

AUDIT COMMITTEE

MONDAY 29 JANUARY 2024

6.00 PM

Bourges/Viersen Room - Town Hall

THE CHAIRMAN WILL ASSUME THAT MEMBERS HAVE READ THEIR PAPERS PRIOR TO THE MEETING TO AVOID UNNECESSARY INTRODUCTIONS TO REPORTS. IF ANY QUESTIONS ARE APPARENT FROM THE REPORTS THEY SHOULD BE PASSED TO THE REPORT AUTHOR PRIOR TO THE MEETING

AGENDA

Page No

1. Apologies for Absence

2. Declarations of Interest

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification " that has been disclosed to the Head of Legal Services.

3. Minutes of the Meeting Held on 27 November 2023

4. Terms of Reference

5. Peterborough City Council Audit Update - Year Ending 31 March 2021

6. Risk Management

7. Internal Audit Plan 2024-2025 - Approach to Audit Planning

8. Treasury Management Strategy 2024 - REPORT TO FOLLOW

9. Annual Governance Statement

10. Teachers' Pension Audit

11. Audit Committee Record of Action Taken - 2023/2024 Municipal Year

INFORMATION AND OTHER ITEMS

12. Use of Regulation of Investigatory Powers Act 2000 (RIPA) To note there are no updates since the last meeting in September 2023.

13. Approved Write-Offs Exceeding £10,000

To note there have been no updates since the last meeting in November 2023

14. Work Programme

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Committee Members:

Councillors: Haseeb (Vice Chairman), Jones, Rangzeb, Perkins, Barkham, Schumann (Chair), Fox and B Rush Substitutes: Councillors: Trust, N Sandford, Strangward and S Lane

Further information about this meeting can be obtained from on telephone 01733 747474 or by email – democratic.services@peterborough.gov.uk

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

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

Co-Opted Members: Mike Langhorn, Daniel Schumann (Chair), Stuart Green (Virtual)

Officers Present: Cecilie Booth, Executive Director Corporate Services & S151 Officer
Jill Evans, Service Director, Corporate Finance & Deputy S151 Officer
Adesuwa Omoregie, Interim Director of Law and Governance and Deputy Monitoring Officer
Steve Crabtree, Chief Internal Auditor
Belinda Evans, Compliant Manager
Claire Watt, Senior Executive Assistant

Also Present:

1. APOLOGIES FOR ABSENCE

No apologies for absence. Stuart Green and Councillor Rush were present virtually, but could not vote on any of the items.

2. DECLARATIONS OF INTEREST

Steve Crabtree, declared that he was a Board member of Peterborough Limited.

3. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 11 SEPTEMBER 2023

The minutes of the meeting held on 11 September 2023 were agreed as a true and accurate record.

4. ACTIONS AND MATTER ARISING

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 Executive Director, Corporate Services (S151 Officer) 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:

There was an action from the previous meeting on 11 September 2023 for the Head of Corporate Delivery Unit to feedback comments from the Committee to the Corporate Leadership Team and provide the Committee with an updated Risk Management Framework at a future meeting. A briefing note on progress was circulated to the Committee prior to this meeting and an updated Risk Management Framework will be presented to the Committee on 23 January 2024.

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

5. INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2023/ 2024

The Audit Committee received a report on the Internal Audit: Mid Year Progress Report 2023/2024.

The purpose of the report was to provide the Audit Committee with an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2023 / 2024 as at 30 September 2023.

The report was introduced by the Chief Internal Auditor, who outlined the progress of the Internal Audit plan for 2023/2024.

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

The report provided a clear indication of the lack of resources present within the Internal Audit Team with several audits being deferred. Officers were working hard to recruit a Senior Auditor post. The use apprenticeships were also being explored with HR. It was acknowledged that there was a Cambridgeshire wide issue in audit resourcing.

The Committee did not think that Insurance should remain within Internal Audit and that it should sit within risk management activities. Officers were of the understanding that it sat better within Internal Audit as the Risk Management activity was made up of a single post and unlikely to have the skillset and expertise. However, officers were committed to review this.

