



**MINUTES OF THE AUDIT COMMITTEE MEETING  
HELD AT 7:00PM, ON  
MONDAY, 26 MARCH 2018  
BOURGES/VIERSEN ROOM, TOWN HALL, PETERBOROUGH**

Present: Councillors Aitken (Chairman), Mahabadi, King, Over, S Nawaz, Shaheed, Sharp

Officers in

Attendance: Peter Carpenter, Service Director Financial Services  
Steve Crabtree, Chief Internal Auditor  
Pippa Turvey, Democratic and Constitutional Services Manager  
Fiona McMillan, Interim Director Law and Governance  
Dan Kalley, Senior Democratic Services Officer  
Natalie Moulton, Assistant Lawyer Project Delivery Team – Contracts and Procurement

Also in

Attendance: Kay McClennon, Manager, Governance & Public Sector Audit, Ernst & Young  
Flo Barrett, Associate, Ernst & Young

**51. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Bull. Councillor King attended as substitute.

**52. DECLARATIONS OF INTEREST**

No declarations of interest were received.

**53. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 12 FEBRUARY 2018**

The minutes of the meeting held on 12 February 2018 were agreed as a true and accurate record.

**54. EXTERNAL AUDIT PROGRESS REPORT**

The Audit Committee received a report in relation to progress on the audit of the Council's 2017/18 statement of accounts.

The Manager, Government and Public Sector of Ernst & Young introduced the report and requested the Committee to note the progress made on auditing the Council's 2017/18 statement of accounts. Members were informed that

planning work had been completed and the first nine months of auditing the income and expenditure accounts had also been completed.

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

#### **55. SECTOR UPDATE (2018 Q1 AUDIT COMMITTEE BRIEFING)**

The Audit Committee received a report in relation to sector briefing for Local Authority Audit Committees on Quarter one 2018.

The Manager, Government and Public Sector, Ernst & Young introduced the report. The purpose of the report was to help support the Committee in an environment that was constantly changing. The report outlined issues that had an impact on the Council. The report outlined technical issues as well as potential matters that were of interest.

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

- A briefing note from the Compliance Manager (Governance) on GDPR was to be circulated to members. Following the circulation of the briefing note a training sessions for Members was to be arranged.

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

#### **ACTION AGREED**

1. A briefing note on GDPR and training session to be organised by the Compliance Manager (Governance)

#### **56. CHANGES TO THE CONSTITUTION**

The Audit Committee received a report in relation to changes within the Council's Constitution. Members of the Committee were informed that a supplementary paper was produced following a meeting of the Governance Board on Tuesday 20 March 2018.

The purpose of the report was for the Audit Committee to recommend to Full Council a number of changes to the Constitution, including updating the petition scheme, changes to the Standing Orders, an update to the Member Officer Protocol and formalising Member training.

The Democratic and Constitutional Services Manager introduced the report and informed Members that these changes had been discussed at Governance Board. The key changes highlighted included alterations to the petition scheme, member officer protocol and changes to the standing orders to reflect the electronic voting system.

It was agreed at Governance Board that questions in relation to the Combined Authority would be allowed time to settle. With regards to the timings of motions it was agreed at Governance Board that timings for Council meetings as a whole would need to be looked at in greater detail and brought back to Audit Committee.

In addition the constitution had been updated to formalise training requirements for Members before being allowed to sit on committee's of the Council.

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

- Further amendments to the timings of the Council meeting in its entirety needed to be looked at in further detail. Any recommendations would be brought back to Audit Committee.

The Audit Committee considered and **RESOLVED** (Unanimously) to recommend to Full Council for approval:

1. The updated Petitions Scheme set out in Appendix 1 to the original report.
2. Changes to Council Standing Orders set out in Appendix 1 to the supplementary report.
3. The insertion of the wording to the Member Officer Protocol:  
"Members will normally, as a courtesy, keep Ward Councillors advised of matters in the ward in which the resident they are dealing with lives. There may be circumstances where urgent or immediate action needs to be taken (such as safeguarding or health & safety issues) which means this communication/information sharing is retrospective."
4. The amendment of all Committee Terms of Reference to include:  
For all Councillors to undertake training before being able to sit on committee.  
For all Councillors to undertake refresher training once every three years, or yearly for the Planning and Environmental Protection Committee and the Licensing Committee.

