



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 5:00PM, ON
MONDAY, 21 MARCH 2022
ENGINE SHED, SAND MARTIN HOUSE, PETERBOROUGH**

Present: Councillors: Sainsbury (Vice-Chair), S Farooq, Haseeb and Shaheed

Co-opted members: Chris Brooks (Chair), Stuart Green, Mike Langhorn

Officers in

Attendance: Cecilie Booth, Acting Corporate Director of Resources
Karen Dunleavy, Democratic Services Officer
Fiona McMillan, Director of Law & Governance and Monitoring Officer
Steve Crabtree, Chief Internal Auditor

Also in Attendance: Councillor Andy Coles, Cabinet Member for Finance

Meeting started at 5.18pm

45. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Jackie Allen and Councillor Joseph.

46. DECLARATIONS OF INTEREST

There were no declarations of interest were received.

47. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 21 FEBRUARY 2022

The minutes of the meeting held on 21 February 2022 were agreed as a true and accurate record.

48. INTERNAL AUDIT PLAN 2022/23

The Audit Committee received a report in relation to the internal audit coverage for 2022/23.

The Chief Internal Auditor introduced the report and stated that this provided members with the proposed internal audit plan for 2022/23. This proposal was

set out to provide a level of assurance to the Audit Committee and the Council that there were sufficient and effective controls and governance arrangements in place. The work set out before members targeted those higher risk areas which could potentially have an impact on the Council, whether financial or reputational. Members were directed to the various appendices attached with the report.

With regards to Appendix A and the internal audit charter, this set out how the work was to be completed and how the team collaborated with other organisations and the standards that were expected when carrying out this work. Members were informed that our compliance with the standards were externally reviewed in 2018 and the Council fully met them.

In terms of Appendix B this was the code of ethics which audit officers of the Council followed. Appendix C set out how the Audit Plan was developed as well as the resources available and how they were planned to be used to complete the audit in the forthcoming year.

Members were informed that Appendix D set out the key areas that were proposed to be audited in the next year. The plan was refreshed throughout the year depending on if there were any developing themes that arose. In addition Appendix E set out the coverage by the team over the previous three years as requested by members of the committee at the previous meeting.

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

- It was felt that one of the key areas the Audit Committee needed to focus on going forward was around the budget setting process and the links to scrutiny.
- With regards to procurement spend controls there was work being undertaken through the Improvement Plan. This was looking at high level contracts and the audit team were looking at ways to supplement that work. The focus of this was looking at whether the spend on certain contracts was appropriate and whether these were being delivered on.
- In terms of Adult Social Care and Children's Services, as this was joined with Cambridgeshire County Council the two audit teams tried to complement each other when it came to carrying out audits.
- It was suggested that the committee could do a deep dive or desktop review around procurement and contract management within the next 12 months.
- The Interim Corporate Director Resources welcomed internal audit's input into procurement contracts and would like the team's feedback in terms of areas where the Council could make savings.
- There was some concern over the independence of risk management, which was being led by internal audit, especially as this service area would then be reviewing how risk management was being carried out. Members were informed that if there was an incidence when that area was being audited the Chief Internal Auditor would step back and let other members of the audit team carry out the audit to ensure independence and impartiality. This was standard practice across other local authorities. In addition the external auditors also had the

opportunity to review arrangements from an external viewpoint and could make suggestions.

- There were also examples at other local authorities where the risk management and internal audit function were totally separate and this worked well. It was important that this was reviewed going forward.
- It was suggested that an independent external body could look at the separation of risk management and internal audit and this could then be presented to committee at a later date.
- Members of the committee requested that senior management looked at having enough resources in place to ensure that risks and internal audit could be carried out as fully as possible. Members were informed that the member of staff currently on secondment was due to return at the beginning of April, if this was the case the areas shaded on the plan would move above the line and would most likely be carried out. There were some ongoing conversations around recruiting apprentices to build additional resources for carrying out further audits.

The Audit Committee considered and **RESOLVED** (unanimously) to.

1. Consider and agree to the Internal Audit Charter for 2022 / 2023 (Appendix A);
2. Consider and agree to the Internal Audit Code of Ethics 2022 / 2023 (Appendix B); and
3. Consider and approve the Internal Audit Strategy and Plans for 2022 / 2023 (Appendix C, D).
4. Note the information requested about Internal Audit work over the previous 3 years (Appendix E)

49. STRATEGIC RISK MANAGEMENT

The Audit Committee received a report in relation to strategic risk management.

