

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

Committee Members Present: Councillors Haseeb (Vice-Chair), Jones, Farooq, Perkins, Rangzeb, Elsey and Barkham (Virtual)

Co-Opted Members: Mike Langhorn, Stuart Green

Officers Present: Cecilie Booth, Executive Director Corporate Services & S151 Officer
Richard McCarthy, Head of Commercial & Procurement
Jill Evans, Service Director & Deputy S151 Officer
Ray Hooke, Head of Corporate Delivery Unit
Dan Kalley, Democratic and Constitutional Services Manager
Adesuwa Omoregie, Interim Head of Legal and Deputy Monitoring Officer

Also Present: Janet Dawson, Associate Partner, Ernst&Young (EY)
Dan Cooke, Audit Manager, Ernst&Young (EY)

1. APOLOGIES FOR ABSENCE

There were no apologies for absence, however Councillor Barkham was present virtually, but could not vote on any of the items.

2. DECLARATIONS OF INTEREST

There were none.

3. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 JULY 2023

The minutes of the meeting held on 24 July 2023 were agreed as a true and accurate record.

ACTIONS AND MATTER ARISING

4.

The purpose of the report was to inform the Audit Committee of the actions outstanding, and progress made to date.

The report was introduced by the Democratic & Constitutional Services Manager who outlined that the actions log had been updated to reflect the previous meetings actions, plus any actions that were still outstanding.

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

- It was anticipated that the 2021 accounts would be ready for sign off at the earliest opportunity, however, following a review process it was identified that additional technical documents were needed to be able to satisfy all areas of FRC. In addition, the Audit Opinion, which had no time constraints, also required additional paperwork and would be completed in the next few weeks.
- Members were disappointed to hear that there had been a delay due to technical documentation and that a more robust plan of action should be considered going forward.
- There had been no precise figure on whether the Council or the Combined Authority received a refund from Stagecoach for a cancelled bus journey that was subsidised by the Council.
- Ernest and Young (EY) had received all the support they needed from the finance team to complete the work required. Furthermore, it was anticipated that completion was expected in the next couple of weeks and before the end of the month.
- The 21/22 audit was currently underway, and EY were waiting for guidance from DLUHC and the Financial Reporting Council (FRC) which was being rewritten to include new requirements. Furthermore, a plan would be in place to deal with the back log that had accumulated for Peterborough's accounts sign off.
- Members were disappointed with the delay in finalising the accounts and felt that this was unnecessary.
- Whilst it was appreciated that Members were disappointed with the delay in finalising the accounts, EY advised that they could not change the position due to the complex nature. Furthermore, feedback had been provided to Public Sector Audit Appointments (PSAA) about how dissatisfied Members were with the situation.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the actions and matters arising from previous meetings and progress made to date.

7. RISK MANAGEMENT FRAMEWORK

The Audit Committee received a report on the draft risk management framework.

The purpose of the report was to provide the Audit Committee with a draft version of the Council's Risk Management Framework and associated Strategic Risk register.

The report was introduced by the Head of Corporate Delivery Unit, who outlined the status of the risk framework

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

- The template required some work to change it into a Peterborough style.
- Members asked whether a clearer breakdown of the risk register, and financial resilience could be provided in future.
- It was confirmed that suitable mitigations measures were in place to ensure smooth transition of the Fostering de-coupling from Cambridgeshire to minimise risks identified.
- Members were disappointed that the management framework was in draft form, and it was expected that improvements would be made for the next meeting.
- Members raised concerns about the risk tolerance and appetite and that it was contradictory as the two subjects should not be separate.
- It concerned Members that there appeared to be an unacceptable high tolerance set for issues such as environment and health and safety outlined on page 31 of the risk management framework and further work was required on how the Council articulated its risk appetite.

