples could include how auditors respond to questions or challenge from the committee and whether communications are open, constructive, informative and regular.
- Evidence from management. For example, the audit committee could ask management for evidence where auditors have challenged judgements and estimates.
- Asking auditors how they have demonstrated professional scepticism.
- Considering how well the auditor has met the agreed audit plan and addressed the risks it has identified.
- The quality of the audit report. For example, is it helpful and does it avoid generic 'boiler plate' content?

The audit committee should also review reports and assessments on their contracted auditor. The national audit bodies publish external reviews of their quality arrangements, and the FRC publishes an annual report of the local audit quality reviews undertaken for each firm. The committee should consider the conclusions on audit quality and areas for improvement and discuss with the auditor if appropriate. In England, PSAA may also publish reviews of interest to the committee on their monitoring of the audit contracts and satisfaction surveys, etc.

References and useful resources

[Financial audit quality arrangements](#) (Audit Wales)

[Major Local Audits: Audit Quality Inspection](#) (FRC, 2021)

[Managing audit quality](#) (PSAA)

[Quality of public audit in Scotland annual report 2021/22](#) (Audit Scotland)

[Quality assurance review 2021 executive summary](#) (Northern Ireland Audit Office)

Internal audit

The audit committee has a clear role in relation to oversight of the authority's internal audit function. From 1 April 2013, internal auditors throughout local and central government and health have had to follow the PSIAS, and for local government bodies, the [Local Government Application Note \(LGAN\) for the UK PSIAS](#) (CIPFA, 2019). All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015, the Accounts and Audit (Wales) Regulations 2014, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 must make provision for internal audit in accordance with the PSIAS and LGAN.

The PSIAS include the mission of internal audit, code of ethics, definition of internal auditing and the core principles for the professional practice of internal auditing, and together these highlight the importance of effective internal audit to those in the organisation who are responsible for governance.

In its adoption of the PSIAS and LGAN, each authority should consider which committee or individual is the most appropriate to fulfil the role of the board in relation to internal audit. In determining the functional reporting arrangements of internal audit, the authority will need to bear in mind the need to preserve the independence and objectivity of internal audit as required by the PSIAS. It is for these reasons that in the LGAN, CIPFA expressed an expectation that the audit committee would fulfil the role of the board usually.

The role of the audit committee in relation to internal audit is to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

Those audit committees that operate under the Local Authority Accounts (Scotland) Regulations 2014 and the Accounts and Audit (Wales) Regulations 2014 must conduct a review of the effectiveness of their internal audit annually (Appendix A includes details of the relevant regulations). The audit committee should consider internal audit's quality assurance and improvement programme (QAIP) when conducting such a review.

The **CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations** (2019) states that engagement between the head of internal audit and the audit committee is a crucial component of delivering an effective internal audit service. For the head of internal audit to operate an effective internal audit arrangement, the authority has a responsibility to ensure that they can operate effectively and perform their core duties. This responsibility exists regardless of the method of delivery of internal audit, whether in-house, outsourced or through some form of shared arrangement. The audit committee plays an important role in supporting the effectiveness of those arrangements in accordance with the CIPFA statement.

The committee should develop sufficient understanding of the effectiveness of internal audit and its adherence to professional standards. While helping to ensure that the right organisational arrangements are in place to support the internal audit service, the committee should also hold internal audit to account for the following:

- Conformance with professional standards.
- Effective management of resources.
- Focus on risks and assurance needs.
- Delivery of required outputs.
- Impact.

In 2022, CIPFA published **Internal audit: untapped potential** – a research report examining how internal audit supports public sector organisations and opportunities for the future. It features the results of an extensive survey that included management clients and audit committee members, as well as internal auditors. Included within are recommended topics that audit committee members should consider and discuss with their head of internal audit to help ensure that their organisation is getting the best out of internal audit.

Guiding the audit committee – wider functions

WIDENING THE WORK OF THE COMMITTEE

This chapter sets out relevant guidance where additional responsibilities are brought within the scope of the committee. The scope should not be extended so broadly that the committee effectively becomes a joint committee with other priorities. The areas covered in the guidance are relevant as a result of legislation or other standards.

WALES

Governance and audit committees in Wales will need to have regard to the Local Government and Elections Wales Act 2021 in agreeing their terms of reference and conducting business.

The significant difference is the requirement to review the draft self-assessment or panel assessment report and make recommendations. The performance assessments are a new requirement introduced by the 2021 Act. Statutory guidance has been produced in **Performance and governance of principal councils** (2021).

In undertaking this role, CIPFA recommends distinguishing between the committee and the performance monitoring that scrutiny committees will have undertaken, which will be a contributory part of the self-assessment.

To enable the committee to perform its role effectively, members will need to be briefed on the requirements of the Act and supporting statutory guidance.

TREASURY MANAGEMENT

CIPFA's **Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes** (2021) requires all local authorities to adopt four clauses defining responsibilities for treasury management.

It is possible for the audit committee to be nominated to undertake the scrutiny role.

This organisation nominates (name of responsible body/committee) to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Where the audit committee has been nominated, it should be aware that it needs to undertake a scrutiny role in accordance with the Treasury Management Code, in addition to any oversight of governance, risks and assurance matters relating to treasury management that it would consider as an audit committee. It is not appropriate for the audit committee to undertake any of the other roles outlined in the Treasury Management Code clauses, as these are executive and decision-making roles rather than a scrutiny role.

Treasury management is a specialist area, so it is likely that committee members will require training, guidance and support when undertaking scrutiny. Specific areas of knowledge and skills are identified in Appendix C, and these can be used to support a training needs assessment and to plan development.

SUPPORTING CORPORATE IMPROVEMENT PROGRAMMES

Where an authority has undergone an external inspection, peer review or other intervention, an improvement programme will be developed. It will be important for the audit committee to play its part in supporting the effective implementation of agreed actions.

The primary role of the committee is to receive assurances that implementation of the programme is on track. The programme will have links to external audit reports, future audit risk assessments and the AGS, so it is important that the committee is aware of the overall progress. A significant programme may have a dedicated board that can provide an update to the committee to fulfil its assurance needs.

There may be aspects of the programme that directly link to the work of the committee – for example, the adequacy of financial management arrangements or internal audit. In such cases, the committee may be more actively involved in monitoring progress.

Independence and accountability

INTRODUCTION

CIPFA is keen that each local authority or police body adopts an audit committee model that achieves its purpose and functions successfully. CIPFA's recommended best practice is intended to support the development of effective arrangements and should not be regarded merely as a compliance checklist.

For a local authority, in CIPFA's view, it is best practice for the audit committee to report directly to council rather than to another committee, as the council itself most closely matches the body of 'those charged with governance.' In the police sector, both the PCC and chief constable are separate corporations sole, so each will fulfil the role of 'those charged with governance.'

In establishing the audit committee within the governance structure of the authority, three key elements should be considered:

- Any statutory guidance applicable to the sector.
- Independence from the executive and political allegiances.
- How the structure of the committee can support its effective operation.

Each of these elements is considered in more detail in the following sections.

SECTOR AND DEVOLVED GOVERNMENT GUIDANCE

The local authority and police sectors are subject to differing laws and regulations according to both sector and devolved national governments. Those affecting audit committees are set out in Appendix A. While there is broad similarity in the guidance across the UK, there are differences because of specific statutory guidance and regulations, including:

- statutory requirements for audit committees in Wales
- statutory requirements for combined authorities to establish an audit committee
- statutory guidance underpinning the operation of police audit committees in England and Wales.

Audit committees in Wales have a clear statutory role established by the **Local Government (Wales) Measure 2011** and updated in the **Local Government and Elections (Wales) Act 2021**. The Welsh Government has provided statutory guidance on the implementation of the measure's requirements, and local authorities in Wales must have regard to this guidance.

The Cities and Local Government Devolution Act 2016 requires combined authorities to establish an audit committee where at least one member must be appointed as an independent member.

