

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT THE TOWN HALL, PETERBOROUGH ON 3 APRIL 2017**

Present: Councillors Fuller (Chairman), Aitken, Over, King, Murphy, Saltmarsh and Shaheed.

Officers in Attendance: Marion Kelly, Interim Service Director Financial Services
Keith Dawson, Head of Resilience
Steve Crabtree, Chief Internal Auditor
Pippa Turvey, Democratic and Constitutional Services Manager
Jenny Harris, Legal Services
Jane Webb, Senior Democratic Services Officer

Also in Attendance: Suresh Patel, Audit Director, Ernst & Young

The Chairman announced that this meeting was a reconvened meeting following the adjourned meeting held on 27 March 2017. The adjournment had been agreed on 27 March 2017, following a request from the Leader of the Council and subsequent agreement from the Chairman and Group Representatives, due to the sudden loss of Councillor Sims.

1. APOLOGIES FOR ABSENCE

A minute's silence was held to pay respects to Councillor Sims who sadly passed away on 25 March 2017.

Apologies for absence were received from Councillors Sharp. Councillor Saltmarsh was in attendance as a substitute.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE MEETING HELD ON MONDAY, 13 February 2017

The minutes of the meeting held on Monday, 13 February 2017 were approved as an accurate and true record.

4. EXTERNAL AUDIT: AUDIT PLAN 2016

Suresh Patel introduced the report to Audit Committee Members, which requested the Committee consider and respond to the Audit Plan for 2016/17 from Ernst and Young (EY), the Council's external auditors, in accordance with the Committee's Terms of Reference.

Discussions held included:

- Members were pleased to see a reduction in fees from the previous year.

- A progress report would be submitted to Committee in September; if any issues were identified prior to this, these would be reported to management depending on the timing of the Committee.
- With regard to arrangements the Council put in place to ensure all factors were considered on the setting up of any companies by the Council; Suresh Patel explained that EY would not carry out a detailed assessment on how the Council had set up a company but would want to understand the process the Council had taken and any independent advice that had been received. If EY became aware of any weaknesses in the proposed arrangements then this would be followed through, but this level of detail would not normally be looked into.
- EY explained that any type of arrangement the Council would enter into with regard to group boundaries and joint working, the Council would be expected to have considered factors that would include size, associated risks and if they met the requirement for consolidating the entity within the Council's boundaries. The Code of Practice and Accounting Standards lay out criteria that would need to be considered; EY would assess the Council's assessment.

The Chairman proposed the recommendations within the report, to which all Councillors were in agreement.

AGREED ACTION

The Committee:

- **Considered the External Audit Plan for 2016/17 and considered the points raised by EY in the document.**
- **Noted the propose scope, comfortable with the audit risks and approach.**
- **Considered and responded to matters relating to fraud.**
- **Considered and responded to the EY view on the value of misstatements.**
- **Noted the audit fees for the year.**
- **Provided comment on any amendments necessary.**

5. INTERNAL AUDIT PLAN 17/18

The Chief Internal Auditor introduced the report to Audit Committee in line with its agreed Work Programme for 2016/17.

The Chief Internal Auditor responded to comments and questions raised by Members. A summary of responses included:

- After each audit, the whole plan would be reassessed. A progress report would return to committee after six months. There would be an opportunity to inform Committee of a changed plan at the meeting in June and this would be followed by the Annual report at the end of the year.

AGREED ACTION

The Committee agreed:

- **Identified areas for further consideration.**
- **Approved the draft Audit Plan and Audit Strategy.**
- **Noted the contents of the Internal Audit Charter.**
- **Noted the contents of the Code of Ethics.**

6. CAMBRIDGESHIRE AND PETERBOROUGH CITY COUNCIL COMBINED AUTHORITY QUESTIONING PROCESS

The Committee considered a report from the Member Officer Working Group with regard to Cambridgeshire and Peterborough City Council Combined Authority Questioning Process.

Members agreed in principle to the amendment of Standing Orders and the following discussions took place:

- It was agreed that the area around amendments within Standing orders was cumbersome.
- Members discussed extending the time allowed for questions; it was noted that all questions raised were entered into a draw to clarify the sequence and therefore this could lead to a situation where time did not allow for any questions to be dealt with on the CA.
- Members agreed there should be some protection for the Combined Authority as significant decisions would be made by them for the future. In order for this clarity to be given there would be a need for a separate process.
- Members agreed these should be separated due to the importance of what would be discussed. Fifteen minutes was proposed with the possibility that this could be reviewed in the future if necessary.

AGREED ACTION

The Committee recommended to Council:

- **The Cambridgeshire and Peterborough City Council Combined Authority Questioning Process Protocol be approved for inclusion within the Council's Constitution.**
- **The amendment to Council Standing Orders be approved to allow for a report to be received by Council on the actions and decisions of the Cambridgeshire and Peterborough Combined Authority and to allow Members the opportunity to submit questions on notice to the Combined Authority Council representatives (with the recommendation of 15 minutes being allocated).**

7. RISK MANAGEMENT AND BUSINESS CONTINUITY

The Head of Resilience introduced the report to Audit Committee to provide an update on Risk Management under its Terms of Reference 2.2.12 to monitor the effective development and operation of risk management and corporate governance in the Council.

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

- With regard to the aging population, its risks and the Council's intention, the Head of Resilience explained he was reliant on the feedback from Executive

Directors as it would be only these outcomes that would be reported on. If measures were received regarding the age profile then these would then be incorporated into the risk registers. The next Risk Group meeting was scheduled on 20 May 2017 where this issue would be raised.

- Members felt that the Council were reacting rather than forecasting. The Head of Resilience confirmed this was correct with some actions changing regularly but this would be a long term, national issue. Once a risk was identified and measures were deemed appropriate then Directors would put these forward therefore there was the reliance on the information being received in order for them to be included in the Registers.
- The Chairman stated the Committee would like to see more evidence of “what does this mean”, rather than highlighting the issue; evidence should be shown that more was being done to anticipate and deal with issues in a proactive rather than reactive manner.
- The overall financial position had moved into amber as the budget was balanced for 2017/18 but once into 2018/19 then the risk would become greater and therefore it should be fed back that the Committee were aware of the financial issue for 2018/19.
- Members requested that the wording be changed on Crime and ASB Reduction/Cohesion; Action 4 – Continue to develop the relationship between Mosques and between the Muslim community and the Council to include others groups in order that one particular group was not targeted within the report.

AGREED ACTION

The Committee commented on and noted the latest Risk Management Report.

8. DRAFT ANNUAL AUDIT COMMITTEE REPORT

The Committee considered the report submitted in line with the agreed Work Programme for the Municipal Year 2016/17.

AGREED ACTION

The Committee agreed to approve the draft Annual Audit Committee report for submission to Council.

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.

7:00pm – 8.00pm
Chairman