The Committee asked for a clearer definition of the recommendation ratings that were set out on Appendix A of the report. It was agreed that this would be available and included in the next Internal Audit plan progress update.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the progress of the Internal Audit Plan for 2023/2024.

ACTIONS:

1. Executive Director, Corporate Services to consider Insurance being removed from Internal Audit and sitting within Risk Management – March 2023
2. Clearer definitions of the recommendation ratings to be provided to the Committee – Steve Crabtree - January 2024

6. TREASURY MANAGEMENT MID YEAR UPDATE

The Audit Committee received a report on the Treasury Management Mid Year Update.

The purpose of the report was to provide the Audit Committee with the current performance and the forecast outturn position against the Prudential Indicators in the Treasury Management Strategy.

The report was introduced by the Service Director, Corporate Finance and Deputy S151 Officer, who outlined the Mid Year position and current forecast for the interest receivable and payable for the financial year 2023/23 as at 30 September 2023.

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

1. Review and consider the Treasury Management Strategy Statement (TMSS) Mid-year position and performance against the Prudential Indicators.
2. Note the current forecast for the interest receivable and payable for the financial year 2023/24 as at 30 September 2023 (as amended).

7. ANNUAL REPORT OF COMPLAINTS 2022/23

The Audit Committee received a report in relation to the Annual Report of Complaints 2022/2023.

The purpose of the report was to outline the effective management of complaints were important to ensure action had been taken when customers express dissatisfaction about the delivery of any of our services

The report was introduced by the Complaint Manager, who outlined the contents of the Annual Complaints report.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to review the report (detailed in Appendix A & B) and provide any comments or recommend areas for future scrutiny.

8. AUDIT COMMITTEE TERMS OF REFERENCE

The Audit Committee received a report in relation to the Audit Committee Terms of Reference.

The purpose of the report was to outline the current Audit Committee Terms of Reference in conjunction with the CIPFA Guidance and consider any changes required.

The report was introduced by the Interim Director of Legal and Governance (Monitoring Officer)

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

The Committee asked for the CIPFA Terms of Reference to be incorporated into the Committee's Terms of Reference.

Items that were requested to be included in the Committee's ToR included:

- A definition of what independence means with reference to independent members on the Committee.
- Administrative elements including the purpose of the Committee; who it was accountable to; who approves the ToR and when/how it had been reviewed.
- Membership section should be strengthened in terms of how the Chair was appointed, the role of the Chair, restriction of membership, and political balance.

In addition, the Committee asked that the role of the Committee in the Risk Management process be considered which may necessitate an amendment in the ToR.

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

1. Review the terms of reference of the model CIPFA terms of reference included at Appendix 2.(as amended).
2. Propose any changes to the Audit Committee's current terms of reference included at Appendix 1 in line with the CIPFA terms of reference (as amended).

ACTION

3. The Interim Director of Legal and Governance (Monitoring Officer) to take on board the comments made by the Committee regarding the proposed changes to the Terms of Reference and bring back to a future agreed Committee date for consideration of adopting the revised Terms of Reference prior to being taken through the next stages.

9. AUDIT COMMITTEE START TIME 2024/25

The Audit Committee received a report in relation to the start time for Audit Committee meetings in 2024/2025.

The purpose of the report was for Audit Committee to discuss and agree the start time for meetings from the beginning of the Municipal Year 2024-25. The draft schedule of meetings will be agreed at Full Council in January 2024.

The report was introduced by the Interim Director of Legal and Governance (Monitoring Officer), who outlined the options for Committee start time 2024-2025.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to agree and recommend to Council the start time of 6pm for all Audit Committee meetings for the Municipal Year 2024-25.

10. 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 Interim Director of Legal and Governance (Monitoring Officer) and asked members to note the decisions made by the Shareholder Cabinet Committee as set out in the report.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the outcome of meetings of the Shareholder Cabinet Committee as set out in the report.

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

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

12. APPROVED WRITE-OFFS EXCEEDING £10,000

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

13. 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.

