



**INTERNAL AUDIT MID-YEAR  
PROGRESS REPORT 2023 / 2024  
TO 30 SEPTEMBER 2023**

## 1. **INTRODUCTION**

- 1.1 The purpose of this report is to bring the Committee up to date with progress made against the delivery of the 2023 / 2024 Internal Audit Plan. The information included in the progress report will feed into and inform our overall opinion in the Annual Audit Opinion report issued at the year end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.
- 1.2 Internal Audit use an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted in the table below. We will continue to appraise risk and refine our audit plans, therefore the audits listed in Appendix B that have yet to be started could be replaced if risk levels change.
- 1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance. To obtain this assurance, we look at the number and type of recommendations we make in each report and are summarised below:

<b>AUDIT ASSURANCE OPINIONS</b>	
<b>Assurance</b>	<b>Definitions</b>
<b>Substantial</b>	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There may be some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
<b>Reasonable</b>	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
<b>Limited</b>	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
<b>No</b>	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

- 1.4 Should an audit report identify **LIMITED** or **NO** assurance, then as a matter of course those areas are followed up. Our work is carried out to assist in improving control. **However, management is responsible for developing and maintaining an internal control framework.**

1.5 Our recommendations are graded, dependent on the severity of the findings, see below:

<b>RECOMMENDATION RATINGS</b>		
<b>Status</b>	<b>Definitions</b>	<b>Implementation</b>
<b>Critical</b>	Extreme control weakness that jeopardises the complete operation of the service.	Immediately
<b>High</b>	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	As a matter of priority
<b>Medium</b>	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	At the first opportunity
<b>Low</b>	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	As soon as reasonably practical

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## 2. **EXTERNAL WORK and OTHER DUTIES**

2.1 The Chief Internal Auditor is also charged with management responsibility for both the Insurance and the Investigations Teams at Peterborough City Council (PCC), and separate reports are provided to the Audit Committee for these areas. During the year to date these have included outturn reports for Insurance and the Investigations teams. The CIA is also a director of Peterborough Limited and a member of the Risk Management Board. It should be noted that during the period being reported on the CIA has been temporarily out of the business and during this time the audit team has been supporting these activities. It should be noted that the CIA also undertook section 151 duties for the Director of Corporate Services during April 2023 as required whilst covering for Director absence.

The CIA does not have responsibility for risk management but has been providing ad hoc support to the risk management function due to sickness and whilst a recruitment exercise was undertaken to the post during the year

2.2 Some audit staff also support the organisation for corporate initiatives such as job evaluation, Equality Diversity and Inclusion, Change Champions Group and assist during the election process.

### 3. **RESOURCES**

- 3.1 The 2023 / 2024 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and as a Director of Peterborough Limited. Management of these activities included within the plan was budgeted to be 0.4 FTE bringing direct audit time to 5.7 FTE.
- 3.2 In addition to the above, the team held a vacancy for a Senior Auditor which was in the process of being recruited to at the time the plan was agreed, along with a Senior Auditor due to start in May at 80% (0.8 FTE). An adjustment was made and resources were reduced to 5.4 FTE for the year and formed the basis of the plan.
- 3.3 At this point the team has been unsuccessful in recruiting to the vacant Senior Auditor post but some temporary resources have been obtained to cover for some of the shortfall. This is ending in October 2023 to enable the team to go out to the market for a permanent solution. In addition, the Senior Auditor appointed as 0.8 FTE reduced their hours to 0.6 FTE, reducing the FTE available further. They have also recently resigned and are due to leave the organisation. This has resulted in the team once again having 2 vacancies which are due to be readvertised. If suitable appointments are made it is not envisaged that the individuals will be in post until January 2024.
- 3.4 The difficulty in recruitment is industry wide, neighbouring authorities are experiencing similar resource issues in obtaining qualified audit staff. Whilst plans are being discussed to 'develop our own' with the use of apprenticeships etc we intend to explore the market as part of the recruitment process to identify if there are individuals with transferable skills such as contract and project managers that could transition into the role with training.
- 3.5 As a result of the CIA being a Director of Peterborough Limited a decision has been made to appoint an independent audit firm to undertake the two audits that are included in the plan for them. The CIA is in discussion with an audit service to establish if they can undertake the work. If the recruitment process referred to in 3.3 is unsuccessful the viability of more reviews being undertaken by the independent audit firm will be considered.
- 3.6 The audit plan, detailed in Appendix B, continues to highlight those audits that are not achievable within the currently available resource levels. All reviews that have materialised in year due to changing risk or new areas of work have been assessed, prioritised as required and are identified as 'NEW'. As new areas of work are identified through our assessment process it will result in other audit activities moving to the category of non-deliverable due to resources. A large number of audits have dropped below the line and are identified within the section of reviews that are presently unable to commence. This is primarily due to the stated resource issues and also for reasons detailed within the performance section of this report where a particular review has been resource intensive.
- 3.7 Where possible assurance will be gained from audit colleagues where there is a vested interest in audits being undertaken. With the uncoupling of many of the previously shared services between Cambridgeshire County Council and Peterborough City Council opportunities for this are reducing with the exception of public health services. Additionally, the team will be looking to use the assurance framework to establish where assurance can be provided within the business.

