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## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT THE TOWN HALL, PETERBOROUGH ON 21 NOVEMBER 2016**

Present: Councillors Aitken, King, Ayres, Sims, Murphy, Saltmarsh and Shaheed.

Also Present: Councillor Seaton Cabinet Member for Resources

Officers in

Attendance: Steven Pilsworth, Service Director Financial Services  
Steve Crabtree, Chief Internal Auditor  
Karen S Dunleavy, Democratic Services Officer

### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Fuller, Over, and Sharp. Councillors King, Ayres and Saltmarsh were in attendance as a substitutes.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES OF THE MEETING HELD ON MONDAY, 22 September 2016**

The minutes of the meeting held on Monday, 22 September 2016 were approved as an accurate and true record.

### **4. Dispensations**

The Chief Internal Auditor introduced the report to Audit Committee Members, which requested the Committee grant general dispensation for a four year period as part of the Council's Monitoring Officer's statutory duties, in order to adhere to regulations under the Localism Act 2011.

Discussions held included:

Councillor Murphy raised concerns with regards to the transparency in granting Members a dispensation in relation to an allowance, payment or indemnity given to Members. Councillor Murphy asked the Committee to consider an amendment in regards to the dispensation grant for the Members Allowances Scheme to only allow those in receipt of members' basic allowances to vote on the Members Allowances Scheme at Council in the future.

Members raised concerns regarding Councillor Murphy's proposed amendment to exclude members from voting on the payment or indemnity given to Members, and stated that legal advice would be required as to the lawfulness of the proposed amendment before it could be considered.

The Chairman proposed that the amendment should not be considered and the Committee agreed with this. The substantive recommendations within the report were then put to the vote and carried four in favour, two against, with one abstention.

## **AGREED ACTION**

### **RECOMMENDATION**

The Committee recommended to explore Councillor Murphy's amendment further to consider whether members in receipt of basic allowance only should vote on the allowances scheme at Council and for the Director of Governance to provide Committee with a report at a future meeting to outline whether the amendment would be lawful and whether the amendment should be considered.

#### **The Committee:**

Agreed to grant a general dispensation for a four year period ending in November 2020 to all Members who may have a disclosable pecuniary interest in any business of the authority where that business related to the functions of the authority in respect of:

1. Housing, where Members were a tenant of their authority provided that those functions do not relate particularly to Members tenancy or lease;
2. School meals or school transport and travelling expenses, where Members were a parent or guardian of a child in full time education, or were a parent governor of a school, unless it related particularly to the school which the child attended;
3. Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where Members were in receipt of, or were entitled to the receipt of, such pay;
4. An allowance, payment or indemnity given to Members;
5. Any ceremonial honour given to Members; and
6. Setting council tax or a precept under the Local Government Finance Act 1992.

## **5. Appointing Person Arrangements For The Appointment Of The External Auditor**

The Service Director Financial Services introduced the report to Audit Committee in line with reviewing the arrangements for the appointment of External Audit as set out in the terms of reference.

The Service Director Financial Services responded to comments and questions raised by Members. A summary of responses included:

- The preferred and most cost effective option for the LA was the third option included within the report to join a "sector led body" arrangement where a specified appointing person status had been achieved under the relevant regulations as outlined in the report; and
- All the options were set out in the report and would be presented to full Council to make a decision.

## **AGREED ACTION**

The Committee agreed:

1. The adoption of Public Sector Audit Appointments Ltd (PSAA) as the appointing person for the Council, subject to receiving a satisfactory invitation to opt into the PSAA's appointing person arrangements; and
2. To delegate acceptance of the invitation to the Corporate Director: Resources, as the Council's Section 151 Officer.

## **6. INTERNAL AUDIT: HALF YEAR UPDATE 2016 / 2017**

The Head of Internal Audit introduced the report to Audit Committee Members as a routine planned report within the work programme of the Committee. The purpose of the report was to provide an overall opinion on the soundness of the control environment in place to minimise risk to the Council. The report had been based on the findings of completed internal audits from the Annual Audit Plan 2016 / 2017 as at 30 September 2016.