CHAIR

End 6.46pm

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AUDIT COMMITTEE	AGENDA ITEM No. 4
29 JANUARY 2024	PUBLIC REPORT

Report of:	Adesuwa Omoregie, Interim Director of Legal and Governance		
Cabinet Member(s) responsible:	Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance		
Contact Officer(s):	Adesuwa Omoregie, Interim Director of Legal and Governance (Monitoring Officer)	Tel.	

AUDIT COMMITTEE TERMS OF REFERENCE

RECOMMENDATIONS	
FROM: Interim Director of Legal and Governance (Monitoring Officer)	Deadline date: 29 January 2024
<p>1. That the Audit Committee recommends to Full Council the adoption of the amended Terms of Reference for the Audit Committee included at Appendix 1</p>	

1.	ORIGIN OF REPORT		
1.1	This report is submitted to the Audit Committee for the Committee to consider the proposed changes to the Terms of Reference of the Audit Committee which are in line with the CIPFA guidance		
2.	PURPOSE AND REASON FOR REPORT		
2.1	The purpose of this report is to request that the Audit Committee considers changes to the Terms of Reference of the Audit Committee included at Appendix 1 and determine whether the amended Terms of Reference can be referred to Full Council for approval.		
2.2	This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.		
3.	TIMESCALES		
	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting
4.	BACKGROUND AND KEY ISSUES		
4.1	In late 2022 CIPFA produced guidance for local authorities with regards to best practice in terms of local authority Audit Committees.		
4.2	The committee has made a number of positive strides over the last 18 months to two years including appointing three independent members to the committee. This includes having an independent chair of the Audit Committee.		

4.3	As part of the Council's improvement journey the Independent Improvement and Assurance Panel have welcomed the progress made by the committee, recognising that there is still more to be done.
4.4	Attached as Appendix 1 are the current terms of reference for the committee with the proposed changes in line with CIPFA guidance included in track changes. Appendix 2 includes the CIPFA guidance.
4.5	At its meeting held in November 2023, the Committee asked for the CIPFA Terms of Reference to be incorporated into the Committee's Terms of Reference.
5.	CORPORATE PRIORITIES
5.1	<p>This report relates to:</p> <ol style="list-style-type: none"> 1. Sustainable Future City Council <ul style="list-style-type: none"> • How we Work • How we Serve • How we Enable <p>Any changes will play a key role in how the Council serves its residents.</p>
6.	CONSULTATION
6.1	As part of the wider review the Audit Committee and its members form part of the consultation.
7.	ANTICIPATED OUTCOMES OR IMPACT
7.1	It is anticipated that this will enable the committee to have an up to date fit for purpose terms of reference.
8.	REASON FOR THE RECOMMENDATION
8.1	As the decision to amend the Terms of Reference is that of Full Council, a recommendation is needed from the Audit Committee to effect referral to Full Council.
9.	ALTERNATIVE OPTIONS CONSIDERED
9.1	The committee could agree to keep the terms of reference as they are, however, these have not been updated or reviewed in detail for a number of years and do not take into account the CIPFA Guidance.
10.	IMPLICATIONS
	Financial Implications
10.1	There are none at this time.
	Legal Implications
10.2	Full Council is the decision maker for the changes to the Terms of Reference of the Audit Committee. This report is seeking approval for the Audit Committee to recommend to Full Council the proposed change to the Terms of Reference of the Audit Committee so that they are in line with CIPFA Guidance.

	Equalities Implications
10.3	There are none.
11.	BACKGROUND DOCUMENTS Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
11.1	N/A
12.	APPENDICES
12.1	Appendix 1 – Proposed amendments to Audit Committee Terms of Reference Appendix 2- CIPFA guide for Audit Committees

3.8 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.

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3.9 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

2.2.2.6-3.10 To consider specific reports as agreed with the external auditor.

2.2.2.73.11 To comment on the scope and depth of external audit work and to ensure it gives value for money.

3.12 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

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3.13 To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee

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3.142.2.2.8 To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.

2.2.2.93.15 To commission work from internal and external audit.

3.16 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

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3.172.2.2.40 To have oversight of the Regulation of Investigatory Powers policy and processes.

