

APPENDIX A

**ANNUAL AUDIT OPINION
2016 / 2017**



ANNUAL REPORT

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1. **INTRODUCTION**

1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Audit Committee and the Executive Director, Strategic Resources, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives. This report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses. The report also gives an overview of audit performance during the year. The overall report will then feed into the Annual Governance Statement included in the Statement of Accounts.

2. **ARRIVING AT AN OPINION**

2.1 **Background**

The opinion is derived from work carried out by Internal Audit during the year, as part of the agreed Internal Audit Plan for 2016 / 2017. The Internal Audit Plan was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control. We have conducted our audits both in accordance with the mandatory standards and good practice within the Code of Practice and additionally from our own internal quality assurance systems. Our opinion is limited to the work carried out by Internal Audit but, where possible, we have considered the work of other assurance providers, such as External Audit.

2.2 **Risk Based Planning**

Internal Audit continues to embrace the risk assessment approach to audit. A risk based approach is used to develop the Internal Audit Annual Plan, allowing us to direct resources at areas key to the organisation's success and to provide an opinion on the control environment as a whole. During the course of the year the risks of the Authority are continually reviewed and used to update the plan. Each audit job also uses risk assessment to ensure that suitable audit time and resources are devoted to the more significant areas. This risk based approach to audit planning results in a detailed range of audits that are undertaken during the course of the year to support the overall opinion on the control environment. Examples include:

- Governance reviews, including a review of key assurance frameworks and the Annual Governance Statement;
- Risk based reviews of fundamental financial systems that could have a material impact on the accounts, and other departmental

- systems;
- Fraud strategy work, responsive fraud and irregularity investigations;
- Contract, procurement, performance and project audits; and
- Audits of Council establishments.

2.3 The Audit Review

There are three elements to each internal audit review.

- Firstly, the control and risk environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to establish an opinion on the adequacy of the control framework in place.
- However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to form a view on the extent to which the control environment, designed to mitigate risk, is being complied with.
- Finally, where there are significant control weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.4 Reporting

Where appropriate, each report we issue during the year is given an overall opinion, as shown in the table below.

Certain pieces of work do not result in an audit report with an opinion – such as consultancy work, grant reviews, involvement in working groups, review of National Fraud Initiative (NFI) reports and follow-ups (unless further recommendations are made). However the certification of grant work should indicate that at the point of approval, information being submitted to external organisation meets required criteria. The assessment from each report, along with our consideration of other audit work, is used to formulate the overall Opinion.

Opinion / Assurance	Description
SUBSTANTIAL	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There is 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.

RECOMMENDATION GRADES	
Grade	Description
Critical	Fundamental control weakness that jeopardises the complete operation of the service. TO BE IMPLEMENTED IMMEDIATELY.
High	Major control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. To be implemented as a matter of priority.
Medium	Moderate control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. To be implemented at the first opportunity.
Low	Minor control weakness, which, if corrected, will enhance control procedures that are already relatively robust. To be implemented as soon as reasonably practical.

3. OPINION 2016 / 2017

As Head of Internal Audit, in line with Public Sector Internal Audit Standards and prior best practice, I am required to provide an opinion on the overall adequacy and effectiveness of the Council's control environment. I have undertaken the following in order to form a basis for providing my assurance:

Assessed the quantity and coverage of internal audit work against the 2016 / 2017 internal audit plan to allow a reasonable conclusion as to the adequacy and effectiveness of the council's risk management control and governance processes;
Reviewed the reports from the reviews undertaken during the year by Internal Audit and other assurance providers where appropriate;
Considered any significant actions not accepted by management and the consequent risks, of which there were none;
Assessed the status of actions identified as not implemented as part of Internal Audit follow up reviews and subsequent progress tracking;
Considered the effects of significant changes in the Council's objectives or systems and the requirement for Internal Audit involvement;
Reviewed and considered matters arising from reports to Council committees; and
Considered whether there were any limitations which may have been placed on the scope of Internal Audit.