- There were fundamental gaps in the risk management responsibilities and better definitions were needed. In addition, a clearer view of what the risk manager and chief internal auditor would review and be responsible for; which should also be reflected in the job description.
- The Council's definition of what risk management was needed to be reflected in the strategy rather than rely on what had been included in a standard template.
- The risk management framework had not clearly defined what gross risk, net risk, the Council's core objectives review process and reporting process needed to be. It was felt that these elements should be articulated in a much more effective way.
- The Council had a physical debt of £431 million and had a debt liability of just under £600 million. Furthermore, the Council's internal cash balances were tied up in borrowing.

The Audit Committee considered the report and **RESOLVED** (Unanimous) and provided any comments on the Draft Risk Management Framework and Draft Strategic Risk register.

ACTIONS:

1. The Head of the Corporate Delivery Unit to feedback comments from the Committee to the Corporate Leadership Team and provide committee with an updated risk management report at a future meeting. - Ray Hooke – January 2024

8. DECISIONS OF THE SHAREHOLDER CABINET COMMITTEE

The Audit Committee received a scheduled report on the decisions of the Shareholder Cabinet Committee.

The purpose of the report was to note the decisions made by the Shareholder Cabinet Committee as set out in the report.

The report was introduced by the Democratic and Constitutional Services Manager and asked members to note the decisions made by the Shareholder Cabinet Committee as set out in the report.

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

- The amount outlined at 4.1 of the report in relation to property limited, was part of the capital programme and had been connected to the three organisations that had contributed to the costs of £1.3m each for the Anglian Ruskin University (ARU).
- The funding of the three organisations covering the physical building of ARU was for additional funding in the overall capital programme envelope.

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

9. PROCUREMENT UPDATE

The Audit Committee received a report in relation to commercial and procurement services.

The purpose of the report was to outline some specific requirements that the Committee requested, which were about social value framework to internal services, large contracts and risk assessments. There had been no definition issued and picked out the Council's 17 largest contracts and in future, due to a new Government procurement bill would require review and information on contracts of £2 million, and corporate information on the top three Key Performance Indicators, diversity, GDPR and modern-day slavery policies. In addition, the

Council's ERP system would be upgraded to ensure the required information would be available and should link into risk management.

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

- Regulation 72 was in relation to procurement to allow an extension or a contract if the Council was not able to take a contract to market, due to issues. Furthermore, the fostering decoupling was an example of use of these arrangements.
- The ERP system would allow a consistent approach to contract management and monitoring. Furthermore, the ERP system would ensure that any requestion raised would automatically check that a contract was in place. This would also help to reduce maverick spending and ensure the correct contract routes were used such as frameworks and therefore help to end the exemption or waiver of contracts.
- Members were asked to note the good work undertaken by the Procurement team to develop and implement new contract processes across the Council.
- Legal colleagues were exploring a process for contracts to utilise block contract or frameworks in the first instance. If this option cannot be put in place, the contract award would be delegated through the head of service to the relevant director. There would need to be evidence that all procurement avenues had been explored, and a thorough report would need to outline all routes undertaken and how the contract was authorised.
- Children social care had a placement change form that legal colleagues were currently reviewing this process to see if it was something that could be used to help with commissioning and kerb the control of high commercial costs for urgent service support.
- The ERP system would be implemented in the next 6 to 12 months. In addition, the process involved had input from finance as well as HR to deliver.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the general Update provided in the report regarding the activity of the Commercial & Procurement Service.

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

The Audit Committee resolved to note that there was no RIPA update.

14. APPROVED WRITE-OFFS EXCEEDING £10,000

The Audit Committee resolved to note that there was no update on write-offs exceeding £10,000.

15. WORK PROGRAMME

The Audit Committee received the report with the committee's work programme for the year 2022/23.

The purpose of the report was to allow the committee to add/remove any items from the work programme for the year ahead.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the work programme and agreed to the additional items being added to future meetings.

ACTIONS:

Democratic and Constitutional Services Manager would discuss with the Head of Commercial & Procurement for a standing item to be included on the Work Programme to provide Members with a list of large contracts.

CHAIR

End 7.06pm

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