The Head of Internal Audit, responded to comments and questions raised by Members. A summary of responses included:

- The outcome of the customer survey was disseminated to departmental managers to communicate process and help to provide a focus on next year's internal audit;
- The Audit Team were asked to assess the LA's approach to the Local Officer scheme outlined on page 33 of the report, in order to provide a wider understanding of the requirements;
- The compliance audits, which were outlined on page 38 of the report had involved a series of quick checks and although important, the team would focus more on strategic risks. Risk registers would also be used to assist in the production of the internal audit plan for the year;
- The response of 40% for the Internal Audit Customer Survey (ACS) had been considered as good. The Audit Team had not made it compulsory for departments to respond to the ACS;
- There would always be a risk of Audits slipping as the team could be requested to conduct ad hoc audits, which would impact on the team resource available. There would be a cost implication to increase audit resources and this was not possible due to current austerity measures;
- There had been some issues over the development of the Human Resources Information Technology system due to a member of staff leaving the Authority. The audit of the HR system would commence once the project was underway;
- Winyates School had been given a no assurances score in a recent audit, however, the report was draft and the Audit team would provide feedback to the Committee when the audit was complete.
- The Audit Team aimed to approach School Governors to investigate an audit service at a cost to schools; and
- There were a number of Authority Finance Officers that had provided services to schools. If the Officers had concerns such as failure to submit budget returns then the Finance Officers would refer their concerns onto the Audit Team.

## **AGREED ACTION**

The Committee noted the report in particular to:

- (a) Progress made against the plan and overall performance of the section;
- (b) Reports with an opinion of Limited or No Assurance; and
- (c) Initial outcomes of the Internal Audit Customer Survey.

## **7. Use of Consultants**

The Service Director Financial Services introduced the report to Audit Committee following the Sustainable Growth Scrutiny Committee review into Peterborough City Council's use of consultants, the subsequent endorsement of their recommendations by Cabinet, and the agreement of Audit Committee to undertake an on-going monitoring role.

The Service Director Financial Services responded to comments and questions raised by Members. A summary of responses included:

- There had been no expenditure for Deloitte within a six month period and the information included within the report should have been deleted;
- There had been expenditure made in relation to a Human Resources interim resource to conduct a piece of work on staff terms and conditions;
- There had been an increased interim resource spend in order to provide support on transformation programmes in order to avoid using resources for staff carrying out their day job; and
- There was a policy, to follow in order to appoint consultancy and interim staff resources, which had been developed in consultation with Scrutiny. There had also been a Cabinet Member decision process to follow if the interim appointment was likely to reach over £50,000. In some cases it may be necessary to obtain interim staff resources by using the Authorities Framework agreement where appropriate.

### **AGREED ACTION**

The Committee noted the use of Consultants for the period 1 October 2015 – 30 September 2016.

The Committee also agreed that where Members raise items of interest in relation to the hourly payment rate of consultants, the Service Director Financial Services would provide feedback.

## **8. Treasury Management**

The Service Director Financial Services introduced the report to Audit Committee Members. The Committee was advised that Treasury Management in the Public Services: Code of Practice 2011 recommended that Members received 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.

The Service Director Financial Services, responded to comments and questions raised by Members. A summary of responses included:

- Credit rates were set by rating establishments and if establishments' rates were to reduce, then the Authority would no longer be permitted to invest with them. The LA could place investments with Barclays and the approved institutions for government management funds, which must be AAA rated;
- Capital expenditure projects would need to be included in 'Invest to Save' schemes and follow the appropriate decision making route rather than being a type of development; and
- A recent Invest to Save scheme that had been used which involved capital expenditure, had been in relation to Axiom Housing. The finance would be made available for the project to use as and when required.

### **AGREED ACTION**

The Committee noted the current performance against the Treasury Management Strategy (TMS) set in the Medium Term Financial Strategy (MTFS).

### **INFORMATION AND OTHER ITEMS**

## **9. USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

The Committee noted that there had been no RIPA authorisations in this quarter.

## **10. APPROVED WRITE-OFFS EXCEEDING £10,000**

The Committee noted that there had been no write-offs for the Council exceeding £10,000.

## **11. FEEDBACK REPORT**

The Chairman introduced a report, which provided feedback on items considered or questions raised at the previous meeting of Audit Committee. It also provided an update on specific matters which were of interest to the Committee or where the Committee had requested to be kept informed of progress.

The Committee noted the report.

## **12. WORK PROGRAMME**

The Chairman submitted the latest version of the Work Programme for the Municipal Year 2016/2017 for consideration and approval. The standard report provided details of the proposed Work Programme for the Municipal Year 2016/2017 together with any training needs identified.

The Committee noted and approved the 2016/2017 Work Programme.

7:00pm – 20.00pm  
Chairman

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