

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT THE TOWN HALL, PETERBOROUGH ON 26 JUNE 2017**

Present: Councillors Aitken (Chairman), Over (Vice-Chairman), King, Murphy, Ellis and Sharp.

Officers in John Harrison, Corporate Director Resources
Attendance: Marion Kelly, Interim Service Director Financial Services
Paul Cook, Head of Corporate Finance
Steve Crabtree, Chief Internal Auditor
Louise Cooke, Group Auditor
Pippa Turvey, Democratic and Constitutional Services Manager
Dan Kalley, Senior Democratic Services Officer

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

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bull, Mahabadi and Shaheed. Councillors King and Ellis were in attendance as substitutes.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE MEETING HELD ON MONDAY, 3 April 2017

The minutes of the meeting held on Monday, 3 April 2017 were approved as an accurate and true record.

4. ERNST YOUNG LLP VERBAL UPDATE

Suresh Patel introduced the verbal update to Audit Committee Members. 2016/17 draft statement of accounts had been received well in advance of deadlines. There were no issues arising at the current time. It was anticipated that the full external auditor's report would be ready for the meeting in September.

In response to questions from the Committee, Suresh Patel commented that medium term financial strategy budget cuts will be the main focus of the value for money judgement going forward.

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

AGREED ACTION

The Committee noted the verbal update from Ernst & Young

5. CAPITAL AND TREASURY OUTTURN 2016/17

The Corporate Director Resources introduced the report to Audit Committee and informed Members that there were two key aspects, namely how the Council had delivered against the end budget figures and the treasury management, showing how the Council had performed against a number of indicators.

The Corporate Director resources responded to comments and questions raised by Members. A summary of responses included:

- The Council were responsible for setting the treasury management indicators, these were approved at Full Council and were based on best practice guidelines.
- No housing grants went to the Council, these were received by local housing associations. However, with regards to new housing grants this had gone down year on year.

AGREED ACTION

The Committee agreed:

- **Noted the 2016/17 Capital Outturn.**
- **Noted the compliance with Prudential Indicators**

6. DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

The Corporate Director Resources introduced the report and highlighted that the Council had come in under budget for the year 2016/17. Members were made aware that next financial year the draft statement of accounts for 2017/18 needed to be ready for auditing by 31 May 2018 and published with an opinion by 31 July 2018. Having successfully achieved this timescale for the current 2016/17 statement of accounts it had shown that the timescales for next year were deliverable.

The Corporate Director Resources responded to comments and questions raised by Members. A summary of responses included:

- Savings made by shared arrangements with other local authorities would, on the evidence so far, be sustainable. However, there may be circumstances where the Council would have to look at each shared service and determine if more resources needed to be sourced.
- The adverse position in relation to home and school transport had been updated in the 2017/18 budget, based on the school and transport organisational change.
- In regards to concessionary fares this was a bill that the Council had to deal with no matter what the final costs were.

AGREED ACTION

The Committee noted and commented on the draft statement of accounts and agreed for them to be signed off.

7. AUDIT FEE REPORT 2017/18

Suresh Patel introduced the report and informed Members that the fees were reviewed every year. The Public Sector Audit Appointments Ltd (PSAA) sets the fee scale and it was proposed that fees were set at the same scale as for 2016/17.

AGREED ACTION

The Committee approved the 2017/18 external audit fee

8. FRAUD AND INVESTIGATIONS ANNUAL REPORT 2016/17

The Chief Internal Auditor introduced the report to the Committee and outlined the proactive measures undertaken by the organisation to prevent fraudulent activity. Members were signposted to new figures looking at waiting lists. Housing benefit fraud was now within the remit of the Department of Work and Pensions (DWP).

With regards to internal fraud an ex member of staff has now been prosecuted and ordered to pay money to the Council.

The Chief Internal Auditor responded to comments and questions from the Committee. A summary of responses included:

- The audit team were aware of the selective licensing scheme but had not as yet been involved.
- With regards to calls made on the hotline, although investigated, none have resulted in a case of fraud.
- Work was continuing around Blue Badge fraud, however the Council were aware of all cases involved.
- Going forward the fraud team would be looking into money laundering and raising awareness across the Council.
- With regards to waiting list times these would need to be factored into the Audit Plan in order to keep an eye out on figures.

AGREED ACTION

The Committee noted and endorsed the annual report on the investigation of fraud during 2016/17

9. INTERNAL AUDIT – ANNUAL OPINION

The Chief Internal Auditor informed Members that Appendix A of the report was an earlier version and included, under 4.9 “Accounts Recoverable”, this piece of work had not yet been finalised. It was confirmed that an updated appendix had now been published on the website.