The Home Office's **Financial Management Code of Practice for the Police Forces of England and Wales** (the FMCP) (2018) requires PCCs and chief constables to establish an independent audit committee. This is an advisory committee to both the PCC and the chief constable, both of whom are established as a corporation sole.

The **Policing and Crime Act 2017** enables a PCC in England (following local consultation and approval from the secretary of state) to take on the governance of their local fire and rescue service(s) to become a PCC fire and rescue authority (PCC FRA). The 2018 edition of the FMCP includes guidance concerning audit committees in this event.

Those supporting audit committees should be aware of other regulations, including the appropriate accounts and audit regulations for England, Scotland, Wales and Northern Ireland. These regulate functions such as internal audit and the timing of the AGS review and the accounts. These functions should be undertaken by the audit committee, and the committee should have regard to the regulations.

STRUCTURE AND INDEPENDENCE

Ensuring a dedicated audit committee

In some local authorities, the audit committee has been combined with other committees. CIPFA recommends that the audit committee should have no other functions, and explicitly no decision-making role. The most common combinations adopted by authorities have been an audit and scrutiny committee or audit and standards committee. CIPFA recommends these are separated.

Sometimes the audit committee is given a different title, such as 'governance and audit' or 'audit and risk' committee. This would not be a problem if the terms of reference are consistent with the **CIPFA Position Statement**. Care should be taken to not delegate additional responsibilities that conflict with or dilute the audit committee focus.

The Centre for Governance and Scrutiny published **Audit committees and scrutiny committees: working together** (2021) to help understand the difference between scrutiny and audit committees. CIPFA contributed to the resource to help ensure it was consistent with its 2018 guidance on audit committees. It helps scrutiny members understand how the audit committee role is different but complementary and identifies opportunities for the committees to work constructively together.

Committee size

Police audit committees should follow the FMCP guidance on a committee size of three to five members. In determining size, consider the quorum for meetings, as three allows little flexibility for meeting quorum at every scheduled meeting.

The sections on **Membership** and **Accountability** cover the composition of the committee between elected members and co-opted independents in an authority.

Committee size and composition are subject to legislation in some local authorities but not all.

Appendix A sets out the legislation for Wales and combined authorities in England.

In sectors outside local government, it is typical for audit committees to have fewer than six members. Among local authorities, there is a range of practice, including some committees that exceed ten members. In the sector, it can be harder to achieve the depth of knowledge and experience that is desirable with a small number, but equally it can be difficult to provide training and development for a large group.

CIPFA's recommendation is that a committee size of no more than eight members should be established. This allows sufficient breadth of experience but is small enough to allow the training and development of a dedicated group.

CIPFA also recommends that the use of substitutes on the committee is avoided. Substitute members are less likely to have received relevant training. It also disrupts the continuity of the committee, where committee members can build on information received in previous meetings. We have found that where committee members are regularly substituted, it is an indication of lack of engagement with the committee's purpose and agenda.

Audit committees for collaborations

Where an authority has a significant level of joint or collaborative working, there may be some value in considering the constitution of a shared audit committee. This will be particularly appropriate if there is a shared management team and single functions for finance, audit and risk management. There will need to be a formal agreement that sets out how the balance of representation between the partners will be decided, reporting lines and how the chair will be selected.

Delegated decision making and voting rights

Currently, some authorities have delegated decisions such as the approval of the financial statements to the audit committee. This takes the audit committee beyond its advisory role. It also means that authorities will need to have regard to Section 13 of the **Local Government and Housing Act 1989**, which relates to the voting rights of non-elected committee members. Independent members cannot vote on matters for decision, whereas making recommendations to another decision-making body would not be impacted.

CIPFA recommends that the audit committee remains an advisory committee and does not have delegated powers.

ADMINISTRATIVE AND OPERATIONAL ARRANGEMENTS

In planning the number and timing of meetings and the committee agendas, key dates in the reporting and audit cycle will be important. In addition, the need for the committee to meet the expectations of auditing standards (both internal and external audit) in providing appropriate oversight will mean space on agendas should be found for these topics.

The CIPFA *Statement on the Role of the Head of Internal Audit in Public Service Organisations* (2019) emphasises the importance of organisational support for the role, including direct reporting lines to the audit committee and good engagement between the committee and head of internal audit. Providing the facility for private meetings between the head of internal audit and the audit committee will signal the importance of maintaining the independence of internal audit.

While private meetings between the committee and internal and external audit help to build a trusted relationship, those concerned should always make sure that the meeting is not used as a substitute for escalating governance concerns with responsible officers. The private meeting should always be in accordance with other principles of good practice – non-political and supporting transparent and accountable good governance.

Ensuring there is good support for the committee in agenda planning, minute taking, guidance and communications will help to build member confidence in the committee.

Providing a protocol about access to information that includes provision for co-opted independents will help to ensure clarity for both the committee members and officers. Members need to be confident that they have sight of relevant information in a timely way. There may be operational reasons why information is not immediately available or has to be treated in confidence, but it is important to explain this adequately.

ACCOUNTABILITY AND THE ANNUAL REPORT

CIPFA has recommended that the audit committee should produce an annual report since the 2013 edition of this guidance. In this latest edition, the annual report is given greater prominence and has been included in the Position Statement. The report should be used to provide accountability to those charged with governance on compliance with the Position Statement and performance and provide assurance over the areas within its terms of reference.

The timing of the report will need to take account of whether there will be changes in committee membership – for example, because of elections or rotation of committee members at annual meetings. The conclusions of the report can support the AGS.

It is for the committee chair to prepare the annual report in consultation with the members, although some support may be required to check accuracy or provide supporting information. Developing the report will ensure the committee is better placed for any future policy developments that might expect more from accountability disclosures.

Membership and effectiveness

COMPOSITION AND OPERATION OF THE COMMITTEE

The composition of the committee will be one of the key factors in achieving a good audit committee. Some local government bodies will need to follow specific rules on composition. These are referenced below.

The composition of the audit committee for Welsh local authorities is determined by the Local Government and Elections (Wales) Act 2021, which requires local authority audit committees to have one-third lay members and a lay member as chair. The 2021 Act amended the Local Government Measure 2011, which established that only one of the committee's members may be from the council's executive, and this must not be the leader or the elected mayor.

Combined authorities in England are required to establish an audit committee by the Cities and Local Government Devolution Act 2016. The Act and the subsequent **Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017** require combined authority audit committees to include at least one independent member. The definition of independent is set out in Part 4 of the Order.

The FMCP determined that audit committees in policing must be composed solely of independent members.

POLITICAL BALANCE

One factor that is important for the success of the committee is ensuring a non-political approach to meetings and discussions. Any audit committee that is a properly constituted committee of a local authority will need to abide by the rules concerning political balance, as outlined in Section 15 of the Local Government and Housing Act 1989. When establishing a joint audit committee, the political balance of both authorities will need to be considered.

The **Local Government (Democracy) (Wales) Act 2013** inserted a requirement into the 2011 Measure for the audit committee to be politically balanced. This has not changed as a result of the 2021 Act.

The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 requires the audit committee to be politically balanced, taking into account the constituent councils.

Where the committee is strictly advisory and not subject to other requirements, full council can vote to waive the political balance requirement and specify other criteria to decide who should serve on the committee. For example, the selection of members with relevant knowledge and expertise could be prioritised.

The length of tenure of an elected representative on the committee will be influenced by the need to maintain political balance (if applicable) as well as other factors. In principle, establishing continuity on the committee is helpful to make the best of knowledge and experience. Some

rotation is also helpful to bring in a new perspective. CIPFA would suggest that two full terms on the committee would be a reasonable maximum.

APPOINTING THE CHAIR OF THE COMMITTEE

Unless there is specific legislation or guidance in place on the selection of the committee chair, authorities can determine their own approach. To try and emphasise the independence and apolitical nature of the committee, some authorities specify that the position should be occupied by an 'opposition' member. This approach may be appropriate for some but will not be possible for all authorities – for example, where there are few opposition members.

CO-OPTED INDEPENDENTS

Definition of a co-opted independent or lay member

There are some definitions set out in legislation for some audit committees but not all.