Following consideration of the above I am able to provide the following Head of Internal Audit Opinion for 2016 / 2017:

I am satisfied that sufficient quantity and coverage of internal audit work and other independent assurance work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's risk management, control and governance processes. In my opinion, the Council has adequate and effective systems of internal control in place to manage the achievement of its objectives. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.

Notwithstanding my overall opinion, Internal Audit's work identified a number of opportunities for improving control procedures which management has accepted and are documented in each individual audit report.

*Chief Internal Auditor
June 2017*

4. **BASIS OF ANNUAL OPINION**

- 4.1 The audit work that was completed for the year to 31 March 2017 is detailed at the end of the report and lists each audit and individual results in terms of the audit assurance level and the number of recommendations made. A summary of assurance levels is detailed below. This shows that 59% of the systems that were given an opinion achieved an assurance level of reasonable or higher (2015/16: 76% and 2014/15: 44%). It is worth noting that the opinion titles and terminology changed in 2016/17 and, although they are broadly comparable to those used previously, we no longer have the option of a Full Assurance category.

AUDIT ASSURANCE						
Assurance Levels	Issued			%		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
Full	0	0	n/a	0	0	n/a
Substantial/Significant	8	13	5	44	76	33
Reasonable	n/a	n/a	4	n/a	n/a	27
Limited	9	3	5	50	18	33
No	1	1	1	6	6	7
	18	17	15	100	100	100

RECOMMENDATIONS MADE			
	Numbers		
	2014/15	2015/16	2016/17
Low	38	39	28
Medium	68	56	59
High	67	37	40
Critical	0	0	0
	173	141	127

- 4.2 In addition to the audits detailed in the above table, further audit work was carried out, including 2 follow-ups, 6 grant reviews, 12 pieces of consultancy or unplanned work, as well as 7 governance reports. At the year-end 4 audit reviews and 1 follow up were in various stages of completion and audit opinions relating to these will be reported during 2017 / 2018 as part of the agreed performance reporting timetable to the Audit Committee.

4.3 **Corporate Governance**

Using the proper practice guidance issued by CIPFA as the basis, Internal Audit reviews the corporate governance framework to confirm that there is evidence to indicate that policies, procedures and systems are in place for corporate governance to be effective within the Council. The Council has demonstrated a firm foundation for this and Internal Audit remains of the opinion that the policies, procedures and systems are generally in place for good corporate governance.

This year, Internal Audit have also produce an updated Code of Corporate Governance, in line with CIPFA requirements. A separate report is brought to the 26 June Audit Committee on this subject.

4.4 **Risk Management and Business Continuity**

The risk management working group, which includes Internal Audit representation, meets regularly to discuss emerging issues and changes in risk. Risk registers are updated by departments during the year and the Strategic Risk Register is reported to Audit Committee. The risk management team and working group have developed a new process to cascade the high level risks from Departmental registers to the Strategic register to ensure a robust reporting mechanism. The Resilience team has lead on risk management policy and procedure for a number of years, but responsibility for this area is currently under discussion.

4.5 **Key Financial Systems**

One or more of the authority's key financial systems is reviewed every year, based on an assessment of risk. This year, Accounts Payable and Accounts Receivable have been reviewed, following the implementation of the new financial system Agresso. Changes in management within Finance teams have meant that, whilst work has been completed and draft reports issued, discussions are still underway before we can either finalise the reports. Accounts Payable, whilst it has been given a Reasonable Assurance opinion, there are some risks highlighted in relation to access rights. There are several ways in which Agresso differs to Oracle, and therefore appropriate training, guidance, and monitoring are required to reduce the different risks of error, fraud, and delays in payment that the new functionality brings.

A review of Budgetary Control is currently in progress and there has been limited work on the new Human Resources IT system while the project was on hold. Work will continue in these areas and the results reported when available.