#### 4. **PERFORMANCE and OUTPUTS**

- 4.1 A detailed commentary of the progress of the 2023 / 24 Annual Plan is documented at **Appendix B**. The table below gives a summary of the status of all audit projects. The figures for the 'current plan' include the additional grant work and reprioritised audit activities. As the plan continues to be prioritised on an ongoing basis these figures may be subject to change.

Planned Activity	
Original Plan	<b>66</b>
Actual Activity	
Complete	16
In Progress	23
Yet to do	16
<b>Current Plan</b>	<b>55</b>

- 4.2 As stated in 3.1.3 the annual plan has previously based on resources of 5.4 FTE. The FTE has been revised further due to the vacancies held and the anticipated level is now likely to be 4.95 FTE after the adjustment for the CIA non audit time if the planned recruitment is successful. A breakdown of how time has been spent as of 30 September 2023 is detailed in the table below.
- 4.3 The table below shows the proportion of time spent to September 2023 on PCC audit work and other duties and highlights how that impacts on the resource levels. The percentage of audit/non audit work is generally in line with budgeted figures.

	Posts		Revised Resources Planned for	Audit Work PCC	Other duties (see para 2.1-2)
	No.	FTE	FTE	%	%
Chief Internal Auditor	1.0	1.0	1.0	61	39
Group Auditor	2.0	1.6	1.6	96	4
Principal Auditor	1.0	0.5	0.5	100	-
Senior Auditor	2.0	2.0	1.25	100	-
Auditor	1.0	1.0	1.0	98	2
<b>TOTAL</b>	<b>7.0</b>	<b>6.1</b>	<b>5.35</b>		

- 4.4 Whilst a governance audit of the City College was included within the audit plan, the scope changed significantly as a result of a number of whistleblowing notifications. Whilst an external investigator was appointed to undertake the HR aspects of the review, internal audit has been focussing on the governance and other aspects of the whistleblowing allegations. This has resulted in the original planned days being significantly exceeded due to the amount of work required.
- 4.5 There has been an unprecedented amount of absence in the first six months due to ill health. Present figures are 69 days and this will increase further with known absence in October. The annual budgeted sickness time for the team is 24 so this has been significantly exceeded at the half year position and represents approximately 5 audits. This will have a further impact on reviews when incorporating October and any other absences to the end of the financial year.
- 4.6 There has been two finalised reports with a **LIMITED** assurance rating to date. The executive summaries of the Mayor of Peterborough's Charity Fund 2021-22 and Climate Change reports are attached at **Appendix C**. Audit Committee will be advised of any future reports falling within these categories as part of the audit committee timetable.
- 4.7 Due to the nature of the work typically undertaken in the first part of the year including a high proportion of grant activities it is too early in the audit year to provide an overall opinion on the internal controls operating across the Council that have been subject to audit from the 2023 / 2024 audit plans. The Assurance Framework will continue to be updated to assist with this. However, should any areas of significant concern occur the Committee will be advised at the earliest opportunity.