The Local Government and Elections (Wales) Act 2021 defines a lay member as a person who:

- is not a member or an officer of any local authority
- has not been a member or an officer of any local authority in the last 12 months
- is not the spouse or civil partner of a member or officer.

Co-opted independent members of audit committees for combined authorities should be in accordance with the 2017 Order as follows.

- Not a member, co-opted member or officer of the authority.
- Not a member, co-opted member or officer of a parish council in the area of the principal authority.
- Not a relative or close friend of one of the above.
- Not a member, co-opted member or officer of the authority or parish council in the last five years.

There are no statutory definitions of 'independent' for audit committee members in local authorities in England, Scotland or Northern Ireland.

The independent members of the police audit committees in England and Wales must all be independent of the PCC and the force. The FMCP does not define this any further.

Where there is no established definition, authorities are recommended to establish their own policy before commencing recruitment. This will provide clarity to potential candidates and support the independence of the committee. CIPFA would suggest alignment to the combined authority requirements as the basis for a suitable policy.

As long as any requirements are met, it is possible for an individual to be a co-opted member of more than one local government body.

MAKING BEST USE OF INDEPENDENT MEMBERS

There are some potential pitfalls to the use of independent members that should also be borne in mind.

- Over-reliance on the independent members by other committee members in local authorities can lead to a lack of engagement across the full committee.
- A lack of organisational knowledge or 'context' among the independent members when considering risk registers or audit reports.
- Both independent members and officers/staff must try to establish an effective working relationship and appropriate protocols for briefings and access to information.

These factors should be considered when developing the committee structure and plans put in place to provide an appropriate level of support to the audit committee member.

Role descriptions for co-opted independent members

Where the authority is recruiting members to co-opt onto the audit committee, a clear role description should be established. The following areas should be addressed:

- The role of the co-opted independent, including expected time commitment and location of meetings.
- The suggested appointment period and options for renewal (two terms would be a suggested maximum appointment period).
- The definition of 'independent' applicable to the role.
- Any restrictions or conflicts of interest that would make a candidate unsuitable. As the role is non-political and requires working with elected representatives in a local authority, it is recommended that candidates should not be political party members.
- Vetting requirements (particularly for police committee members).
- Desired knowledge, experience and skills.
- Remuneration and expenses.
- The expected conditions of engagement, including adherence to the authority's code of conduct, disclosure of interests, etc.

Consideration should also be given to attracting suitable candidates. While it is up to each authority to decide, authorities may want to consider the following:

- Selecting candidates beyond the local area. If candidates are able and willing to travel to attend the required meetings and supporting activities, then living outside the authority area should not be a barrier to suitability.
- Working with other authorities in the region to promote and support opportunities to be an independent member.
- Advertising nationally or using specialist agencies if professional knowledge and skills are required.
- Promoting the role through means in addition to advertising. For example, a change to the constitution of the audit committee could be part of a wider governance improvement programme that could be publicised locally or through council channels of communication.
- Council orientation and support that will be provided in the role.

- The opportunity for an informal discussion on the role with a senior officer or committee chair.
- Ensuring an easy application process (see below).

Under the combined authorities order, the vacancy must be publicly advertised.

Selection process

The authority's HR team will be able to advise on the process for recruitment. Normal practice in recruitment for non-executive roles such as this will be a CV and supporting letter, and adopting this approach may assist in attracting candidates. This may be a deviation from the process of recruiting a member of staff, however, so early discussion with HR is advised.

The format of selection is for the authority to decide, but inclusion of the current committee chair in some way would be helpful for the candidate.

As well as a formal interview, candidates could be invited to meet the PCC, chief constable or deputy chief constable, senior councillors or officers to emphasise the value of the committee.

Supporting members of the committee

Establishing a training programme and ongoing support for committee members is essential to ensure that they can confidently and effectively discharge their responsibilities. Establishing a budget will ensure that training can be ongoing rather than ad hoc.

Exact needs will depend on the composition of the committee and members' existing knowledge and experience. The following table sets out the core elements.

Development area	Core content	Target audience
Induction – the authority	<p>Introduction to the authority, including:</p> <ul style="list-style-type: none"> • governance structures • plans, strategies and priorities of the authority • local government context. 	Primarily for co-opted independent members who are new to local government/police.
Induction – the audit committee	<ul style="list-style-type: none"> • Terms of reference. • CIPFA Position Statement and guidance. • Key relationships – CFO, head of internal audit, external auditor, committee support. 	All members new to the committee.
Core knowledge areas	<p>Basic knowledge for all areas outlined in the knowledge framework.</p> <ul style="list-style-type: none"> • Good governance and ethical framework • Risk management • Internal controls • Financial management • Value for money • Counter fraud and corruption • Partnerships and collaborations • Assurance framework • Financial reporting • Annual governance statement • Internal audit • External audit • Treasury management (where applicable) • Performance assessment (Wales) (where applicable) 	All members of the committee, tailored appropriately to existing knowledge.
Briefings and guidance	<p>Targeted support for members on:</p> <ul style="list-style-type: none"> • aspects where members need additional support, eg guidance on understanding the financial statements • the development of more in-depth knowledge and understanding • ad hoc briefings on new developments in the sector (for example CIPFA’s audit committee update resource, horizon scanning updates from external auditors, etc) • updates on new developments or changes at the authority. 	<p>All members.</p> <p>Co-opted independent members.</p>
Webinars, training and networking events	<ul style="list-style-type: none"> • Attending relevant webinars or events to develop more in-depth knowledge or updates. • Networking and sharing with audit committee members in other authorities to learn from others and build a network of support. • A range of formal events and webinars are available from a range of providers, eg regional forums. 	Chairs and all members

Training needs analysis

It is helpful to undertake an analysis of training needs to identify which areas should be prioritised for training and support. Some of the core areas involve technical standards and are complex – for example, financial reporting, audit quality and treasury management. These will need regular attention to maintain committee effectiveness.

The knowledge framework can help with a training needs analysis. It can be done at any point, but the annual assessment should reflect on whether the analysis is up to date and the planned programme of support sufficient to address the priority areas.

Impact and effectiveness

To develop the committee and provide assurance via the annual report, it is recommended that the committee is supported in a self-assessment. Alternatively, an independent review can be undertaken.

The appendices provide resources to support self-assessment and to encourage reflection on the impact that the committee has.

CIPFA has identified key indicators to inform the performance review of the audit committee. These indicators are all aspects of governance, risk, control and audit that are within the audit committee's scope of influence. While they are not solely within the control of the audit committee, weakness in these areas could indicate that the audit committee is failing to have sufficient impact.

Problem solving

Where self-assessment indicates problems, or where those interacting with the committee report it to be under-performing, swift diagnosis and action should be planned. Appendix D highlights some areas of difficulty the committee might experience. Usually, problems arise because of misapprehension of the committee's role or inadequate training or support. Occasionally, behaviours from individual members can also contribute. These issues may be more difficult to resolve, especially if they are symptomatic of wider governance problems in the authority.

Significant weakness in the audit committee is likely to be highlighted by the external auditor as part of their governance review or as part of a peer review.

