

**MINUTES OF THE AUDIT COMMITTEE MEETING  
HELD AT 6PM, ON  
20 MARCH 2023  
BOURGES/VIERSEN, TOWN HALL, PETERBOROUGH**

**Committee Members Present:** Haseeb, Perkins, Rangzeb, Jones, Jackie Allen and Sandford

Co-Opted Members: Chris Brooks (Chair), Mike Langhorn, Stuart Green

**Officers Present:** Cecilie Booth, Executive Director Corporate Services and S151 Officer  
Steve Crabtree, Chief Internal Auditor  
Richard McCarthy, Procurement Operations Manager  
George Wallace, Head of Procurement  
Dan Kalley, Senior Democratic Services Officer  
Adesuwa Omoregie, Interim Head of Legal and Deputy Monitoring Officer

**Also Present:** Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance.

**67. APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

**68. DECLARATIONS OF INTEREST**

There were none.

**69. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 30 JANUARY 2023**

The minutes of the meeting held on 30 January 2023 were agreed as a true and accurate record.

It was essential that the executive team provided a detailed plan on how the Council was to get back on track with regards to the external audits and statement of accounts. This was a pressing issue as the 2020/21 accounts had still not been signed off.

The Executive Director Corporate Resources and S.151 Officer confirmed that Ernst & Young would be approached again to get further clarity. One of the issues was that there were not enough auditors looking at these audits. There was a consultation document being circulated with regards to the 2022/23 audits. This was a common issue amongst a number of local authorities.

**ACTIONS:**

1. Executive Director Corporate Services and S.151 Officer to raise issue over the time taken to complete audits with EY. - Cecilie Booth before July 2023

## 70. ACTIONS AND MATTERS ARISING

It was agreed that the actions log would be updated to show the actions from the previous meeting and any outstanding actions remaining. This would reduce down the log and focus on any actions outstanding.

There was an action in relation to Corporate Complaints liaising with the Procurement team to discuss how complaints procedures could be included when tendering for any new contracts. Officers agreed to follow up any progress made.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the actions log.

### **ACTIONS:**

1. Senior Democratic Services Officer to update actions log to previous meeting actions and any outstanding. - Dan Kalley – July 2023
2. Officers to follow up action on including Complaints Procedures when issuing new contracts and discussions had with Procurement. - Dan Kalley – July 2023

## 71. ANNUAL AUDIT COMMITTEE REPORT

The Audit Committee received a report in relation to the Annual Audit Committee report.

The purpose of the report was for the committee to recommend its annual report to Full Council in July for sign-off.

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

- It was important to recognise the contribution of the independent members in the report. There had been a noticeable change in the questioning and work of the committee since they had been appointed.
- The tone in the section around overall assurances needed to be carefully worded. The external audits were now quite a long way behind where they should be. The AQR had given an improvements needed rating and this needed to be factored in when completing the annual report. It was also essential to note with regards to internal audit that controls needed to be in place and the issue around resources for the team was not missed out.
- There was a need to be as positive as possible, especially with regards to the 2020/21 external audit, the committee were positive that there would be no issues arising and therefore no impact on the reliability of the accounts, however the time taken to complete these was concerning.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to:

1. Review and approve the draft Annual Audit Committee Report shown in Appendix 1 for submission to Council in July 2023.
2. Delegate authority to the Chair, in consultation with the Audit Committee Group representatives, to agree any minor changes to the report before submission to Council

## **ACTIONS:**

1. Annual Audit Committee Report to include acknowledgement of independent members and review tone around some of the highlights/concerns outlined. - Dan Kalley – July 2023

## **72. INTERNAL AUDIT PLAN 2023/24;**

The Audit Committee received a report on the Internal Audit Plan 2023/24.

The purpose of the report was to provide Members with details of Internal Audit's annual.

The report was introduced by the Chief Internal Auditor and confirmed that this outlined the proposed Audit Plan for 2023/24, this included a number of documents including the Audit Charter which set out how the team operated and the principles used in delivering the service. Appendix B to the report was the code of ethics which each of the internal audit team followed. Appendix C set out the strategy and Appendix D showed how the Audit Plan was developed. Members were informed that as part of the reporting to the Audit Committee Appendix E set out the audits covered over the past three years.