4.6 **External Activities**

Internal Audit has undertaken a number of reviews under a Service Level Agreement with Vivacity Leisure Trust. The nature of the works undertaken are confidential between internal audit and the client and are not incorporated into or form part of the Head of Internal Audit Annual Opinion.

4.7 **Allegations of Fraud / Irregularity and Breaches of Code of Conduct**

Internal Audit also includes the investigations team who are responsible for reviewing Benefit Fraud, corporate fraud, staff misconduct and Blue Badge fraud. A separate report covering their activity for the year is brought to the Audit Committee alongside this one. There is some crossover in the work of the investigations team and Internal Audit, particularly where control failures have resulted in alleged corporate fraud.

In 2016 / 2017 Internal Audit have been involved in a longstanding investigation of suspected theft, which was referred to the police and has now resulted in a successful prosecution. The perpetrator has been ordered to pay back £17,416 to the council. Advice regarding control weaknesses that lead to the theft was given during the course of the investigation and processes were changed in response.

4.8 Limited and No Assurance reports

The audits listed below have resulted in a limited or no assurance opinion. Where the resultant reports have been issued as a final, executive summaries are provided within Section 7.

Reports for 26 June 2017

- Schools Statutory Testing
- Local Offer

Reports which have a limited opinion and are in draft at the year-end will be reported to subsequent Audit Committee meetings as they are finalised.

- Accounts Receivable
- Blue Badges
- Winyates

4.9 Significant Issues

Internal Audit is required to form an opinion on the quality of the internal control environment which includes consideration of any significant risk or governance issues and control failures which arise. The following areas are worthy of note:

Schools Statutory Testing: There are statutory requirements under several sets of regulations which require regular inspections and tests of systems and equipment. These can include, lifts, hoists, air conditioning units, pressure systems, local exhaust ventilation systems and gas or electricity installations. This review in schools was undertaken following a similar review of statutory testing within council buildings, which we reported last year. It found little evidence that the programme of work was being managed or monitored and therefore there was only limited assurance that statutory responsibilities were being met. Schools manage their own programme of work, and whilst there was evidence of testing being carried out, limited documentary evidence and a lack of central monitoring also results in limited assurance that the council is meeting its statutory responsibilities. Both pieces of work are being followed-up now.

5. RESOURCING AND PERFORMANCE

5.1 Resourcing

5.1.1 During 2016 / 2017, resources were made up as follows:

Chief Internal Auditor	1 post	0.40 FTE
Group Auditor	2 posts	1.46 FTE
Principal Auditor	1 post	0.50 FTE
Senior Auditor	2 posts	1.80 FTE
Auditor	1 post	1.00 FTE
	TOTAL	5.16 FTE

5.1.2 The shared service arrangement with Cambridge City Council and South Cambridgeshire District Council, which has delivered efficiency savings and improved performance, has continued. Under this arrangement the Chief Internal Auditor's full time post is split between the authorities with South Cambridgeshire District Council receiving 20% of the post and Peterborough and Cambridge both receiving 40%.

5.1.3 In addition to the Internal Audit shared service arrangement the Chief Internal Auditor has management responsibility for the Insurance Team and the Compliance Team. He also oversees and undertakes reviews for Stage 2 complaints investigations.

5.1.4 The level of sickness within the Internal Audit team is low with 3 days per person reported during the year compared to 1.33 days per person at the same time last year. This is also below the corporate target of 8 days.

5.2 Performance

5.2.1 The team has delivered 745 direct audit days against the original plan of 723 days. Where reviews were not delivered, this was due to changes in priority or more in depth reviews than planned. There was also an ongoing investigation which has diverted audit resources. As the organisation is continually going through a cycle of change, business needs will also change. Some of the previously requested or planned reviews were found to be no longer appropriate or a priority and have not therefore been undertaken in agreement with the business. Where reviews are still considered to be pertinent they have been rescheduled to be undertaken during 2017/18.