## 5 **AUDIT PROGRAMME AND PROCESS DEVELOPMENT**

- 5.1 The process for following up on the implementation of recommendations has been reviewed during the year. Protocols are presently that recommendations are revisited after six months or before if target dates are sooner. The proposed approach is to use the audit software system to advise services of outstanding recommendations on a quarterly basis. This is intended to obtain more current information and make the follow up process more efficient. The new process is being piloted with the Place, Economy and Communities management team.
- 5.2 During the year the schools audit programme has been reviewed to ensure it incorporates and focusses on the risks and challenges that schools presently encounter. One particular area has been enhanced to include the review of schools arrangements for cyber security.

## APPENDIX B

**PROGRESS AGAINST AGREED AUDIT PLAN**

Where audits are “shaded”, these represent those jobs not started at 30 September 2023.

AUDIT ACTIVITY	COMMENTARY
<b>AUDIT ACTIVITIES</b> <b>Provision for Governance and Anti-Fraud activities that are not subject to risk assessment</b>	
Annual Audit Opinion	Produce report detailing work carried out and Head of Internal Audit Opinion of Governance, Risk and Control, in accordance with PSIAS.  <b>Completed</b> - Annual Opinion 2022 / 2023 presented to Audit Committee on 24 July 2023.
Annual Governance Statement Review	<ul style="list-style-type: none"> <li>• Review of senior management self-assessment assurance statements.</li> <li>• Development of the AGS in conjunction with the Corporate Director of Resources</li> </ul> <b>In Draft</b> – AGS completed by Internal Audit and referred to Audit Committee on 24 July 2023. Corporate Leadership Team to take responsibility for any further amendments if required prior to finalisation of Statement of Accounts. To date there has been no amendments.
Annual Investigations Report	<b>Completed</b> Annual Report 2022 / 2023 presented to Audit Committee on 24 July 2023.
Mid-Year Audit Progress Report	<b>Completed</b> Annual Audit Progress Report 2023 /2024 being presented to Audit Committee at this meeting, on 27 November 2022.
Internal Audit Effectiveness	<b>On-going</b> On-going monitoring, review and update against the PSIAS standards and associated action plan.
Audit Committee Support	<b>On-going</b> This includes a review of Audit Committee effectiveness, update of the Audit Committee Handbook, provision of training and attendance at meetings.

AUDIT ACTIVITY	COMMENTARY
<b>AUDIT ACTIVITIES</b> <b>Provision for Governance and Anti-Fraud activities that are not subject to risk assessment</b>	
Information Governance Board	<b>Ongoing</b> Attendance at the Information Management Strategic Board.
Risk Management Board	<b>Ongoing</b> Chief Internal Auditor is a member of the Risk Management Board which is chaired by the Director of Corporate Services.
National Fraud Initiative	<b>In Progress</b> Audit work continues in relation to the 2023 data matches which include reviews such as blue badge cases, payroll, payments, benefit / council tax, right to work etc. will be released during February 2023.
Fraud/Compliance activities	<b>In Progress</b> <ul style="list-style-type: none"> <li>• Investigations into alleged fraud or irregular activities are detailed as individual reviews.</li> <li>• Review of fraud policies</li> </ul>
Corporate Governance and Assurance Framework	<b>Ongoing</b> An overarching review of the organisations assurance framework was undertaken to support the Annual Audit Opinion and was presented at Audit Committee on 24 July 2023. Review work will continue throughout the year to develop further and to ensure current.
Annual Audit Planning	<b>To commence quarter 3</b> Establishment of the future plans for 2022 / 2023, including a review of the Strategy, Charter and Code of Ethics and a pre-planning report on emerging themes