It was noted at previous meetings the independence of the Chief Internal Auditor who was now sitting on the board of Peterborough Limited. There was however a declaration of interest form which was signed by internal auditors if there was a conflict of interest, this would then be picked up by the group auditor. In turn this enabled any audits in relation to Peterborough Limited to bypass the Chief Internal Auditor and go straight to the Director. The report referred to risk management which no longer sat with the Chief Internal Auditor, along with Corporate Complaints which had also been transferred out of responsibilities. In terms of the strategy, directorates had been approached to better understand the running of the business of the Council, this had now been reflected in the Audit Plan.

With regards to recruitment, the posts had been out to advert and currently there was an agency auditor in post. This person was actively working on current plans and would be helping with the new plans. A permanent auditor was starting in May and a further recruitment phase was starting soon to get another permanent person in post.

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

- There were some concerns that the team were starting the year slightly short in terms of resources. It was hoped a permanent appointment would start in May, therefore it was only a short time that the team would be under resourced. The permanent post was on a 0.8 FTE, which allowed for 0.2 FTE scope in terms of alternative solutions.
- At previous meetings it had been mentioned that across internal audit teams in Cambridgeshire there was talk of sharing resources, if possible, to ensure there was enough resilience across the County. There was the possibility of sharing some resources, or having some floating resource which could include the 0.2 FTE in salaries the Council could offer.
- In terms of assurance from other providers the team were putting together a detailed framework which would help get assurance from other providers such as Ofsted or care commission. In addition there were some internal assurances that the team wanted to get back and these could all be reported back to the committee at the July meeting. This would also feed into the Annual Governance Statement that would also be reported to the committee. In terms of the quality of the audits this would only be reflected on once all had been collated and would be reported in the annual audit opinion.

- It was important that the executive team were aware that by having the Chief Internal Auditor sit on the Peterborough Limited Board for a short period was that some of the audits could not be delivered upon. In addition, this could compromise the reporting line for some of those audits through the Group Auditor. It was suggested that some of the reporting lines went through the Chair of the Audit Committee as it was the fundamental role of the Audit Committee to protect the role of internal audit. Furthermore, this would allow the Group Auditor a chance to develop by interacting with the Chair of Audit and senior officers. Even if little as meeting and look at cover for internal audits.
- There was a separate Corporate Complaints team that collated all complaints received. If any were escalated this was sent to the Chief Internal Auditor, however this had now been removed from the list of responsibilities. If there were now any complaints to be escalated, they would be sent to a central pool of heads of service to investigate and respond back to the complaints team.
- There was a whistle blowing policy at the Council and sat under the Director of Legal and Governance. However, there were several links in the policy that employees could report to a number of senior officers including the Chief Executive, S151 Officer, Head of HR and Chief Internal Auditor.
- It was pleasing to see information governance, external organisations and procurement were key headings in the audit plan.
- In terms of the assurance mapping exercise this was going to be a part of the Annual Audit Opinion and would be presented at the July meeting. This was going to be developed in conjunction with the new Risk Manager.
- Reference was made under the other resource provisions for an external assessment as this was due to be completed every five years and the last one was done in 2018.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to:

1. Consider and approve Internal Audit Charter for 2023 / 2024 included at Appendix A;
2. Consider and approve the Internal Audit Code of Ethics 2023 / 2024 included at Appendix B; and
3. Consider and approve the Internal Audit Strategy and Plans for 2023 / 2024 included at Appendices C and D;
4. Note the information about Internal Audit work over the previous 3 years included at Appendix E

#### **ACTIONS:**

1. Chief Internal Auditor to reflect on suggestion of reporting lines and using the Group Auditor to develop their knowledge and skills. - Steve Crabtree

### **73. PROCUREMENT UPDATE**

The Audit Committee received a report in relation to an update on procurement activity.

The purpose of the report was to set out progress on Procurement Activity since October 2022 and following the meeting in January 2023.

The report was introduced by the Procurement Operations Manager who commented that the report provided members with an update following the meeting in January. Areas that members wanted an update on included spend management, non-compliance and the change in management of the procurement service. In addition, some statistics were included in the appendices based on early workings of the procurement plan. The team were working on how to work more efficiently and aggregating resources so that the team were working in a smarter way. It was hoped that an annual plan would be published

shortly outlining the key phases of awarding contracts, including when to go out to tender, when it would be evaluated and when it would be awarded. This work would enable the team to have a sense of what resources were required and the total number of pieces of work required.

Members were also provided an update on the Enterprise Resource Management (ERP) system, this would help link spend data and contracts. It was hoped this would give greater control over contracts being placed, ensuring they went through the right channels and processes.

In addition, information was provided to members with regards to climate change and social value as requested. A lot of the information was similar to that used by Suffolk County Council, who had given consent for Peterborough City Council to use some of their workings.