The Chief Internal Auditor introduced the report and commented that the paper set out how the Council operated in terms of identifying its risks. All officers across the organisation had responsibility for managing risks at the Council. The report set out 11 high level scores for risks which had been identified as scoring 15 or more on the matrix. Members were informed that there was an error on the report with regards to the second risk identified, this should read financial sustainability and not the Empower loan re-financing. This was a download error from the system when pulling the risks through.

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

- In terms of any risks identified on the risk register these sat with Peterborough City Council, this included any risks around adult and children social care.
- It was agreed that a response on any audit risks identified within adult social care was to be provided to members.
- A comparison with other Councils could also be provided to committee on how they respond to risks that had been identified.

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

50. ANNUAL AUDIT COMMITTEE REPORT

The Audit Committee received a report in relation to the Chair's annual audit committee report.

The Director of Law and Governance introduced the report and stated that the report was presented to committee on an annual basis before being presented to Full Council. The report summarised the items that Committee had reviewed over the previous 12 months. The Chair of the committee would then present the report to Full Council to allow all members the opportunity to scrutinise and ask questions over the work carried out by the committee.

Members were informed that training was to play an important role going forward and officers were in discussion with external providers with regards to certain areas that the committee needed further training on. This would also be provided to scrutiny committee members. This would likely be a two-year training programme. Further details around this would be included in the annual report before being presented to Full Council in July.

It was suggested that the terms of reference in the report be removed and made an appendix to the report. In addition an appendix which showed the membership of the committee was to be included. Further work was also to be carried out to make the document look more aesthetically pleasing. The external review by Andrew Flockhart also needed to be included in the report going forward.

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

- It was important that the report going forward set out what the committee thought and areas challenged rather than a list of areas that the committee looked at.
- It was important that the training needs of members was included in the report so that CIPFA and the Independent Improvement Panel could see the Council making progress on this.
- The report needed to include areas where the committee had raised concerns, for example if there was a perceived shortage in terms of staffing for carrying out the necessary internal audits.
- It was important that the committee reviewed its terms of reference to make sure they were relevant and adequate going forward.
- Any suggestions to the report could be sent through to officers to be included in the final report.
- It was important that Full Council engaged with the annual report and any further suggestions would be welcomed.

The Audit Committee considered and **RESOLVED** (unanimously) to note the report with the additional changes as noted in the discussion.

51. **USE OF REGULATORY INVESTIGATORY POWERS ACT (RIPA)**

Members noted that there were no updates for this meeting.

52. **UNCOLLECTABLE DEBTS EXCEEDING £10,000**

The Audit Committee received a report in relation to uncollectable debts exceeding £10,000.

The Interim Corporate Director Resources introduced the report and explained that no debts were written off lightly. These were only written off when there was no way to recover the debt, this was usually when a business went into liquidation.

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

- The peak in terms of the sundry debt was in relation to moving the market. It was not possible to publish details regarding individuals due to GDPR.
- The process for writing off debt was standard and there was nothing more officers could do.

The Audit Committee considered the report and **RESOLVED** (unanimously) to note the uncollectable debts over £10,000

53. **WORK PROGRAMME**

The Audit Committee received a report in relation to the work programme for 2022/2023.

Members were informed that the statement of accounts report was going to be presented to the committee at the next meeting. This report was not yet ready for publication as there were some issues that needed to be addressed between officers and the external auditors.

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

- A further meeting was required for June for the Committee to sign off the Statement of Accounts.
- The work around the Council Improvement Plan needed to be added to the work programme, this would then enable the committee to review this at the same time as scrutiny.
- A report on the Council's reserve policy would allow the committee to review this and offer any suggestions. Members were informed that the Council had a reserve's policy. The Council had a low level of reserves compared to other unitary authorities.
- With regards to the deep dive topics some suggestions were made around the budget setting and scrutiny process. In addition further reports on the risk management strategy would be beneficial to the committee.

- Furthermore an internal audit review report was to be added to the work programme.

The Audit Committee considered and **RESOLVED** (unanimously) to note the report, with the inclusion of the additional items going forward.

Chair
5:18pm – 6:16pm