Sector and devolved government guidance

PART 1: COMPARISON OF SECTOR AND DEVOLVED GOVERNMENT REGULATIONS AND GUIDANCE ON KEY AREAS RELATING TO AUDIT COMMITTEES

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
Specific legislation or statutory guidance	<p><u>Cities and Local Government Devolution Act 2016.</u></p> <p><u>Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.</u></p>	<p><u>Local Government (Wales) Measure 2011</u> as amended by the <u>Local Government (Democracy) (Wales) Act 2013.</u></p> <p><u>Local Government and Elections (Wales) Act 2021.</u></p>	<p><u>Financial Management Code of Practice for the Police Forces of England and Wales (FMCP)</u> (Home Office, 2018).</p>	Not applicable
Establishment of an audit committee	Required	Required	Required It is recommended that this should be a combined body for both PCC and chief constable.	No guidance
Composition of the audit committee	<p>Committees must have at least one independent person as defined by guidance.</p> <p>The committee should reflect the political balance of the constituent authorities as far as is reasonably practical.</p> <p>The committee may not include an officer of the combined authority or a constituent council.</p>	<p>The committee must have lay persons comprise one-third of its members.</p> <p>The member appointed as the committee chair must be a lay person.</p> <p>The deputy chair must not be a member of the executive or an assistant to its executive.</p> <p>The committee must be politically balanced.</p>	Police audit committees should comprise between three and five members who are independent of the PCC and the force.	No guidance

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
Specified functions of the audit committee	<p>Review and scrutinise the authority's financial affairs.</p> <p>Review and assess the authority's risk management, internal control and corporate governance arrangements.</p> <p>Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions.</p> <p>Make reports and recommendations to the combined authority.</p>	<p>Review and scrutinise the authority's financial affairs.</p> <p>Make reports and recommendations in relation to the authority's financial affairs.</p> <p>Review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority.</p> <p>Make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements.</p> <p>Review and assess the authority's ability to handle complaints effectively.</p> <p>Make reports and recommendations on the authority's ability to handle complaints effectively.</p> <p>Oversee the authority's internal and external audit arrangements.</p> <p>Review the financial statements prepared by the authority.</p>	<p>Consider the internal and external audit reports of both the PCC and the chief constable.</p> <p>Advise the PCC and the chief constable according to good governance principles and adopt appropriate risk management arrangements in accordance with proper practices.</p>	No guidance
Responsibilities of the audit committee in relation to external audit	No guidance	Oversee external audit arrangements.	Review external audit reports.	No guidance

PART 2: GOVERNMENT GUIDANCE BY SECTOR AND DEVOLVED GOVERNMENT ON MATTERS THAT MAY BE INCLUDED IN AUDIT COMMITTEE TERMS OF REFERENCE

Accounts and audit regulations are statutory instruments issued by the UK or devolved governments. The various regulations impose requirements on 'relevant bodies' – eg a local authority, fire and rescue authority or police body – in relation to governance, internal control, financial reporting and internal audit.

The accounts and audit regulations do not specify that these requirements must be met by an audit committee. However, where it is the audit committee of a relevant body that undertakes or reviews the specified task, the audit committee must meet the requirements of the regulations and take them into account in agreeing their terms of reference.

The following is a link for each sector and/or region and the sets of regulations affecting them, highlighting key regulations. The regulations are subject to periodic updates by the appropriate government body, and audit committee members should be made aware of any changes by their organisation.

Local authorities in England (including combined authorities and fire and rescue authorities)	
Relevant government guidance	<u>Accounts and Audit (England) Regulations 2015</u>
Local authorities in Wales	
Relevant government guidance	<u>Accounts and Audit Regulations (Wales) 2014</u> and the <u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u>
Local authorities in Scotland	
Relevant government guidance	<u>Local Authority Accounts (Scotland) Regulations 2014</u>
Local authorities in Northern Ireland	
Relevant government guidance	<u>Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015</u>
Police in England	
Relevant government guidance	<u>Accounts and Audit (England) Regulations 2015</u> (see also the statutory guidance <u>Financial Management Code of Practice for the Police Forces of England and Wales</u> (FMCP) (Home Office, 2018))
Police in Wales	
Relevant government guidance	<u>Accounts and Audit Regulations (Wales) 2014</u> and the <u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u> (see also the <u>FMCP</u>)

Financial reporting deadlines

Amendments affecting the timetables for financial and governance reporting have been introduced to allow for difficulties caused by the COVID-19 pandemic, and in England, difficulties with local audit. Committee members are advised to check the latest positions.

Suggested terms of reference – local authority

INTRODUCTION

This appendix contains suggested terms of reference for local authorities.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

Governance

The terms of reference should set out the committee's position in the governance structure of the authority.

Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance [or *insert appropriate governing body*] that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's **Financial Management Code**.
- To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- 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.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit

- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider additional commissions of work from external audit.

- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
 - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations (see Appendix A).

- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the **CIPFA Position Statement**.

Suggested terms of reference – police

INTRODUCTION

This appendix contains suggested terms of reference for the audit committee of the PCC and chief constable. The police audit committee must ensure that its terms of reference are in accordance with the FMCP (Home Office, 2018) and remain an advisory body.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

SUGGESTED TERMS OF REFERENCE – AUDIT COMMITTEE OF THE PCC AND CHIEF CONSTABLE

Governance

The terms of reference should set out the committee's position as an advisory committee to support the PCC and chief constable.

Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance risk and control gives greater confidence to the PCC and chief constable that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the OPCC and force.

- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's **Financial Management Code**.
- To consider the OPCC's and force's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the OPCC and force from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval by the PCC and chief constable and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the OPCC's and force's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statements 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.
- To consider the external auditor's reports to the PCC and the chief constable on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the OPCC's and force's framework of assurance and ensure that it adequately addresses their risks and priorities.

External audit

- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.

- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To advise on commissions of additional work from external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To recommend for approval the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To review the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To consider significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to recommend and periodically review safeguards to limit such impairments.
- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
 - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the OPCC or force, or where there are concerns about progress with the implementation of agreed actions.

- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations (see Appendix A).
- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To report to the PCC and chief constable on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to the PCC and chief constable on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

Audit committee members – knowledge and skills framework

CORE AREAS OF KNOWLEDGE

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Organisational knowledge	<ul style="list-style-type: none"> An overview of the authority's governance structures and decision-making processes. Knowledge of the organisational objectives and major functions of the authority. 	<ul style="list-style-type: none"> This knowledge will be core to most of the audit committee's activities, including the AGS review, internal and external audit reports and risk registers.
Audit committee role and functions	<ul style="list-style-type: none"> An understanding of the audit committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee. 	<ul style="list-style-type: none"> This knowledge will enable the audit committee to prioritise its work to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. It will help the committee undertake a self-assessment and prepare its annual report.
Governance	<ul style="list-style-type: none"> Knowledge of the seven principles as outlined in <u>Delivering Good Governance in Local Government: Framework</u> (CIPFA/Solace, 2016). The requirements of the AGS. How the principles of governance are implemented locally as set out in the local code of governance. 	<ul style="list-style-type: none"> The committee will review the local code of governance and consider how governance arrangements align to the principles in the Framework. The committee will plan the assurances it is to receive to adequately support the AGS. The committee will review the AGS and consider how the authority is meeting the principles of good governance. The committee will receive audit reports and information on risks relating to governance.

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Internal audit	<ul style="list-style-type: none"> • An awareness of the key principles of the PSIAS and the LGAN. • Knowledge of the arrangements for delivery of the internal audit service in the authority and the charter. • How the role of the head of internal audit is fulfilled. • Details of the most recent external assessment and level of conformance with the standards. • Internal audit's strategy, plan and most recent annual opinion. 	<ul style="list-style-type: none"> • The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards. • The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. • The committee will also receive the annual report, including an opinion and information on conformance with professional standards. • In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed. • The audit committee chair is likely to be interviewed as part of the external quality assessment, and the committee will receive the outcome of the assessment and action plan.
Financial management and financial reporting	<ul style="list-style-type: none"> • Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. • An understanding of good financial management practice as set out in the CIPFA <u>Financial Management Code</u> (FM Code) and the level of compliance with it. • Knowledge of how the organisation meets the requirements of the role of the CFO as required by <u>The Role of the Chief Financial Officer in Local Government</u> (CIPFA, 2016) and <u>The Role of CFOs in Policing</u> (2021). • An overview of the principal financial risks the authority faces. 	<ul style="list-style-type: none"> • Reviewing the financial statements prior to publication, asking questions. • Receiving the external audit report and opinion on the financial audit. • Reviewing both external and internal audit recommendations relating to financial management and controls. • The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS.
External audit	<ul style="list-style-type: none"> • Knowledge of the role and functions of the external auditor and who currently undertakes this role. • Knowledge of the key reports and assurances that external audit will provide. • Familiarity with the auditor's most recent plan and the opinion reports. • Knowledge about arrangements for the appointment of auditors and quality management undertaken. 	<ul style="list-style-type: none"> • The audit committee will meet with the external auditor regularly and receive their reports and opinions. • Monitoring external audit recommendations and maximising the benefit from the audit process. • The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service.