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2.2.2.113.18 Authority to approveTo recommend any changes regarding the Council's Whistle-Blowing policy and arrangements to Full Council.

2.2.2.123.19 To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.

2.2.2.133.20 To produce an annual report for consideration by Full Council on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

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3.21 To monitor progress in addressing risk-related issues reported to the committee.

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3.22 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

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3.23 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

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3.24 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

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4. Regulatory Framework

~~2.2.2.144.1~~ ——— To review any issue referred to it by the Chief Executive or a Director, or any Council body.

~~2.2.2.154.2~~ To monitor the effective development and operation of risk management ~~and corporate governance in the council.~~

~~2.2.2.164.3~~ To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process ~~and review the assessment of fraud risk and potential harm to the council from fraud and corruption.~~

~~2.2.2.174.4~~ To oversee the production of the authority's Annual Governance Statement ~~and to prior to recommending its adoption and consider whether it properly reflects the risk environment and supporting assurances, including the Head of Internal Audit's annual opinion and to consider whether the annual evaluation for the Annual Governance Statement, fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives~~

~~4.52.2.2.18~~ To ~~consider review~~ the Council's arrangements for corporate governance ~~against the good governance framework, including the ethical framework~~ and agree ~~ing~~ necessary actions to ensure compliance with best practice ~~and consider the local code of governance.~~

5. Accounts

~~2.2.1.19.5.1~~ ~~To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.~~

~~5.2~~ To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

~~2.2.1.205.3~~ To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

6. Independent Members of Audit Committee

~~2.2.1.216.1~~ The Audit Committee will include up to 3 independent co-opted non-voting members sitting alongside 7 elected members. Independent members will be appointed by the Council to serve an initial 4 year term, which may be extended with the agreement of Council.

~~6.22.2.1.22~~ The Committee will be chaired by an Independent Member. In the absence of the appointed chair one of the remaining two Independent Members will be appointed as Chair by the Committee.

~~2.2.1.236.3~~ The Vice-Chair will be an elected member whose purpose will be to support the Chair and in the event of an equality of votes, to exercise a second or casting vote.

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- | [2.2.1.246.4](#) The role of an Independent Member is to support the Council's Audit Committee in its role to provide independent assurance to the members of Peterborough City Council, and its wider citizens and stakeholders.
- | [2.2.1.256.5](#) Independent members will be expected to actively participate in meetings of the Audit Committee and demonstrate independence, integrity, objectivity and impartiality in their decision-making. They will support reporting as required to Full Council, including the Annual Audit Committee report.
- | [2.2.1.266.6](#) Independent members will contribute to the work of the Audit Committee in its role in reviewing the Council's financial affairs, including making reports and recommendations, overseeing internal and external audit arrangements, reviewing and scrutinising financial statements, seeking assurances of compliance with the Treasury Management Strategy and practices and reviewing and assessing the governance, [the effective development and operation of risk management and control of the authority.](#)

Audit committees:

practical guidance for
local authorities and police

2022 edition

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The **Chartered Institute of Public Finance and Accountancy** (CIPFA) is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, major accountancy firms and other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA leads the way in public finance by standing up for sound public financial management and good governance.

Guiding the audit committee

Supplement to the audit
committee member guidance

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Introduction

This section is aimed at officers responsible for guiding the audit committee. It will also be a useful reference guide for an audit committee member wanting to develop greater understanding of the committee's role or access additional resources.

It identifies the underpinning legislation, regulations, guidance or resources that the committee should be referencing in its operations.

It is a supplement to the guides *Audit committee member in a local authority* and the *Police audit committee member* and should be read in conjunction with the appropriate guide. It includes information for both authorities and police bodies.

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Core functions of the audit committee

MAINTENANCE OF GOVERNANCE, RISK AND CONTROL ARRANGEMENTS

Good governance

Delivering Good Governance in Local Government: Framework (CIPFA/Solace 2016) is principles based and informs the approach to good governance adopted by police, local authorities and fire and rescue authorities. CIPFA recommends that each authority develops a local code of governance setting out how it applies the principles in practice.