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

- With regards to purchasing the ERP system this was a useful tool to be able to link spend and contracts the Council was tied into. At the current time the manual system in place made it difficult to manage this process. With the ERP system if an officer tried to raise a requisition it would ask which contract it applied to. If there was no contract in place it would alert both the officer and procurement. Evidence in Cambridgeshire had shown that the levels of non-compliance had reduced significantly. One of the key benefits of the system was to help suppliers think about their carbon usage and this would help the Council lower its overall carbon impact.
- There were no concerns over the project plan, the only issue could potentially be around the timelines for delivering what was set out. The plan would apply to external suppliers for example Aragon as they were sufficiently independent. It was not clear whether this would apply to internal departments as they might be different arrangements in place. This was focused primarily on third party suppliers.
- Officers agreed to provide an update as to whether it was possible to provide the same criteria to internal departments.
- In terms of Peterborough limited there were meetings taking place and officers were in the initial stages of qualification and embedding processes into the system.
- In terms of the overall percentage of spend the procurement team were able to manage and review this was currently at 62%, the average should be in the region of 80%. However officers confirmed that due to the manual systems in place it was hard to check this, but this should improve going forward now that purchase orders needed to be matched to contracts and a zero tolerance policy was now in force.
- The service had changed dramatically and there was now significantly better oversight. There was also now an annual plan in place. The introduction of the Procurement Board had allowed a better overview of directorates. It was important that any officers that did not adhere to the new policy were held accountable and this would be a key role of the Audit Committee.
- It was important to look at relationships with third parties and bring back to the Committee's attention any large contracts.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the report setting out the actions of the Procurement Activity Board since October 2022.

## **ACTIONS**

1. Officers to ascertain whether the same criteria applied to external organisations around climate and social values could be implemented internally. - Richard McCarthy/George Wallace – July 2023
2. Officers to produce list of large contracts and bring to committee's attention the status/risks of those contracts in terms of procurement. Richard McCarthy/George Wallace – July 2023

#### **74. USE OF REGULATORY INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

The Interim Head of Legal and Deputy Monitoring Officer introduced the report. This set out the Council's RIPA Policy and its understanding of the legislation. The Council did not use this policy often, even though it was not commonly used it was important to have a robust framework in place. The report provided details on when the Council could use the powers and the authorisation and oversight before the powers would be used, including any judicial oversight before an application to use RIPA was made.

Following organisational changes there had been updates with regards to the authorised persons within the report. This report was to inform members on the use of the powers and provide assurance that the Council had the necessary governance in place should the powers be needed. There was reference to the use of drones, although the Council did not possess any drones or would be minded using drones. However, the policy needed to be robust enough in case the Council or its partners were ever minded to use drones.

Officers were looking at potential training and e-learning after the elections for members of staff.

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

- Members wished to know how many times the RIPA Policy had been used by the Council over the past five years.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the report on the authority's process, application and use of powers within the Regulation of Investigatory Powers Act (RIPA).

#### **ACTIONS**

1. Interim Head of Legal and Deputy Monitoring Officer to investigate how many times the RIPA Policy had been used over the past five years. - Adesuwa Omoregie.

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

The report was introduced by the Executive Director of Corporate Services and S151 Officer. This report had been presented to the Cabinet and was now being presented to the Audit Committee to note.

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

- During Covid there was a delay in writing off debts. It was unusual to have such a long gap for writing off debt. Going forward the finance team would produce an annual report, done at a different time of the year to closing the accounts.
- The annual report would control more detail as to the driver for having to write off the debt. Members were informed that nothing was written off lightly and all avenues were explored to claim money back before having to write it off.
- Most of the debt write off related to bankruptcy. There was a debt write off over £1 million pound, which the Council was hoping to recover some money from the estate, however in bankruptcy cases this was not always possible.
- There were some tricky cases in which the Council had tried to recover money, however due to the nature of the estates involved there were delays in being able to try and bill for the recovery of the money.
- Members were informed that the collection rates for Council Tax and Businesses was good, the target was 97.8% and currently the Council were collecting around 98.06%. This equated to £226k above target and there was still some time left in the financial year to collect more.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the Irrecoverable Debts in excess of £10,000 report.

## 76. **WORK PROGRAMME**

The Audit Committee received the report with the committee's work programme for the year ahead.

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

- There was scope to move some of the items from the July meeting to September this included Council Commercial Activities

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the work programme.

Chair 6pm – 7.11pm

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