AUDIT ACTIVITY	Department	COMMENTARY
<b>OTHER RESOURCE PROVISION</b> Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.		
<b>INVESTIGATIONS</b>		
HR Payroll Overpayment	CS	Complete A review of a complaint resulting from a payroll overpayment. 5 recommendations were made, 2 medium, 3 low.
Email Review	L&G	Complete A review of email arrangements as part of an information governance exercise.
<b>CARRY FORWARD</b>		
Mayors Charity 2021/22	P&E	Complete A follow up to previous review findings. Audit Opinion is LIMITED. 15 recommendations were made in total comprising 4 high and 11 medium
Payroll	CS	In progress Full system review. Previous audit work has reported on weaknesses in accuracy and completeness of data.
Supplier Verification Processes	CS	Complete Internal Audit provided consultancy advice on revised procedures for changes to supplier accounts, following a previous fraud. The scope was extended to look at the whole supplier set up procedure.

AUDIT ACTIVITY	Department	COMMENTARY
<p><b>OTHER RESOURCE PROVISION</b></p> <p>Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.</p>		
<p><b>CONSULTANCY ADVICE</b></p>		
Data Breach	CS	<p>In progress</p> <p>A review of information retained and recorded in relation to agency staff.</p>
Eye Primary School – IT Breach	ACE	<p>Complete</p> <p>Procedural advice provided as a result of an IT breach.</p>
Childrens Services – Agency Staff	ACE	<p>In progress</p> <p>Verification checks in relation to the recruitment of staff through agencies</p>
<p><b>FOLLOW UP PROVISION</b></p>		
Business Continuity	Corporate Services	<p>In progress</p> <p>A follow up of the previous report findings. 2 further recommendations have been made.</p>

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
<b>CERTIFICATION</b> Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Disabled Facilities	PS	In progress	Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Integrated Transport Grant	P&E	Certified	A DfT scheme via the CPCA to help local authorities cut carbon emissions and create local growth.
Highways Maintenance	P&E	Certified	A DfT grant via the CPCA. This grant is used by local authorities for small transport improvement schemes costing less than £5 million and also for planning and managing the road networks
Pothole Action Fund	P&E	Certified	A capital funded DfT grant via the CPCA to support pothole repairs.
CPCA – Funded Schemes	P&E	Ongoing	A management request for quarterly transport claim documentation to be reviewed by internal audit prior to CPCA submission. Q1 & Q2 completed to date.
Supporting Families	ACE		Ongoing Payments by results scheme. Requirement to audit 10% of the claims for every submission. Also to review the councils Outcomes Plan, which documents how PCC will apply the scheme. Claims are reviewed monthly.
Homelessness Prevention Grant	P&E	Certified	Funding received from MHC&LG in relation to supporting the implementation of the Homelessness Reduction Act.
Rough Sleeper Initiative	P&E	Certified	Funding received from the DLUHU in relation to rough sleeper initiative funded services. Links to the Drugs and Alcohol Treatment Programme.
Supplementary Universal Grant	PH	Certified	From DHSC. Supersedes the Universal Grant and links to the Drugs and Alcohol Treatment programme.
AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY

**CERTIFICATION: Continued...**

**Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.**

Housing Support Fund	ACE		Certified (2022/23) and Ongoing (2023/24) Grant Fund Scheme to award vouchers to eligible families. The final Quarter relating to 2022/23 has been concluded with review work relating to 2023/24 to continue throughout the year.
Mayors Charity Fund	L&G		To Commence Independent examination of the Mayor's Charities' accounts, in line with the Charity Commission's requirements.