CIPFA's **Financial Management Code** (FM Code) also attributes responsibility for the Framework to the authority's leadership team. This supports the principle of assurance in the FM Code.

Other useful resources for evaluating governance and identifying governance risks include the research resource co-ordinated by the Centre for Governance and Scrutiny, **The governance risk and resilience framework**. This sets out the risks to good governance and can be used as part of the evaluation process for the annual governance statement (AGS) or as part of other governance development work. Further information on the AGS is included in **Accountability and the annual report**.

Where an authority is found to have failed in its statutory obligations to provide best value, the government has the power to intervene. The audit committee is one of the mechanisms an authority should have in place to identify, escalate and oversee the improvement of any governance weaknesses.

In Wales, the **Local Government and Elections (Wales) Act 2021** provides for intervention by Welsh ministers to increase the extent to which a council is meeting the performance requirements.

Key references

Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework') sets the standard for governance in UK local government bodies. The Framework is supported by guidance notes for each sector (CIPFA/Solace, 2016) as follows.

- **Delivering Good Governance in Local Government: Guidance Notes for English Authorities**
- **Delivering Good Governance in Local Government: Guidance Notes for Scottish Authorities**
- **Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities**
- **Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales**

Accounts and audit regulations (various according to location in the UK)

The governance risk and resilience framework (Centre for Governance and Scrutiny, 2021)

Ethical values

As part of the annual governance review, the audit committee should consider how effectively the **Seven Principles of Public Life** are supported and whether the arrangements in place to achieve Principle A of the governance framework are fit for purpose:

Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law.

Authorities have a standards committee to oversee member conduct and review complaints. This is not a function of the audit committee and combining the two committees should be avoided.

The standards framework for elected members in England was established by the **Localism Act 2011**. English local authorities have a statutory duty to promote and maintain high standards of conduct, and the audit committee should consider assurances on the discharge of this responsibility and be satisfied that there are arrangements in place. The Committee on Standards in Public Life last reviewed standards in local government in 2019. The report recommended some amendments to the Act, but in its 2022 response, the Department for Levelling Up, Housing and Communities (DLUHC) did not commit to these. This remains an active topic that the audit committee should be aware of, and it should understand the steps its authority is taking to promote and ensure good ethical arrangements are in place.

The **Public Sector Internal Audit Standards** (PSIAS) include the ethical framework as a specific area of governance for internal audit work.

Whistleblowing arrangements support the development of ethical conduct and greater transparency and help authorities ensure compliance with the **Public Interest Disclosure Act 1998**. As part of the audit committee's oversight of the governance framework and assurances underpinning the AGS, the committee may wish to review the effectiveness of the whistleblowing arrangements.

Useful resources

Upholding Standards in Public Life (Committee on Standards in Public Life, 2021)

Risk management

In determining the audit committee's responsibilities towards risk management, authorities should have regard to the responsibilities of other committees such as scrutiny committees and the specific responsibilities of those charged with governance in relation to risk management. Where a local authority establishes a separate risk committee, then its roles and responsibilities need to be considered in determining the role of the audit committee.

Police audit committees are directed in the **Financial Management Code of Practice for the Police Forces of England and Wales** (FMCP) (Home Office, 2018) to advise the PCC and the chief constable on the adoption of appropriate risk management arrangements.

Welsh local authority and English combined authority audit committees are required to review and assess risk management arrangements.

Internal controls

Internal control arrangements will be informed by service requirements and guidance specific to individual areas.

Financial management

Regarding financial management arrangements, CIPFA's FM Code is a helpful resource to guide and evaluate the adequacy of financial management. The results of the assessment should be shared with the audit committee.

Audit committees in local authorities in Wales and in combined authorities are required to review and scrutinise the authority's financial affairs. Robust arrangements for financial control, understanding financial risks and longer-term financial planning will provide assurance to the committee. The review of financial statements also supports this objective. Care should be taken to not overlap with financial scrutiny. Tasks such as budget monitoring should not be undertaken by the committee.