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Risk management	<ul style="list-style-type: none"> Understanding of the principles of risk management, including how it supports good governance and decision making. Knowledge of the risk management policy and strategy of the organisation. Understanding of risk governance arrangements, including the role of members and of the audit committee. Knowledge of the current risk maturity of the organisation and any key areas of improvement. 	<ul style="list-style-type: none"> In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements. Awareness of the major risks the authority faces is necessary to support the review of several audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee. The committee should also review reports and action plans to develop the application of risk management practice.
Counter fraud	<ul style="list-style-type: none"> An understanding of the main areas of fraud and corruption risk that the organisation is exposed to. Knowledge of the principles of good fraud risk management practice in accordance with the <u>Code of Practice on Managing the Risk of Fraud and Corruption</u> (CIPFA, 2014). Knowledge of the organisation's arrangements for tackling fraud. 	<ul style="list-style-type: none"> Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy. An assessment of arrangements should support the AGS, and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment.
Values of good governance	<ul style="list-style-type: none"> Knowledge of the Seven Principles of Public Life. Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (eg code of conduct). Knowledge of the whistleblowing arrangements in the authority. 	<ul style="list-style-type: none"> The audit committee member will draw on this knowledge when reviewing governance issues and the AGS. Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported.
Treasury management (only if it is within the terms of reference of the committee to provide scrutiny)	<ul style="list-style-type: none"> <u>Effective Scrutiny of Treasury Management</u> is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <ul style="list-style-type: none"> regulatory requirements treasury risks the organisation's treasury management strategy the organisation's policies and procedures in relation to treasury management. <p>See also <u>Treasure your assets</u> (Centre for Governance and Scrutiny, 2017).</p>	<ul style="list-style-type: none"> Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.

SPECIALIST KNOWLEDGE THAT ADDS VALUE TO THE AUDIT COMMITTEE

More specialist knowledge will add value to the committee, helping to ensure the committee is able to achieve a greater depth of understanding. Including members with specialist knowledge means there is an additional resource to support other members. Specialist knowledge may be demonstrated by professional qualification and prior work experience.

When reviewing the overall knowledge of audit committee members or when planning the appointment of co-opted independent members, it is helpful to look for opportunities to include the following specialisms:

- Accountancy, with experience of financial reporting
- Internal auditing
- Risk management
- Governance and legal
- Expert service knowledge relevant for the organisation
- IT systems and security

CORE SKILLS

As well as technical knowledge, the following skills will enhance an audit committee member's aptitude to be on the committee.

Skills	Key elements	How the audit committee member is able to apply the skill
Strategic thinking and understanding of materiality	Able to focus on material issues and the overall position rather than being side tracked by detail.	When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail.
Questioning and constructive challenge	Able to frame questions that draw out relevant facts and explanations, challenging performance and seeking explanations while avoiding hostility or grandstanding.	The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found.
Focus on improvement	Ensuring there is a clear plan of action and allocation of responsibility.	The audit committee's outcome will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities. Where errors or control failures have occurred, the audit committee should seek assurances that appropriate action has been taken.
Able to balance practicality against theory	Able to understand the practical implications of recommendations to understand how they might work in practice.	The audit committee should seek assurances that planned actions are practical and realistic.
Clear communication skills and focus on the needs of users	Support the use of plain English in communications, avoiding jargon, acronyms, etc.	The audit committee will seek to ensure that external documents such as the AGS and the narrative report in the accounts are well written for a non-expert audience.
Objectivity	Evaluate information based on evidence presented, avoiding bias or subjectivity.	The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses, and the committee member will need to weigh up differing views.
Meeting management skills	Chair the meetings effectively: summarise issues raised, ensure all participants can contribute, and focus on the outcome and actions from the meeting.	These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members.

Problem-solving difficulties with the audit committee

It is not uncommon for audit committees to face difficulties or barriers in fulfilling their potential effectiveness. Some of these may be common issues that audit committees in any sector may face; others may be unique to the local authority or police setting. The following assessment may be of value in helping audit committee members or those supporting the committee to recognise and address the challenges.

Areas of difficulty	Possible causes	Possible improvement options
Lack of experience and continuity of knowledge among audit committee members.	<ul style="list-style-type: none"> Where turnover of membership is very frequent, it will be difficult for the committee to build up experience. 	<ul style="list-style-type: none"> Enhanced level of support and training to members will be required. To enhance continuity, the authority should consider recruitment of independent members.
Audit committee members do not feel confident in their knowledge of particular areas.	<ul style="list-style-type: none"> Lack of training and support. 	<ul style="list-style-type: none"> Enhanced level of support and training to members.
Independent members lack knowledge of the organisation and lack connections with key managers.	<ul style="list-style-type: none"> Poor induction. Limited opportunities to engage with the organisation outside of formal meetings. 	<ul style="list-style-type: none"> Improve induction. Identify appropriate meetings, briefings or other opportunities that independent members could attend to help develop better understanding.
Poor management of audit committee meetings means that work is unfocused or fails to reach a clear conclusion.	<ul style="list-style-type: none"> Lack of experience or skill in managing meetings by the chair. Committee members are unsure about their role. Poor support from the committee secretary. 	<ul style="list-style-type: none"> Training and support. Develop a mentoring/coaching programme. Chair seeks feedback from meeting participants. Consider skills and experience in the selection of the chair. Provide training and guidance to committee members on their role. Improve committee support.
The audit committee spends too much time on minor details rather than underlying arrangements of governance, risk and control.	<ul style="list-style-type: none"> Agenda management fails to prioritise key areas. The chair does not intervene to keep the focus at an appropriate level. 	<ul style="list-style-type: none"> Review the process of agenda development. Review the terms of reference and provide training. The chair seeks feedback from meeting participants. Provide the chair with committee management training.

Areas of difficulty	Possible causes	Possible improvement options
The committee lacks focus, and members struggle to gain an overall understanding of their remit.	<ul style="list-style-type: none"> • Committee members have a range of objectives rather than focusing on governance, risk, control and audit matters. • The committee is too large or lacks continuity because of regular attendance by substitutes. • Infrequent attendance by senior officers. 	<ul style="list-style-type: none"> • Training and emphasis on the non-political and strategic focus of the committee. • Reform of the committee structure to reduce membership and remove use of substitutes.
Senior officers do not understand the work of the committee and are not sighted on its output.	<ul style="list-style-type: none"> • The audit committee fails to engage with other committees in the authority. • Attendance is often limited to the CFO and the head of internal audit. 	<ul style="list-style-type: none"> • Expand attendance at audit committee meetings – for example, invite heads of service when major risks or control issues are being discussed – and share the CIPFA guidance (FAQs) more widely.
Elected representatives not directly involved with the committee have little understanding of its work and do not see its output.	<ul style="list-style-type: none"> • Committee recommendations are not directed to appropriate member bodies. • Reporting arrangements are not effective. • Wider induction arrangements do not cover the audit committee. 	<ul style="list-style-type: none"> • Invite newly elected members to attend audit committee meetings. • Review reporting and accountability arrangements. • Prepare an annual report that sets out how the committee has fulfilled its responsibilities. • Share the CIPFA guidance (FAQs).
Recommendations made by the audit committee are not actioned.	<ul style="list-style-type: none"> • A poor relationship between the committee and the executive or senior officers. • The audit committee's recommendations are not adequately aligned to organisational objectives. 	<ul style="list-style-type: none"> • A senior officer provides internal facilitation to support improved relationships. • Improve knowledge and skills among audit committee members. • Ensure better engagement with appropriate managers or the executive at an earlier stage.
The audit committee fails to make recommendations or follow up on issues of concern.	<ul style="list-style-type: none"> • A weak or inexperienced chair. • Members are inexperienced or do not fully understand their role. • Poor briefing arrangements prior to meetings. • Committee reports fail to adequately identify the action required by the committee. 	<ul style="list-style-type: none"> • Provide guidance and support. • Improve briefing to the chair prior to the meeting. • Ensure reports contain clear recommendations.
The audit committee strays beyond its terms of reference – for example, undertaking a scrutiny role.	<ul style="list-style-type: none"> • The terms of reference do not adequately scope the work of the committee. • Misunderstanding about the role of the committee. • Inadequate guidance from the committee secretary to the chair on its role. 	<ul style="list-style-type: none"> • Review the terms of reference and provide training and guidance.