5.2.2 All reports, plans and progress reports have been produced in accordance with agreed timescales and presented to Members via the Audit Committee. The Annual Governance Statement was reviewed by External Audit without any adverse comments.

- 5.2.3 Customer feedback remains very positive with continued high levels of satisfaction demonstrated from our customer questionnaires in excess of our target. Additionally, Internal Audit has undertaken two surveys in the year – one of management and one of members. Feedback is generally very positive and detailed results are reported in **Appendix C**. Internal Audit have also provided services to external customers and positive comments have been received regarding the reviews undertaken. This work has generated additional funds for the Council.
- 5.2.4 Where we have received responses to audits, 100% of the recommendations made in 2016 / 2017 have been accepted, against a target of 90%.
- 5.2.5 Where we have conducted follow-ups, we found that 86% of high priority recommendations that were agreed have been implemented, against a target of 90%.
- 5.2.6 Internal Audit has historically reported on the effectiveness of internal audit against the Public Sector Internal Audit Standards (PSIAS) as a separate report item to this agenda on an annual basis. This is no longer an annual requirement and is therefore not reported at this time. A review of Internal Audit processes against PSIAS is planned for 2017/18 and the outcomes will be reported to the audit committee accordingly.

6. ASSURANCE LEVELS AND RECOMMENDATIONS 2016 / 2017

Where audits are "shaded", these represent those jobs not started at 31 March 2017.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
CORE SYSTEM ASSURANCE WORK	Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems.							
Accounts Payable	Serco / Resources	Reasonable		3	10	3	16	DRAFT REPORT ISSUED A review of the new finance system, concentrating on a limited scope including exempt invoices, access controls and following up on work done during the implementation
Budgetary Control	Growth and Regeneration							IN PROGRESS A review of budget management within the Long Causeway Public Realm Improvements project.
Accounts Receivable	Serco / Resources	Limited						DRAFT REPORT IN DISCUSSION. A review of billing and debt recovery arrangements.
HR IT System	Serco / Resources / Governance	Non-Opinion						IN PROGRESS A review of the control framework during the design and implementation of a new HR IT system designed to enable self-serve processes. The project was on hold for a large part of the year and thus there has been limited Internal Audit input.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK	Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement, as well as high level governance reviews.							
Annual Governance Statement Review	All	Non-Opinion	COMPLETED Presented as draft to Audit Committee on 29 June 2016 and final agreed by Audit Committee on 22 September 2016					
Code of Corporate Governance	All	Non-Opinion	IN PROGRESS Consultancy advice on the compilation of a new local Code of Corporate Governance and setting up a governance monitoring framework.					
Annual Audit Opinion / Progress Report	All	Non-Opinion	COMPLETED Annual Opinion presented to Audit Committee on 29 June 2016 and Progress Report being presented on 22 November 2016.					
Annual Audit Plan & Strategy	All	Non-Opinion	COMPLETED Establishment of the future plans for 2017 / 2018. Presented to Audit Committee on 3 April 2017, along with updated Code of Ethics and Audit Charter.					
Internal Audit Effectiveness / Audit Committee Effectiveness	All	Non-Opinion	COMPLETED Presented to Audit Committee on 29 June 2016					
Anti-Fraud Culture	All	Non-Opinion	IN PROGRESS Data provision for National Fraud Initiative completed and initial investigations started following receipt of the data matched reports. Anti-Fraud and Corruption Strategy produced and various associated policies.					
Information Governance	All	Non-Opinion	ONGOING Liaison and strategic overview as part of the Strategic Governance Board and Information Governance Group.					
Risk Management	All	Non-Opinion	ONGOING Involvement in risk working group and any emerging issues.					