Value for money and best value arrangements

Making best use of resources is a key objective for all local authorities and is part of the Framework. One of the behaviours and actions that underpin Principle C of the Framework is "delivering defined outcomes on a sustainable basis within the resources that will be available." When the AGS is prepared, the adequacy and effectiveness of arrangements to secure value for money (VfM) should be included, as per CIPFA guidance.

One specific area of activity for the committee will be consideration of the external auditor's wider work, as set out in the codes of audit practice and other guidance adopted by national audit bodies as follows.

- **England:** statutory value for money commentary as defined by the [National Audit Office](#).
- **Scotland:** periodic reviews of best value from [Audit Scotland](#).
- **Wales:** annual improvement reports from [Audit Wales](#).
- **Northern Ireland:** a review of arrangements for the use of resources from [Northern Ireland Audit Office](#).

When the external auditor raises concerns about VfM, the audit committee should ensure there is a robust action plan to address the issues raised. A significant VfM failing is likely to lead to a formal recommendation or report in the public interest. In addition to the work of the auditor, the audit committee should consider what other assurances are available in relation to identified VfM risks and highlight areas for improvement.

The [Cities and Local Government Devolution Act 2016](#) requires the audit committee of a combined authority to review and assess the economy, efficiency and effectiveness of resource use in discharging the authority's functions. By reviewing the adequacy of the authority's arrangements, including aspects such as performance management, financial planning and procurement, the audit committee will be able to report and make recommendations to fulfil this responsibility. Where risks to value for money are identified to the audit committee – for example, through the work of internal audit – those concerns need to be escalated for management action.

Countering fraud and corruption

The audit committee should include counter fraud and corruption within its agenda. This should not be limited to an update to the committee on a significant case of fraud or corruption. The audit committee's responsibility to have oversight of arrangements means that they should be able to judge whether the authority's arrangements are fit for purpose

CIPFA's [Code of Practice on Managing the Risk of Fraud and Corruption](#) (2014) sets out the counter fraud standards for public sector organisations. Sector-specific strategies such as [fighting fraud and corruption locally](#) should also be considered, along with [Integrity matters](#)

(HMICFRS, 2015). The committee should understand the level of fraud risk the authority is exposed to and the implications for the wider control environment.

The audit committee should have oversight of the authority's counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation such as the **Bribery Act 2010**.

The CIPFA guidance on the AGS recommends that the adequacy of counter fraud arrangements is evaluated and reported on in the AGS with reference to the *Code of Practice on Managing the Risk of Fraud and Corruption*. The audit committee should have sight of the assurances underpinning this assessment and can play an important role in supporting the development of effective counter fraud and corruption practice. The audit committee may also refer to the Internal Audit Standards Advisory Board's (IASAB) guidance on **internal audit's role in counter fraud** (2017), which sets out internal audit's responsibility to provide assurance to the organisation on how it manages fraud risk.

Partnership governance, collaborations and subsidiaries

Ensuring that the audit committee has oversight of significant collaboration arrangements or the governance arrangements for the authority's partnerships is important. This is an area of assurance that should be planned as new arrangements are established as well as considered regularly.

Guidance is available in CIPFA publications, including **Successful Collaborations in the Public Services: The Role of Internal Audit** (2021). This highlights some of the governance risks that should be considered in collaborative arrangements, together with the role of internal audit. It highlights the need for the audit committee's oversight of internal audit to extend to their work on collaborations.

CIPFA's **Effective Governance of Collaboration in Policing** (2021) provides an overview of the nature of collaborations in policing and guidance on governance for those arrangements, and other relevant guidance is included in **Principles for section 151 officers working with LEPs** (2018).

Recently, authorities that have the general power of competence have established trading companies to operate more commercial activities, including delivery of services and commercial investments. Some authorities have experienced difficulties with these activities, so the governance, oversight and risk management arrangements in them are likely to be of considerable interest to the audit committee. CIPFA has issued new guidance in 2022 in **Local Authority Owned Companies: A Good Practice Guide**.