Areas of difficulty	Possible causes	Possible improvement options
Political points of view interfere with the work of the audit committee.	<ul style="list-style-type: none"> • A lack of understanding about the role of the committee. • Difficulty separating the work of the committee from the wider politics of authority. 	<ul style="list-style-type: none"> • Seek feedback from those interacting with the committee or external assessment. • Provide support or training for the chair. • Consider the role of independent members.
A breakdown in the relationship between committee members and the executive, PCC or chief constable/deputy chief constable, or with senior management.	<ul style="list-style-type: none"> • A lack of understanding about the role of the committee. • Differing perceptions on the value of the committee • Personality clashes. 	<ul style="list-style-type: none"> • Review the terms of reference and provide training and guidance. • A senior officer provides internal facilitation to support improved relationships. • Seek an external assessment or facilitation. • Change the chair or membership if the constitution or opportunity arises.

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply					Partially complies and extent of improvement needed*				Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement					
Weighting of answers	0	1	2	3	5					

Audit committee purpose and governance

1	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Does the governing body hold the audit committee to account for its performance at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:					
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Functions of the committee					
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
Governance arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk management arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal control arrangements, including:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 					
Annual governance statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assurance framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Over the last year, has adequate consideration been given to all core areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Has the committee met privately with the external auditors and head of internal audit in the last year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?					
<ul style="list-style-type: none"> • Separation from executive 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • A size that is not unwieldy and avoids use of substitutes 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Is adequate secretariat and administrative support provided to the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22 Are meetings effective with a good level of discussion and engagement from all the members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23 Has the committee maintained a non-political approach to discussions throughout?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions	Does not comply					Partially complies and extent of improvement needed				Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement					
Weighting of answers	0	1	2	3	5					
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
26 Do audit committee recommendations have traction with those in leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
27 Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
28 Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
29 Has this assessment been undertaken collaboratively with the audit committee members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Subtotal score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Total score										
Maximum possible score										200**

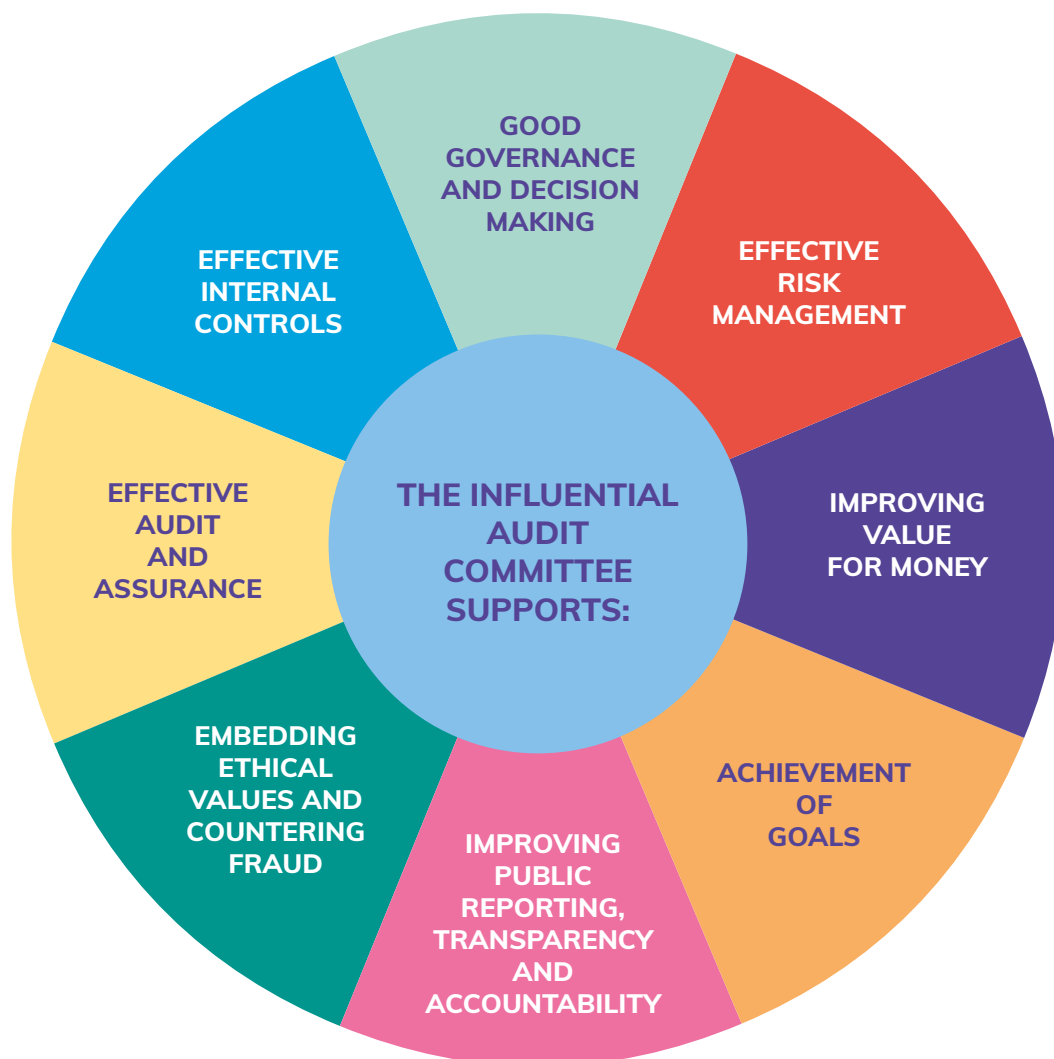
** 40 questions/sub-questions multiplied by five.

Evaluating the impact and effectiveness of the audit committee

An audit committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'.

The improvement tool below can be used to support a review of effectiveness. It identifies the broad areas where an effective audit committee will have impact.

Figure 1: The influential audit committee



The table includes examples of what the audit committee might do to have impact in each of these areas.

The third area includes key indicators that might be expected to be in place if arrangements are in fact effective. These indicators are not directly within the control of the audit committee, as it is an advisory body. They do provide an indication that the authority has put in place adequate and effective arrangements, which is the purpose of the committee.

Use the tool for discussion and evaluation of the strengths and weakness of the committee, identifying areas for improvement.