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
<b>Prioritised Audits for Review</b>					
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.					
<b>Section 1 – Audits achievable with planned resources</b>					
Financial Resilience	Corporate Risk	All		<b>To commence Qtr 3</b> <b>Risk: Savings targets are not achieved / financial sustainability not realised.</b> A review of the arrangements in place to ensure that savings targets are robust and that they are monitored. Utilisation of the Cipfa toolkit	H
Financial Operating Framework	Internal Audit	CS		Control advice during devpt of revised Financial Operating Framework, including Financial Regulations/Contract Standing orders/Contract management policy/Capital governance strategy	H
Programme Boards	Internal Audit	CS		To commence Qtr4 A review of governance arrangements of the Programme Boards due to be introduced as a result of business improvement programmes.	H
Cyber Security	Internal Audit	CS		Follow-up of previous Limited Assurance audit report and focus on security in relation to remote working and phishing.	H
Treasury Management	Financial System	CS		A compliance review of limits as specified within the strategy.	H
Risk Management	Internal Audit	CS		A review of risk Management governance, strategy and operational activities	H

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
<b>Prioritised Audits for Review</b>					
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.					
<b>Section 1 – Audits achievable with planned resources</b>					
City College	Mngt Request	PEC		In progress A review was initially to focus on the governance arrangements in place and that responsibilities are being operated in line with the arms length agreement incorporating any issues and actions identified from the Cipfa review. The scope has since extended to become a governance review incorporating more detailed audit activity around specific operational activities arising from an internal investigation. An independent investigator has been appointed to review specific aspects of the investigation whilst being supported by internal audit.	H
Highways Maintenance	Contract	PCE		In progress A contract monitoring review of Milestone following contract extension	H
Resettlement Contracts	Contract	PEC		In progress A contract management review to include Befriender Services - PARCA	H
Clare Lodge	Corporate Risk	ACE		On hold – awaiting feedback from a management review prior to continuing work. Review of financial and budgetary arrangements of the secure unit.	H
Council Tax	Financial Systems	CS		In draft A review of income collection arrangements	H
Climate Change	Corporate Risk	PEC	Limited	Complete A review of the processes in place to support the Council achieving its net carbon commitments. Audit Opinion is LIMITED. 11 recommendations were made in total comprising 7 high, 3 medium, 1 low.	H

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
<b>Prioritised Audits for Review: Continued</b>					
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.					
<b>Section 1 – Audits achievable with planned resources</b>					
Care and Repair	Contract	ACE		In progress A review of the contract framework and management arrangements	H
Direct Payments	Int Audit	ACE		In progress Arrangements for managing direct payments to ensure that they align with care plans	H
Payment Cards <b>New!</b>	Mgmt Request	CS		In progress A review of procurement card processes and follow up of previous recommendations.	H
Performance Framework	Internal Audit	CS		To commence Qtr4 Arrangements for the reporting and monitoring of performance indicators in association with service plans.	H
Aragon – Income Generation	Mgmt Request	PEC		To commence Qtr4 – Independent Audit	H
Aragon – Use of Subcontractors	Mgmt Request	PEC		To commence Qtr4 – Independent Audit	H
Payroll and HR Integration Project <b>New!</b>	Project	CS		To Commence Qtr3 Internal audit involvement in the project implementation of the new system. Activities to include consultancy advice and UAT.	H
Building Control	Mgmt Request	PEC		To Commence Qtr3 A review of action plan progress following the Essendyke Ombudsman findings and recs.	H

AUDIT ACTIVITY				
Prioritised Audits for Review – NOT Possible with current resources				
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.				
SERVICE OR SYSTEM	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
Income Generation / Charging	Corp Risk	ACE	<b>Dropped below the line</b> <b>Risk: Income levels reduced following COVID.</b> A review of processes that ensure accurate and complete billing and debt recovery in key service areas.	H
External Organisations Governance	Internal Audit	L&G	<b>Dropped below the line</b> An overarching review of External Organisations to include Board membership and the scrutiny arrangements of the Shareholder Committee - Dependent on scope of external constitutional review	H
Health and Safety	Corporate Risk	CS	<b>Dropped below the line</b> A review of operational resilience arrangements as a result of the termination of the SLA with CCC or monitoring of the SLA arrangements if it is extended.	H
Schools Reviews	Mgmt Request	ACE	<b>Dropped below the line</b> Review of a selection of schools to incorporate arrangements such as governance, budgetary control and contract tendering	H
Accounts Payable	Financial System / Project	CS	<b>Dropped below the line</b> A review of the early payment project review of savings realisation and / or A review of dormant accounts	H
Peterborough Investment Partnership	Internal Audit	PEC	<b>Dropped below the line</b> A governance review of the external organisation.	H
Economic Growth Projects	Projects	PEC	<b>Dropped below the line</b> A review and oversight of the projects with regards to service delivery of growth e.g. Station Quarter,	H