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks							
Project / Programme Management	Resources	Reasonable	n/a	n/a	n/a	n/a	n/a	COMPLETE Critical friend review during the implementation of updated policies, processes and the updated project management system, Verto.
Contracts	ALL	Non-Opinion	COMPLETE Consultation / advice in relation to the Materials Recycling contract.					
Strategic Partnerships, Shared Services, Joint Ventures	ALL							IN PROGRESS A review of the management of our strategic partner, Skanska, to ensure that effective governance arrangements are in place.
Information Governance	Governance	Reasonable	0	4	8	5	17	DRAFT ISSUED A high level review of our compliance with ICO requirements
Health and Safety	ALL							IN PROGRESS. A review of arrangements to ensure that our responsibilities for health and safety are covered.
Recruitment Checks / Disclosure and Barring Services	Governance	Substantial	0	3	3	1	7	DRAFT ISSUED To ensure there is a robust process in place for recruitment checks and for monitoring that contractors fulfil their responsibilities in this area. Awaiting update following an external PSN assessment.
Carbon Reduction Commitment	Growth and Regeneration	Substantial	0	0	4	2	6	COMPLETED. Annual validity audit of the council's energy consumption data, as required by the Environment Agency.
LGSS Pension Review for Schools:	People and Communities	Reasonable	0	0	0	2	2	COMPLETE A review of the integrity and accuracy of LGSS

									pension returns for schools and colleges not using PCC payroll systems. Memos issued to each school and overarching report to the council's School Finance Team.
Thorpe Primary	People and Communities	Reasonable	0	0	0	2	2		
All Saints Primary	People and Communities	Reasonable	0	0	0	1	1		
St John Fisher Primary	People and Communities	Substantial	0	0	0	0	0		
Pupil Premium Welbourne Primary	People and Communities	Non-Opinion	0	0	0	0	0		COMPLETE A review of the accuracy of Pupil Premium funding claimed.
Quality Assurance	People and Communities		Removed from Plan – no longer required						

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY	
			Critical	High	Medium	Low	Total		
STRATEGIC AND OPERATIONAL RISKS	CONTINUED								
Property	Resources	Removed from plan – no longer required.							
Local Offer	Governance / People and Communities	Limited	0	10	15	4	29	COMPLETED. An independent self-assessment of the DfE Open Offer Scheme using the recommended toolkit. A follow-up has been completed in 2017-18 which shows that a number of recommendations are completed or being progressed.	
Blue Badges	People and Communities	Limited	0	3	1	2	6	DRAFT IN DISCUSSION A review of processes for issuing and cancelling permits.	

GRANT	Department	ASSURANCE LEVEL	COMMENTARY
GRANTS AND OTHER CERTIFICATION	Certification of claims in relation to UK and European funding requirements		
Bus Service Operators 2015 / 2016	Growth and Regeneration	Certified	COMPLETED. A grant to support bus services, including community transport services.
Local Transport Funding Grant 2015 / 2016	Growth and Regeneration	Certified	COMPLETED. 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
Local Sustainable Transport Grant 2015 / 2016	Growth and Regeneration	Certified	COMPLETED. A scheme to help local authorities to cut carbon emissions and create local growth
Disabled Facilities Grant 2015 / 2016	People and Communities	Certified	COMPLETED. Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Connecting Families	People and Communities	Certified	COMPLETED Results based funding to support families meeting certain criteria. Verification of a sample of claims prior to all four of the claim submissions in 2016/17, and a review of Outcomes Plan and procedures.
Peterborough CLLD	Growth and Regeneration	n/a	No longer required European structural and investment funding for a project called Peterborough CLLD. Consultancy advice on robust record keeping systems to comply with funding criteria.
LEP GCGPEP	Growth and Regeneration	n/a	No longer required. Bourges Boulevard Phase 1.
Rogue Landlords Grant. (unplanned)	People and Communities	Certified	COMPLETED New funding to help councils tackle rogue landlords who let out substandard homes.