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Promoting the principles of good governance and their application to decision making.	<ul style="list-style-type: none"> Supporting the development of a local code of governance. Providing a robust review of the AGS and the assurances underpinning it. Supporting reviews/audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner audit committees to review governance arrangements in partnerships. 	<ul style="list-style-type: none"> Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements. Local arrangements for governance have been clearly set out in an up-to-date local code. The authority's scrutiny arrangements are forward looking and constructive. Appropriate governance arrangements established for all collaborations and arm's-length arrangements. The head of internal audit's annual opinion on governance is satisfactory (or similar wording). 	
Contributing to the development of an effective control environment.	<ul style="list-style-type: none"> Encouraging ownership of the internal control framework by appropriate managers. Actively monitoring the implementation of recommendations from auditors. Raising significant concerns over controls with appropriate senior managers. 	<ul style="list-style-type: none"> The head of internal audit's annual opinion over internal control is that arrangements are satisfactory. Assessments against control frameworks such as CIPFA's FM Code have been completed and a high level of compliance identified. Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement. 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<ul style="list-style-type: none"> Reviewing risk management arrangements and their effectiveness, eg risk management maturity or benchmarking. Monitoring improvements to risk management. Reviewing accountability of risk owners for major/ strategic risks. 	<ul style="list-style-type: none"> A robust process for managing risk is evidenced by independent assurance from internal audit or external review. 	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<ul style="list-style-type: none"> Reviewing the adequacy of the leadership team's assurance framework. Specifying the committee's assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit. 	<ul style="list-style-type: none"> The authority's leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies. 	
Supporting effective external audit, with a focus on high quality and timely audit work.	<ul style="list-style-type: none"> Reviewing and supporting external audit arrangements with focus on independence and quality. Providing good engagement on external audit plans and reports. Supporting the implementation of audit recommendations. 	<ul style="list-style-type: none"> The quality of liaison between external audit and the authority is satisfactory. The auditors deliver in accordance with their audit plan and any amendments are well explained. An audit of high quality is delivered. 	
Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.	<ul style="list-style-type: none"> Reviewing the audit charter and functional reporting arrangements. Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. Actively supporting the quality assurance and improvement programme of internal audit. 	<ul style="list-style-type: none"> Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment). The head of internal audit and the organisation operate in accordance with the principles of the CIPFA <u>Statement on the Role of the Head of Internal Audit</u> (2019). 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p>Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.</p>	<ul style="list-style-type: none"> • Reviewing how the governance arrangements support the achievement of sustainable outcomes. • Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. • Reviewing the effectiveness of performance management arrangements. 	<ul style="list-style-type: none"> • Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives. • The authority's arrangements to review and assess performance are satisfactory. 	
<p>Supporting the development of robust arrangements for ensuring value for money.</p>	<ul style="list-style-type: none"> • Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee. • Considering how performance in value for money is evaluated as part of the AGS. • Following up issues raised by external audit in their value-for-money work. 	<ul style="list-style-type: none"> • External audit's assessments of arrangements to support best value are satisfactory. 	
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</p>	<ul style="list-style-type: none"> • Reviewing arrangements against the standards set out in the <i>Code of Practice on Managing the Risk of Fraud and Corruption</i> (CIPFA, 2014). • Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. • Assessing the effectiveness of ethical governance arrangements for both staff and governors. 	<ul style="list-style-type: none"> • Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements. 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<ul style="list-style-type: none"> Working with key members/ the PCC and chief constable to improve their understanding of the AGS and their contribution to it. Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency. Publishing an annual report from the committee. 	<ul style="list-style-type: none"> The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality. The external auditor completed the audit of the financial statements with minimal adjustments and an unqualified opinion. The authority has published its financial statements and AGS in accordance with statutory guidelines. The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements. 	

OVERALL QUESTIONS TO CONSIDER

- 1 Does the committee proactively seek assurance over the key indicators?
- 2 How proactive is the committee in responding to aspects of governance, risk, control and audit that need change or improvement?
- 3 Are recommendations from the committee taken seriously by those responsible for taking action?

REPORTING RESULTS

The outcome of the review can be used to inform the committee's annual report.

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10/2022

AIUDIT COMMITTEE	AGENDA ITEM No. 9
27 NOVEMBER 2023	PUBLIC REPORT

Report of:	Adesuwa Omoregie, Interim Director of Legal and Governance (Monitoring Officer)	
Contact Officer(s):	Karen S Dunleavy, Democratic Services Officer– democratic.services@peterborough.gov.uk	Tel.

AUDIT COMMITTEE START TIME 2024/25

RECOMMENDATIONS	
FROM: <i>Director of Legal and Governance</i>	Deadline date: January 2024
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> 1. Agree and recommend to Council the start time of 6pm for all Audit Committee meetings for the Municipal Year 2024-25. 	

1. ORIGIN OF REPORT

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

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 time for meetings from the beginning of the Municipal Year 2024-25. The draft schedule of meetings will be agreed at Full Council in January 2024.
- 2.2 This report is for the Audit Committee to consider under Part 4 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?	NO	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.

4.5 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 previously met at 5pm in 2019/20. 2020/21 and 2021/22. For the municipal year 2022/23 and 2023/24 all meetings of the committee changed to a 6pm start.

5. CONSULTATION

5.1 Consultation on the start times for the committee is being presented to members at this meeting. Any recommendations will be presented to Full Council as part of the meeting schedule report.

6. CORPORATE PRIORITIES

6.1 The report impacts the Sustainable Future City Council arm of the Corporate Priorities outlined below:

1. Sustainable Future City Council
 - How we Work
 - How we Serve
 - How we Enable

This impact needs to be taken into account in order for the committee to be able to meet at the appropriate time to conduct business on behalf of the Council.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 It is anticipated that the Committee will agree a start time for meetings for the Municipal Year 2023-24 and this will be proposed as part of the draft meeting schedule.

8. REASON FOR THE RECOMMENDATION

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

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 N/A

10. IMPLICATIONS

Financial Implications

10.1 There are none.

Legal Implications

10.2 There are none.

Equalities Implications

10.3 There are none.

11. BACKGROUND DOCUMENTS

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

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

12. APPENDICES

12.1 None.

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AUDIT COMMITTEE	AGENDA ITEM No. 10
27 NOVEMBER 2023	PUBLIC REPORT

Report of:	Adesuwa Omoregie, Interim Director of Legal & Governance	
Contact Officer(s):	Democratic Services Team – democratic.services@peterborough.gov.uk	Tel.

DECISIONS MADE BY THE SHAREHOLDER CABINET COMMITTEE

RECOMMENDATIONS	
FROM: <i>Shareholder Cabinet Committee</i>	Deadline date: 27 November 2023
It is recommended that the Audit Committee note the outcome of meetings of the Shareholder Cabinet Committee as set out in the report.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee in line with the constitutional requirement for it to consider the outcome of meeting of the Shareholder Cabinet Committee in September 23.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation the Council's companies.
- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.12, "To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee."

3. TIMESCALES

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

4. [Shareholder Cabinet Committee – 11 September 2023](#)

4.1 MEDESHAM HOMES

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Note the progress made to date by Medesham Homes;
2. Provide comments and/or recommendations on the future of the joint venture.

4.2 **PETERBOROUGH LIMITED UPDATE**

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Note the information contained within the Annual Report and the progress made by Peterborough Limited (P-Ltd) during the 2022-23 year.
2. Note the audited Company Accounts.
3. Request that the P-Ltd Business Plan 2024-2029 be reviewed by the Shareholder Cabinet Committee in February 2024.

5. **CORPORATE PRIORITIES**

5.1 The report links to the following Corporate Priorities of the Council:

1. The Economy and Inclusive Growth:
 - There are no Carbon Impact implications to consider, as this report is to note.
4. Sustainable Future City Council:
 - The reports outlines the manner in which the Council works with its partners and shareholder companies.

6. **CONSULTATION**

6.1 None taken, as the report is to note.

7. **ANTICIPATED OUTCOMES OR IMPACT**

7.1 That the Audit Committee maintain awareness of the decisions taken by the Shareholder Cabinet Committee.

8. **REASON FOR THE RECOMMENDATION**

8.1 To ensure that the Audit Committee is aware and familiar with the recent decisions made by the Shareholder Cabinet Committee.

9. **ALTERNATIVE OPTIONS CONSIDERED**

9.1 To not provide the information to the Audit Committee – this would not align with the requirements set out within the Council's constitution.

10. **IMPLICATIONS**

10.1 There are no financial implications arising from this report.

11. **BACKGROUND DOCUMENTS**

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

11.1 Shareholder Cabinet Committee Agenda:

- 11 September 2023

12. **APPENDICES**

12.1 None.

AUDIT COMMITTEE	AGENDA ITEM No. 13
27 NOVEMEBR 2023	PUBLIC REPORT

Report of:	Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Howard, Deputy Leader and Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Democratic Services – democratic.services@peterborough.gov.uk	Tel.

WORK PROGRAMME 2023/24

RECOMMENDATIONS
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> Notes and agrees the rolling work programme for the municipal year 2023/24

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.