In addition to reviewing assurances over partnerships, the committee may choose to develop its own partnership arrangements with the audit committees of partner organisations. This could involve planning and co-ordinating agendas or developing forums to share ideas or briefings. More established partnerships could lead to the development of a shared audit committee between partner authorities or a joint committee.

FINANCIAL AND GOVERNANCE REPORTING

Financial reporting

Local authority financial statements should follow the professional practices set down in the **Code of Practice on Local Authority Accounting in the United Kingdom** (CIPFA/LASAAC). The responsible financial officer is required by statutory provision to sign the statements to confirm that they have been properly prepared and are ready for audit prior to the commencement of the period for the exercise of public rights. These are the unaudited accounts. Currently, deadlines are subject to change because of the COVID-19 pandemic (and because of difficulties resourcing local audit in England). Therefore, it will be important to check the current regulations applicable.

At the time of publication, the latest regulations were as follows.

- In England, **The Accounts and Audit (Amendment) Regulations 2021**. This amends the Accounts and Audit Regulations 2015.
- In Wales, **The Accounts and Audit (Wales) (Amendment) Regulations 2018**. This amends the Accounts and Audit (Wales) Regulations 2014.
- In Scotland, **The Local Authority Accounts (Scotland) Regulations 2014**.
- In Northern Ireland, **The Local Government (Accounts and Audit) (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020**. This amends the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

Further details about the requirements of the regulations are in Appendix A.

Prior to the current period of disruption, there had been a trend to reduce the elapsed time from the end of the financial year to the publication of audited statements. For example, under the 2015 regulations for English authorities and policing bodies, in practice, the latest date by which the statements would need to be confirmed (by the responsible finance officer) is 31 May, as the 30 working day period for the exercise of public rights must include the first ten days of June. In CIPFA's view, the timely availability of the statements is important for transparency and accountability.

Under the regulations, Scottish and Northern Irish authorities must all ensure that the financial statements are signed off by the chief financial officer (CFO) by 30 June. The Accounts and Audit (Wales) (Amendment) Regulations 2018 require preparation and publication to be completed by 15 June. Authorities have had flexibility to delay due to COVID-19, but deadlines will revert to those specified in regulations at an appropriate point.

CIPFA recommends that it is good practice for the accounts and the AGS to be reviewed by the audit committee prior to the commencement of the external audit. The committee will also review them at the completion of the audit prior to publication. Authorities will formally approve the financial statements after the completion of the external audit.

The date the statements must be published by is set down in government regulations. Prior to COVID-related amendments, the latest date for publication was 31 July for English authorities. Scottish and Welsh authorities must publish by 30 September, and Northern Irish authorities must publish by 31 October. These dates are intended to reflect the target for the completion of the audit. However, meeting the deadline is not a statutory requirement for the auditor; auditors will aim to meet this date, but their primary concern is to complete the audit to the required auditing standard.

The financial statements are the most technical aspect of the audit committee's remit and one that can be daunting for those elected members with no prior experience of financial reporting or

external audit. The differences in financial reporting practice in the accounts can also be daunting for those used to the presentation of company accounts. Additional attention should therefore be paid to this area when evaluating training needs.

Annual governance statements

Legislation requires local authorities, fire and rescue authorities and police bodies to prepare an AGS and to report publicly on the effectiveness of governance and control (see Appendix A for details of the legislative requirements). The AGS should be reviewed and then approved by an authority body prior to being signed by the leading member and the authority's chief executive. Typically, audit committees undertake the role of reviewing the AGS prior to approval.

Statutory and professional guidelines will determine when the AGS goes before the audit committee for review. These are set out in **Financial reporting** and in more detail in Appendix A. CIPFA recommends that the AGS is first reviewed by members of the audit committee at an earlier stage to allow comments and contributions to be made. The AGS must be current at the time it is published, so the audit committee should review it before final approval.

When the AGS is taken to the audit committee for review, it provides an opportunity to sense check the content, ensuring it is consistent with other information and is understandable to a lay reader.

The audit committee should be made aware of any updates to guidance on the AGS issued by CIPFA.