## **57. CONSULTANT, INTERIM AND AGENCY WORKER POLICY**

The Audit Committee received a report in relation to the consultant, interim and agency worker policy.

The purpose of the report was to review and approve the revised Consultant, Interim and Agency Worker Policy in order for the Council to comply with changes to tax legislation (IR35).

The Assistant Lawyer Project Delivery Team – Contracts and Procurement introduced the report and commented that the report outline the need to change the Consultants Policy to reflect changes to tax legislation. Officers also took the opportunity to update the policy as this had not been done for seven years. Members were made aware that there were now revised definitions of what constituted an interim and consultant. It was important to note that interim and

agency staff were different to consultants. The new policy had been streamlined and made more user friendly. If officers did not follow this new process there would be disciplinary action. All engagements of consultants needed to be recorded and held centrally. This had been consulted on with all DMT's to progress to Cabinet and training would be offered to all staff.

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

- A quarterly report would be beneficial to the Audit Committee to see how many staff were interims or consultants. This would be a standing item on the agenda.
- A yearly report used to be on the Committee's agenda, however this was a narrow report and needed to be brought in line to show all interim and consultants fees.
- The report would detail interims and consultants. A separate report on agency staff could be brought on an annual basis.

The Audit Committee considered and **RESOLVED** (Unanimous) to recommend for approval by the Cabinet, the revised Consultant, Interim and Agency Worker Policy, drafted in consultation with key stakeholders and officers to reflect compliance with procurement and HMRC regulations.

#### **ACTION AGREED**

1. A quarterly report on Consultants and Interims to be presented to Audit Committee

#### **58. RISK MANAGEMENT - STRATEGIC RISKS**

The Audit Committee received a report in relation to risk management as part of the routine report process to Audit Committee.

The purpose of the report was to receive an update on the role of the Risk Management Board and proposed minor changes to the Risk Management Policy.

The Service Director Financial Services introduced the report, the Committee had received report on 20 November 2017 setting out changes to the Corporate Risk register. The report in front of the Committee set out how this was to work going forward. At the next meeting there will be the first set of risks coming out. The first board meeting was held on 13 January 2018 and was chaired by the Corporate Director Regeneration and Growth and each directorate was represented by a senior officer. A second meeting was held on 7 March 2018 and the terms of reference were approved at that meeting, all amber and red risks were reviewed at this meeting. Going forward the meetings were to take place every second month.

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

- The Combined Authority was still in its infancy, however it was important that Peterborough had as much influence as possible on the Committee's being set up. At the moment not a lot of money had been allocated to what the Combined Authority would deliver. There needed to be as much discussion and communication with other authorities as possible. The Cabinet Member for Resources confirmed that this issue would be raised in a formal discussion with the leader of the Council to make sure that Peterborough's voice was heard as much as possible within the Combined Authority setting.
- On Combined Authority it was reported to the Committee that they had a first draft of their own strategic risk register that included Brexit, however it was important to note that this had not yet been approved by the Board. The remit of internal audit was to first get a strategy set up for the Combined Authority before analysing the strategy in detail. In terms of Peterborough, references had been made to Brexit in the MTFS and this had been approved at Full Council.
- Although Brexit was in the MTFS officers did not want to speculate on this as it was not possible to quantify.
- The new risk register had been split into quite a lot of detail divided by department. The remit for the Committee was to look at initial risks and to trust that officers were tackling those risks.
- Once departmental registers are reviewed the process was that those risks identified as red would be referred through to the Corporate Management Team to consider.

The Audit Committee considered and **RESOLVED** (Unanimously) to note the latest Risk Management Report.

#### **ACTION AGREED**

1. The Cabinet Member for Resources to discuss with the Leader of the Council the importance of Peterborough's representation on all Combined Authority Committees

#### **59. INTERNAL AUDIT STRATEGY, CHARTER AND AUDIT PLAN**

The Audit Committee received a report in relation to the Internal Audit Strategy, Charter and Audit Plan.