AUDIT ACTIVITY				
Prioritised Audits for Review – NOT Possible with current resources				
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.				
SERVICE OR SYSTEM	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
Information Governance	L&G Risk	L&G	<b>Dropped below the line</b> Compliance with GDPR legislation, data retention and how information can be shared. RISK: Lack of oversight and control of information management. <b>RISK: Lack of oversight and control of information management</b>	H
Emergency Planning	Corporate Risk	CS	<b>Dropped below the line</b> A review of emergency planning processes to include the frequency of plan reviews and staff preparedness	H
Schools Capital Programme	Project	ACE	<b>Dropped below the line</b> Project management review - Heltwate School	H
Property Services	Internal Audit	CS	<b>Dropped below the line</b> Review of policies and procedures resulting from the integration of the NPS business into PCC and the relationship with Aragon	H
Home to School transport	Corporate Risk	ACE	<b>Dropped below the line</b> Process to ensure transport is awarded in line with eligibility criteria Risk: Budget is insufficient to meet increasing demands on the service	H
Cost of Living Hub	Project	PEC	<b>Dropped below the line</b> – assessed as no longer required A project management review and it's link to future customer Service Strategies	M
IT Systems	Project	CS	<b>Originally below the line</b> A review of the Insight Spend Data analysis tool project	M

AUDIT ACTIVITY				
<p><b>Prioritised Audits considered for Review, presently below the line</b>  <b>The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements. The shaded areas represent audits that will not be possible with current resources.</b></p>				
SERVICE OR SYSTEM	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
MyView - Expenses Module	Project	CS	<p><b>Originally below the line</b>  <b>No longer required – replaced with new Payroll/HR project</b>            Control advice during implementation of expenses module - for online submission and approval of expenses.</p>	M
Blue Badges	Internal Audit	PEC	<p><b>Originally below the line</b>            Arrangements for ensuring Blue Badges are awarded to/used by those eligible to receive them. (could possibly link to NFI data matches)</p>	M
Education Software Suite Replacement	Project	CS	<p><b>Originally below the line</b>            Act as a 'critical friend' during design and procurement stage of the project</p>	M

DEPARTMENTS	
CS	Corporate Services
Cex	Chief Exec
L&G	Law and Governance
ACE	Adults, Children and Education
PEC	Place, Economy and Communities
PH	Public Health

**Appendix C****FINAL AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE**

<b>AUDIT ACTIVITY</b>	<b>ASSURANCE RATING</b>	<b>DATE TO AUDIT COMMITTEE</b>
Mayor of Peterborough's Charity Fund 2021-22	Limited	27 November 2023
Climate Change	Limited	27 November 2023

## Mayor of Peterborough's Charity Fund 2021-22 - Executive Summary

### Introduction

The role of Mayor of Peterborough is subject to election every May. It is longstanding convention that each Mayor nominates three local charities to raise money for throughout their term of office. This is done via the Mayor of Peterborough's Charity Fund (MPCF). Each mayor brings together a small team of volunteers to run MPCF during their term of office, with support from officers provided by Peterborough City Council. MPCF raises money through holding events, such as the annual Mayor's Ball, or from receiving minor donations. After the end of the mayoral year, the net proceeds are shared out between the nominated charities. MPCF was registered as a charity in 2015 and is regulated by the Charity Commission. Under charity law, gross annual income determines the accounting and reporting requirements and whether external scrutiny of accounts is required. For 2021-22, the Mayor nominated Supporting Peterborough Veterans, Family Voice and The Light Project as their three nominated charities.