EXTERNAL WORKS	Work which generates income for the council
Vivacity	7 reviews are completed or in progress for this external client.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
OTHER RESOURCE PROVISION	Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks. In addition there will be a number of follow ups of previous audit activities. Finally, a number of jobs will overlap between financial years and require some time to complete.							
Carry Forward Provision	Provision for the completion of 2015-16 audits							
Schools Statutory Testing	Resources	Limited	0	1	2	2	5	COMPLETE A review across schools of the arrangements for meeting statutory obligations in respect of testing of equipment.
Schools Gifts and Hospitality	People and Communities	Substantial	0	0	5	3	8	COMPLETE A review the effectiveness and implementation of the recently introduced schools gifts and hospitality policy. A themed review across school establishments.
Payroll	Resources	Substantial	0	0	0	3	3	COMPLETE A cyclical review of key controls.
Clare Lodge	People and Communities	Substantial	0	0	3	0	3	COMPLETE A review of income arrangements to ensure that processes maximise receipts.
Cash and Banking – Special Investigation	People and Communities	Non-Opinion	n/a	n/a	n/a	n/a	n/a	COMPLETE An investigation by Internal Audit into suspected theft was referred to the police and resulted in a successful prosecution. Control advice given.
Winyates Primary School – Follow-up	People and Communities	No	0	11	8	4	23	DRAFT REPORT ISSUED. An in depth follow-up of a previous audit.
Pensions (Employee bandings)	Governance	Substantial	0	0	0	0	0	COMPLETE Analysis to determine accuracy of pension bandings and overall collection percentage.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
Follow-up Provision:	Revisiting audits after 6 months to monitor the implementation of recommendations		
Parking Services	Resources	Non-opinion	COMPLETE 6 high priority recommendations were made and 5 have been implemented. Further work is required to ensure that regular reconciliations are carried out and evidenced to ensure all income due is received and banked.
Cash Office	Resources/Serco	Non-opinion	COMPLETE All 4 high and medium recommendations were implemented or are in progress.
Statutory Testing	Resources	Non-opinion	IN PROGRESS
Carbon Reduction Commitment	Growth and Regeneration	Non-opinion	IN PROGRESS

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
Provision for unplanned activities:	Internal Audit provides control and risk advice to officers/management/members as a result of changing risks. This audit activity covers review work that is additional and was not specified as part of the original audit plan		
Cyber Security	Resources/Serco		IN PROGRESS
Care Service Charging	People and Communities	Non-opinion	COMPLETE. Advice and analysis regarding alleged overcharging of clients by a care company.
Rogue Landlords Grant	People and Communities	Certified	COMPLETE
Hampton Hargate Primary School NCTL	People and Communities	Certified	COMPLETE
Phoenix School	People and Communities	Certified	COMPLETE
Highways Asset Management Systems	Resources		IN PROGRESS CIPFA/LASAAC introduced a Highways Network Asset Code which required highways assets to be valued differently using a toolkit. Internal Audit started a review of the systems we have in place to ensure we can comply with the code, however in March 2017 the CIPFA/LASAAC Code Board decided not to introduce the code in the foreseeable future. We will however report on our findings to date.
Advice and Consultancy	ALL	Non-Opinion	COMPLETE General consultancy advice is given during the year in response to requests. Examples this year include advice on the replacement to Supplierforce (Sourcedogg) and the closure of Oracle.

6 AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE

AUDIT ACTIVITY	ASSURANCE RATING	DATE TO AUDIT COMMITTEE
The Local Offer	Limited	22 November 2016
Statutory Asset Testing in Schools	Limited	26 June 2017

APPENDIX B**Executive Summary – Local Offer****Introduction**

This Audit forms part of an unplanned review which has concluded during 2016 / 17. The audit work was as a result of request made by the Service Director Adult Services and Communities, Head of Performance & Informatics and Compliance Manager (Governance) to independently review the Local Offer (LO) using a self - assessment document developed by SE7, supported by Portsmouth, Leicester City and Nottinghamshire Local Authorities.