The purpose of the report was to ensure the Committee reviewed and agreed audit activity for the year ahead.

The Chief Internal Auditor in introducing report provided a number of documents to the Committee to set out the internal audit process and how that Members could challenge the audit approach. Committee were informed that each internal audit service should be externally assessed every five years and this was currently being undertaken at Peterborough. Feedback on this would be provided to Committee at a future meeting.

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

- The function of Scrutiny Committees was to evaluate spending on the elderly rather than within the remit of Audit Committee. In addition this was also part of the budget setting process which each Political Group had the opportunity to be involved in this process.
- Adult Social Care Team could present to each political group a picture of the expenditure in their area and how much cost pressure or volume pressure there was in that area and how it achieved value for money..

The Audit Committee considered and **RESOLVED** (Unanimously) to agree:

1. The Internal Audit Charter for 2018/2019
2. The Internal Audit Code of Ethics
3. The Internal Audit Strategy and Plans for 2018/2019.

### **ACTION AGREED**

1. Adult Social Services to provide training to each Political Group how their budget was spent and the pressures they faced.

## **60. REVIEW OF COMMITTEE EFFECTIVENESS**

The Audit Committee received a report in relation the review of the Committees' effectiveness.

The purpose of the report was to provide Members with details of an internal assessment of the operations of the Audit Committee against best practice.

The Chief Internal Auditor introduced the report - it was important that the Committee viewed how they operated and how the Committee was able to self-assess their performance. There were a number of best practice guidelines that were available and the assessment had highlighted those areas of best practice in the report and appendices.

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

- It was important that training was given to new Members of the Committee and what gets presented to the Committee.
- New Councillors would be given training on the roles of all Committee's of the Council. This was also to be extended to all existing Councillors.

The Audit Committee considered and **RESOLVED** (Unanimously) to agree:

1. The draft response to the CIPFA Toolkit checklist for Audit Committees, which records that the Committee meets all of the good practice statements;
2. The draft responses to the CIPFA Knowledge and Skills Framework for local authority audit committees; and

3. Any actions which the Committee considers appropriate to amend or enhance the Committee's arrangements in light of the completed Knowledge and Skills Framework assessment and the CIPFA Audit Committee Toolkit checklist.

## **61. COUNTER FRAUD POLICIES**

The Audit Committee received a report in relation to its Counter Fraud Policies and future approach in tackling fraud.

The purpose of the report was to provide Members with the Council's approach to tackling fraud and corruption.

The Chief Internal Auditor introduced the report. The Chief Internal Auditor had undertaken to review the Council's anti-fraud policies and to implement new strategies to take this forward so that they became embedded. Overall the Council could make improvements in reporting fraud. It was important to raise awareness further across the organisation and our partners.

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

- It was seen as best practice across the sector that £10,000 was the limit for cash deposits which could trigger money laundering. The closure of the cash office would not impact on this as there were other avenues where cash could be received.
- Since the cash office had now closed any cash deposits would have to be made at a financial institution that would comply with financial regulations.

The Audit Committee considered and **RESOLVED** (Unanimously) to agree:

1. Approve the updated counter fraud policies (**Appendices A - E**); and
2. Noted national studies produced in relation to fraud and corruption in local government (**Appendices F - G**).

## **62. ANNUAL AUDIT COMMITTEE REPORT**

The Audit Committee received a report in relation to the Audit Committee's Annual Report that was to be submitted to Council.

The purpose of the report was to provide Members with the work of the Committee over the past 12 months and to reflect this to Full Council.

The Interim Director Law and Governance introduced the report and stated that the report outlined the key work areas of the Committee and plans going forward.

The Audit Committee considered and **RESOLVED** (Unanimously) to agree to recommend the submission of the Annual Audit Committee Report to Full Council for approval.

## **INFORMATION AND OTHER ITEMS**

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

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

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

The Cabinet Member for Resources confirmed that 0.3% of income that had been written off in the report presented to the Committee in the previous cycle, the majority of this was down to businesses failing.

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

### **65. FEEDBACK REPORT**

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

7:00pm – 8.00pm  
Chairman