The Group Accountant introduced the report and informed Members that the internal audit opinion is based on a review of work undertaken during the previous year. The Committee were informed that this control of governance fed into the annual governance statement. Resources within the team have remained static, however there is now one vacancy.

The Group Accountant responded to comments and questions from the Committee. A summary of responses included:

- Work had been done with regards to schools auditing processes, the conclusions had shown that the recording of central documentation was not clear and was a concern. Members were informed that the Council was not able to investigate academies.
- In terms of Health and Safety and insurance, academies could buy the services for this from the Council.

AGREED ACTION

The Committee noted and endorsed the Chief Internal Auditors annual report for the year ended 31 March 2017.

10. DRAFT LOCAL CODE OF CORPORATE GOVERNANCE AND THE DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17

The Chief Internal Auditor introduced the report to the Committee and informed Members that the compiling of the Annual Governance Statement was split into two key areas, namely the Draft Local Code of Corporate Governance which set out the policies and processes and how the Council delivered them. Members were informed that work to update this was to take place and would go out to further consultation.

The Committee were informed that the Local Code of Corporate fed into the Annual Governance Statement. The focus had been revised from previous years and now looked at outcomes rather than processes. In developing the Annual Governance Statement each department provided a statement which was then scrutinised and investigated.

The Chief Internal Auditor responded to comments and questions from the Committee. A summary of response included:

- In relation to the procurement strategy and rules the team were in the process of looking at their policies and processes.
- Working groups had been monitoring the potential population levels in Peterborough, especially in relation to school places. This took into account new housing developments.

ACTION AGREED

The Committee:

- **Reviewed and commented on the Draft Local Code of Corporate Governance**
- **Noted the arrangements for compiling, reporting and signing the Annual Governance Statement**
- **Reviewed and commented on the Annual Governance Statement including any areas which should be amended**
- **Agreed and approved the draft statement for inclusion in the statement of accounts**

11. UPDATES TO THE CONSTITUTION

The Democratic and Constitutional Services Manager introduced the report and informed Members that the proposed amendments had been discussed at the Governance Board, in addition there had been no additional suggestions made by Group Leaders.

Changes proposed included updating the requirements to provide sufficient reasoning for calling-in a planning application and the inclusion in the referral to be based on planning grounds.

Members were informed that changes had been suggested to Council Standing Orders, in particular to restrict questions on notice so that no question could be asked that was substantially the same as a question asked within the previous six months. Furthermore, any motion that rescinds a decision taken in the previous six months needed to be signed by five Members from more than one political group.

The Committee were informed that Council Standing Order 29.2 would be removed as any proposed changes to standing orders now had to be agreed first by the Audit Committee.

In regards to the petition scheme this was to be updated so that the constitution included a full procedure for debate at Council.

The Democratic and Constitutional Services Manager responded to comments and questions raised by the Committee. A summary of the response included:

- Decisions being referred to the Planning and Appeals Review Committee currently did not include reasons based on planning policy. The wording of sufficient was to ensure that Councillors stated precise reasons for wanting to call a decision in.
- Recommendations made by the Audit Committee would be presented to Full Council.
- Guidance on Planning issues could be circulated to Parish Councils to enhance their knowledge of planning policy.
- Councillors still had the right to move a motion to adjourn the meeting of Full Council, should that be appropriate.

Members of the Committee in discussing the report agreed that the word sufficient was not necessary in relation to calling in planning decisions. It was however essential that Members gave a reason for calling in a decision.

In addition the Committee stated that the wording "from more than one Political Group", be removed.

ACTION AGREED:

The Committee agreed to recommend to Council:

- **To suspend standing order 29.2 to allow for variation of Council Standing Orders with the item standing adjourned.**

- To approve the updated regulatory committee functions and requested that the word sufficient was not included in the final wording for calling in a planning decision.
- To approve the updated Council Standing Orders, with the deletion of “from more than one Political Group”.
- To approve the updated Petition Scheme.

INFORMATION AND OTHER ITEMS

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

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

13. APPROVED WRITE-OFFS EXCEEDING £10,000

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

14. FEEDBACK REPOT

The Senior Democratic Services Officer introduced the report and informed Members on the status of actions agreed at the previous meeting.

ACTION AGREED

The Committee noted the Feedback Report and work completed since the last meeting.

15. WORK PROGRAMME 2017/18

The Senior Democratic Services Officer introduced the report and informed Members that the Work Programme for the year 2017/18 was in line with previous years.

ACTION AGREED

The Committee noted the Work Programme for the Committee 2017/18.

7:00pm – 8.23pm
Chairman