Internal Audit have been reviewing MPCF accounts and providing advice since 2018 after the Executive & Members Services Manager became MPCF's Treasurer. During an earlier review, it was identified that the MPCF's Constitution, which uses a Charity Commission template, did not reflect how MPCF works in practice, and that it was not consistent with the Memorandum of Understanding (MoU) template used annually to detail the agreed roles of MPCF, the Council and the nominated charities. Significant work was undertaken by Legal Services in 2021 to address this.

### Objectives and Scope

Early examination of the Accounts Workbook for 2021-22 found that the annual gross income fell beneath the threshold at which formal detailed external scrutiny of accounts was required. The purpose of the audit was to therefore to provide assurance that accounts have been kept appropriately, that the disbursements made to the nominated charities for 2021-22 reflected the net proceeds raised, and to gauge progress of implementation of agreed actions from previous reviews.

The scope covered:

- MPCF's accounts for 2021-22.
- Outstanding recommendations and agreed actions from previous reviews of MPCF.
- Provision of advice where required.

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

## Main Findings

- Internal Audit were able to confirm that the net proceeds total for disbursement to the nominated charities was correct, based on the records and explanations available. It is understood the nominated charities have been paid their shares of the proceeds.
- The original MPCF Constitution contains no ownership of, or responsibility for, MPCF by the Council, and thus the Council appears to have no power over MPCF in its current form. As the MPCF title strongly suggests significant link to the Council, there would be risk to the Council's reputation if anything went seriously wrong. The revised MPCF Constitution attempts to address this and was presented to those at the MPCF meeting of 15.7.21. To take effect, the revised Constitution needed a simple majority of MPCF members to pass a resolution agreeing its adoption. However as each Mayor's set of volunteers is replaced informally at the end of the mayoral year, there appears not to be any official membership. Minutes of MPCF meetings record no resolution approving the revised Constitution. Charity Commission were provided with a copy but have not yet accepted it as the MPCF's new governing document.
- Since Internal Audit started examining MPCF accounts in 2018, the level of income has dwindled from £95k in 2016-17 to £19k in 2021-22. The Covid pandemic, restricting ability to hold events, has undoubtedly affected the amount of income achieved in the past three years, but significant decline was noticeable between 2016 and 2019. The Council provides a significant support to MPCF, and it is questionable whether the levels of income achieved in the couple of years before the pandemic justify MPCF as a standalone charity.
- It is understood that significant donations totalling around £20k have been received in 2022-23 from the Mayor (funded from their Mayoral Allowance) and from a local Solicitors practice. If significant donations are accepted, MPCF's annual income is inflated, causing additional work for MPCF (as a registered charity) though in reality it is the Council, in terms of officer time and greater responsibilities when certain income thresholds are reached. There can also be delays in paying the intended recipients. Where significant donations are offered, the donors should be encouraged to donate directly to the charities or good causes of their choosing as this is a quicker, more efficient way of providing them with the money, and avoids adding to the administration Council officers will undertake.

## Conclusion and Opinion

The general approach of MPCF in replacing its participants almost en masse at the end of each mayoral year is not the approach expected in Charity Commission's charity constitution template, and there is a lack of understanding of what the MPCF Constitution actually requires. It is not helped that the key 'governance expert' role of Secretary is not a permanent appointment and is instead filled by annual election from mayoral invitees, potentially leading to loss of knowledge and experience. We have concluded that the Dec 15 version of the MPCF Constitution remains in force. Membership and Trusteeship of MPCF, and its Constitution must be resolved as a matter of priority.

We note that there are lots of local authorities who have their own equivalents of MPCF as registered charities, with varying income levels. However, some local authorities seem to run their charity element through main Council accounts, with a limited programme of Civic Office administered fundraising, thus not needing a separate registered charity. In light of MPCF's relatively small annual pre-Covid income, and that most income from events comes from Civic Office run events, careful consideration should be given to the purpose and future of MPCF and whether a more appropriate 'delivery model' can be found. The findings from the review are explained in more detail in the main body of the report, along with recommendations to address them, although these are mainly predicated on the current model remaining in place.