Peterborough's Local Offer has been in place since 1st September 2014. The Local Offer must set down in one place information about provision across education, health and social care for children and young people who have special educational needs or are disabled. Information must be clear, accessible, comprehensive and up to date concerning the available provision and how it can be accessed. Provision must be responsive to local needs by involving parent carers, children and young people with special educational needs and disabilities in the development and review of the Local Offer.

Objectives and Scope

The purpose of the audit was to self - assess Peterborough City Council's approach to the Local Offer Scheme using the recommended toolkit and feed into an action plan for improvements as appropriate.

The scope covered completion of an independent self - assessment of the Local Offer Scheme using the recommended toolkit via review of the information available to the public, discussion with relevant officers / members of organisations involved with the Local Offer, attendance at Local Offer meetings / Focus Groups, and review of various meeting minutes.

Main Findings

There are several areas for improvement in relation to the Local Offer, which have been detailed within the body of the report. The main findings are as follows:-

- It has been difficult to identify overall responsibility for the Local Offer, which has led to a lack of co – ordination and timely actions taken to improve the content
- The website includes a wealth of information, but is unwieldy to navigate and so users may be 'put off'
- There has been limited co – production
- There has been limited promotion and marketing
- There is an effective and productive relationship with Family Voice Peterborough

- The Local Offer does not inform the Commissioning process

Recommendations have been addressed to the Corporate Director, People & Communities in order to allow appropriate allocation and co – ordination of agreed actions.

Conclusion and Opinion

There are several areas for improvement in relation to the Local Offer, which have been detailed below. Several of these had been identified as issues to resolve by various individuals involved with the Local Offer, and there is an awareness of the progress required in order to meet statutory requirements. Most notably, responsibility for co – ordination and monitoring of the LO has now been allocated. This has resulted in considerable efforts being made to update the Local Offer and required actions being addressed expediently. This ongoing monitoring and support of the Local Offer is key to its success. Continued use of the SE7 or newly acquired Aspire self - evaluation toolkit, which are based on the same fundamental statutory requirements, will assist in this process.

The audit opinion is Limited Assurance.

Executive Summary - Schools Statutory Asset Testing

Introduction

This Audit was included in the 2015/16 plan as a direct result of the issues found during the statutory asset testing review undertaken earlier in 2015/16, As a result of concerns raised around statutory testing and subsequent remedial works the scope was extended to include schools.

Objectives and Scope

The purpose of the audit was to review processes and procedures to establish whether they are in place and being followed to confirm that:

- statutory requirement controls are in place for the identification and undertaking of statutory asset testing;
- a testing programme is in place and monitored
- documentation is retained and filed on a database centrally and on site
- contracts are in place to deliver and manage the testing programme
- processes are in place for the effective monitoring and management of performance with regards to statutory testing.

The scope was to undertake a cross cutting review across schools with regards to confirming that all statutory testing is undertaken to ensure statutory obligations are met and that risk is managed and mitigated.

Main Findings

No evidence was found to suggest the schools statutory testing programme is being effectively managed. At the time of the review there was no central record of what each individual school is doing to ensure they meet their statutory obligations. It was found that some schools contract with Amey, others with alternative companies who provide a similar managed service and some schools manage their own programmes using different contractors for each element of testing. PCC relies on an administrator/staff at each school to retain and check the documentation to support the testing that has been undertaken. As there are no formal guidelines the approach to record administration and checking the work undertaken is inconsistent and the assurance that we are compliant with statutory testing will vary as a result.

Conclusion and Opinion

The audit reviewed statutory testing at a sample of local authority schools, during the audit control issues around completion and monitoring were identified. Whilst evidence suggests that statutory testing is being undertaken within Peterborough City Council schools, the completeness of all of the required testing is unclear. It is our view that until monitoring improves there continues to be a risk that PCC may not be meeting their statutory responsibility.

The audit opinion is Limited Assurance.

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