3. CORPORATE PRIORITIES

- 3.1 This report links to the Corporate Priorities under the following heading:

1. Sustainable Future City Council

The work programme sets out the forward look of committee in assisting the Council in securing its future as a sustainable council for its residents.

4. IMPLICATIONS

Financial Implications

- 4.1 There are none

Legal Implications

- 4.2 There are none

Equalities Implications

4.3 There are none

5. APPENDICES

5.1 Appendix A – Rolling work programme

Appendix A

Meeting date: 27 November 2023

Briefing date: 21 November 2023

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Internal Audit: Mid Year Progress Report	Steve Crabtree – Chief Internal Auditor	<p>2.2.2.1</p> <p>To consider the annual audit report and opinion of the Corporate Director of 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.</p>	<p>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 2022 / 2023 as at 30 September 2022.</p>	
Audit Committee start time 2024/25	Democratic and Constitutional Services Manager	<p>Council Standing Order section 4.4.1</p> <p>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).</p>	<p>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 2024-25.</p>	Full Council January/March 2024

Treasury Management – mid year update	Cecilie Booth – Executive Director Corporate Services Jeremy Harrison Jill Evans – Service Director Corporate Finance & Deputy S151 Officer	2.2.1.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.		Full Council December
Annual Report Corporate Complaints	Belinda Evans – Complaint Manager	2.2.2.16 To monitor Council policies on "raising concerns at work" and the anti-fraud and anticorruption strategy and the Council's complaints process	The purpose of the report is to update members on the Council's Complaints procedure.	
Audit Committee Terms of Reference	Audit Chair Democratic Services	2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.	To review updates to the Committee's terms of reference	
Council Commercial Activities (to be deferred)	Adesuwa Omoregie – Interim Head of Legal and Deputy Monitoring Officer	2.2.2.15 To monitor the effective development and operation of risk management and corporate governance in the council.	To review the Council's commercial activities and risks associated with this.	

Appendix A

Decisions of the Shareholder Cabinet Committee	Democratic & Constitutional Services Manager	2.2.2.12 To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.	The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation to the Council's companies.	
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Meeting date: 29 January 2024

Briefing date: 23 January 2024

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Internal Audit: Approach to Audit Planning	Steve Crabtree – Chief Internal Auditor	2.2.2.9 To commission work from internal and external audit.	The purpose of this report is to provide Members with details of Internal Audit's annual planning approach and emerging issues and risks that Internal Audit need to provide assurance over. It provides an opportunity for Members to consider these themes and provide input into the development of the Audit Plan.	
Progress report Annual Governance Statement	Steve Crabtree – Chief Internal Auditor	2.2.1.17	To review the progress against the Annual Governance Statement	

	Cecilie Booth – Executive Director Corporate Services	To oversee the production of the authority's Annual Governance Statement and to recommend its adoption 2.2.1.18 To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.		
Risk Management Framework	Ray Hooke Gerry Roche	2.2.2.15 To monitor the effective development and operation of risk management and corporate governance in the council.	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	
Independent Improvement and Assurance Panel update (final report)	Emma Riding – Service Director Financial Management & Deputy S151 Officer Cecilie Booth – Executive Director Corporate Services	2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.	To receive the Independent Improvement and Assurance Panel final report to Full Council	
Treasury Management Strategy	Cecilie Booth – Executive Director Corporate Services Jeremy Harrison	2.2.1.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure	The purpose of this report is to report current performance and the forecast outturn position against the Prudential Indicators in the strategy.	

	Jill Evans – Service Director Corporate Finance & Deputy S151 Officer	compliance with best practice.		
Update on procurement	Lesley Meeks – Procurement Specialist Richard McCarthy – Head of Commercial and Procurement	2.2.2.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	To review any activity by directorates/teams that had not followed procurement guidelines.	
Draft Statement of Accounts and Audit Results report for year ended 31 March 2023	Ernst & Young – External Auditors Cecilie Booth – Executive Director Corporate Services	2.2.1.19 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.	To review the Audit results report from the External Auditors.	
Debt Write Offs	Chris Yates – Financial Manager (Business Manager) Cecilie Booth – Executive Director Corporate Services	2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.	An opportunity for the Committee to have a deep dive into an area of interest to the Committee. Further details of the nature of the deep dive will be updated in the work programme.	

Appendix A

Meeting date: 18 March 2023

Training/Briefing dates: 13 March 2023

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Draft Annual Audit Committee report	Senior Democratic Services Officer Cecilie Booth – Executive Director Corporate Services Steve Crabtree – Chief Internal Auditor	2.2.2.13 To produce an annual report for consideration by Full Council.	The Audit Committee has been in operation since Annual Council in May 2006 (first meeting June 2006). The Committee has a wide ranging remit that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including internal audit, anti-fraud and the financial reporting framework.	Presented to June Audit Committee before Full Council July 2023
Internal Audit: Draft Internal Audit Plan 2023 / 2024	Steve Crabtree – Chief Internal Auditor	2.2.1.1 To consider the annual 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	The purpose of this report is to ensure that the Council reviews and agrees the audit activity for the next audit year.	

		<p>corporate governance arrangements.</p> <p>2.2.1.3</p> <p>To consider reports dealing with the management and performance of the providers of internal audit services.</p> <p>2.2.1.18</p> <p>To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.</p>		
Risk Management: Strategic Risks	Ray Hooke – Head of Corporate Delivery Unit	<p>2.2.2.15</p> <p>To monitor the effective development and operation of risk management and corporate governance in the council.</p>	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	

TBC July 2024

Pre-meeting – TBC

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
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Draft Annual Governance Statement	Steve Crabtree – Chief Internal Auditor Cecilie Booth – Executive Director Corporate Services	<p>2.2.1.17</p> <p>To oversee the production of the authority’s Annual Governance Statement and to recommend its adoption</p> <p>2.2.1.18</p> <p>To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.</p>	The production of the Annual Governance Statement (AGS) forms part of the annual closure of accounts process. It is not a financial exercise, but represents a corporate overview of the processes and procedures adopted by Peterborough to manage its affairs.	
Internal Audit: Annual Audit Opinion	Steve Crabtree – Chief Internal Auditor	<p>2.2.1.1</p> <p>To consider the annual 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.</p>	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 completed audits and activities undertaken by the Internal Audit Team during 2021 / 2022.	
Investigations Team Annual Report 2023 / 2024	Steve Crabtree – Chief Internal Auditor	<p>2.2.1.16</p>	The purpose of this report is to present the work carried out during the past year to	

Appendix A

		To monitor council policies on “raising concern at work” and the anti-fraud and anti-corruption strategy and the Council’s complaints process.	minimise the risk of fraud, bribery and corruption occurring in the Council.	
Insurance: Annual Report 2023 / 2024	Steve Crabtree – Chief Internal Auditor	2.2.1.15 To monitor the effective development and operation of risk management and corporate governance in the Council.	The purpose of this report is to present the work carried out during the past year to provide an effective insurance function which provides cover for all aspects of the Council whilst minimising the cost.	
Audit Committee Effectiveness	Steve Crabtree – Chief Internal Auditor	2.2.1.18 To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	To provide Members with an update on progress in developing the audit plan.	
Budget Outturn Report	Emma Riding - Service Director Financial Management & Deputy S151 Officer		To note the Budget Outturn report	

Meeting date: TBC September 2024

Pre-meeting: TBC

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Risk Management: Framework and Strategic Risks	Ray Hooke – Head of Corporate Delivery Unit	<p>2.2.2.15</p> <p>To monitor the effective development and operation of risk management and corporate governance in the council.</p>	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	
Update on procurement	<p>Lesley Meeks – Procurement Specialist</p> <p>Richard McCarthy – Head of Commercial and Procurement</p>	<p>2.2.2.18</p> <p>To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.</p>	To review any activity by directorates/teams that had not followed procurement guidelines.	
Decisions of the Shareholder Cabinet Committee	Democratic & Constitutional Services Manager	<p>2.2.2.12</p> <p>To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.</p>	The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation the Council's companies.	