The audit opinion is Limited Assurance. For guidance on internal audit opinions and audit recommendation priorities, please refer to Appendix 1.

## Climate Change - Executive Summary

### Introduction

This Audit forms part of the 2022 / 23 Internal Audit Plan.

The European Confederation of Institute of Internal Auditors' Risk In Focus 2023 Survey ranks Climate Change as the 6<sup>th</sup> most important risk faced by organisations, with a prediction of moving to 3<sup>rd</sup> in 3 years time.

In 2019 Peterborough City Council declared a climate emergency, committing to becoming a net zero carbon organisation by 2030 and to supporting Peterborough to become a net zero carbon city, also by 2030. This declaration involved the Council committing to a wide range of comprehensive actions. In order to try and achieve this the Council measures its carbon footprint annually and produces an action plan to further reduce emissions.

### Objectives and Scope

The purpose of the audit was to review Climate Change activities and assess whether:-

- Climate Change risks have been identified and are considered in all areas of the business
- Climate change goals and objectives to mitigate PCC's impact on the environment have been identified, which are accurately monitored and reported
- Management's arrangements for resilience to respond to extreme weather events
- Effective governance arrangements are in place
- Officers, Councillors and key stakeholders are aware of Climate Change and their responsibilities
- The Council promotes climate change actions and takes measures to support the city in achieving net zero carbon

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

### Main Findings

Peterborough City Council is launching a number of initiatives in order to address the challenges of Climate Change and meet its target of net zero carbon emissions by 2030. Positive progress is being made in numerous areas, and just a few can be seen below:-

- There is an annual Council Carbon Management Action Plan which is a detailed document clearly indicating progress against the reduction in carbon emissions challenge, which acts as a useful tool to measure progress and highlight successes.
- The 2019 Climate Change Working Group was replaced with the newly formed Climate Change and Environment Scrutiny Committee, July 2022. This Committee will be key in dealing with the challenges of Climate Change and the urgent need for reduction in carbon emissions.

- Funding has been secured to instigate a project to produce a city wide Climate Change adaptation plan.
- A city wide Climate Change debate has been launched encouraging schools, residents, parish councils and businesses to engage and develop plans to decarbonise the city.

It has not been possible to establish how far Peterborough City Council is on track to meet its commitment to reach net carbon zero by 2030. However, the Draft Climate Change Action Plan 2023 commits to production of a roadmap for achieving net zero emissions. This should in turn provide information on where we are now, and progress required to achieve the target.

It is important to note that documentation reviewed during the course of the review did not include the costs associated with plans for achieving net carbon zero. In addition to producing the plan above, to assess whether the Council is on target, the costs associated should be highlighted in order to identify if the initiatives can be funded sufficiently to meet the net zero emissions commitment by 2030.

### **Conclusion and Opinion**

Important areas are being worked on by the Climate Change team. For example, producing a city wide Carbon Management Plan, provision of training sessions for staff and councillors and securing funding for the production of an adaptation to Climate Change for Peterborough plan. It is understood there are aspirations to expand the team. Joining the Principal Climate Change Officer and the Climate Change School Officer posts it is hoped there will be recruitment for a Climate Change Public Education Officer and a Climate Change Project Development Officer. This in turn will significantly assist in the team's workload, and efforts required to achieve targets set to hopefully result in progress against the City's commitment.

There are areas detailed within the body of this report and the Carbon Management Action Plan, that need addressing. The Limited Assurance opinion given is in no way a reflection of the efforts and progress being made in relation to Climate Change. However, in the absence of the Carbon Management Action Plan being costed, it is unknown whether targets are affordable. In addition to this, a report of where we are now, and level of commitment needed to achieve net zero emissions by 2030 would assist to focus efforts. The planned roadmap should provide this information.

The audit opinion is Limited Assurance.

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