In March 2022, CIPFA's Practice Oversight Panel published an **advisory note on governance**. The note emphasises the importance of ensuring that annual reviews of governance and the AGS are robust. An effective audit committee is one important aspect of ensuring adequate internal challenge.

Other accountability reports

The audit committee may be asked to comment on or review other accountability reports. If this is consistent with the purpose of the committee, then it may be appropriate – for example, if the report included extracts from the financial statements or AGS. It should always be clear whether the committee is being asked to formally endorse any report and consider whether this involves duplication with the work of other committees.

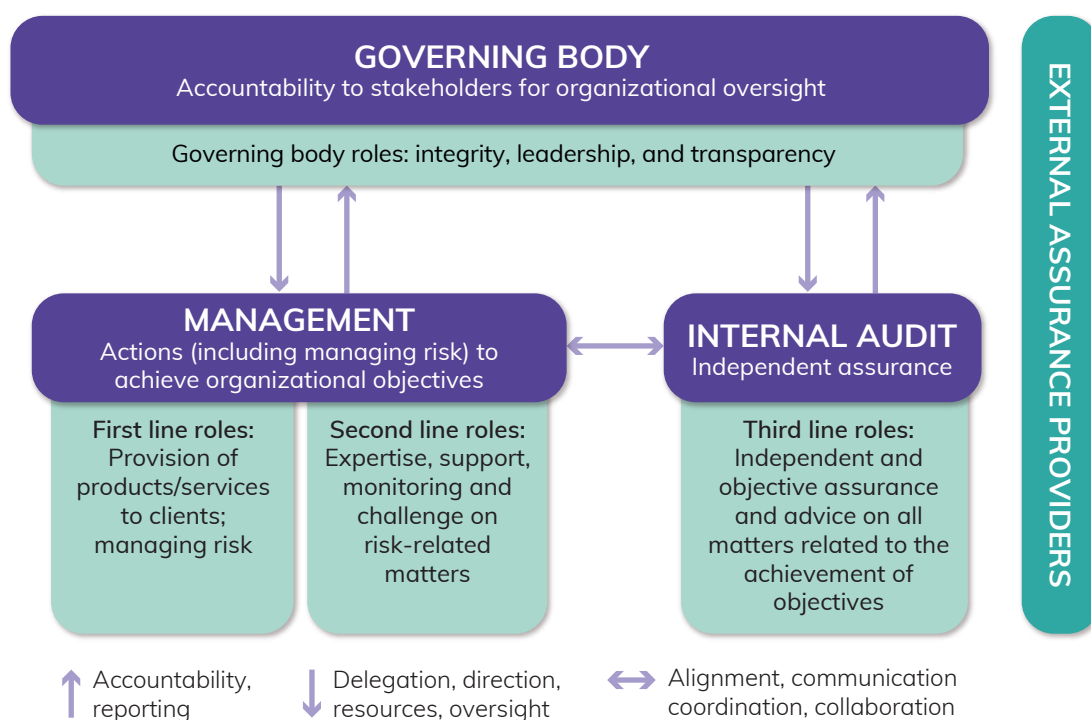
SUPPORTING ARRANGEMENTS FOR AUDIT AND ASSURANCE

Assurance frameworks and assurance planning

The organisation's leadership team should establish arrangements to provide them with assurance. The purpose of assurance is to provide greater certainty over the operation of internal control arrangements and the implementation of policies and decisions. In practice, an organisation will have a range of different means of obtaining assurance, some of which will already be embedded in management arrangements. Taken together, the suite of assurances forms the framework of assurance for the organisation. Some organisations have taken steps to map or summarise their arrangements in diagrammatic or tabular form.

CIPFA is in the process of establishing more detailed guidance for leadership teams on assurance frameworks, including high-level principles to define assurance frameworks. The purpose of this will be to raise awareness of assurance and the different forms it can take. Developing CIPFA guidance will include the **Three Lines Model** developed by the Institute of Internal Auditors (IIA).

Figure 1: The IIA's Three Lines Model



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Having a good understanding of different sources of assurance is important:

- for managers and the leadership team, to have confidence in how things work in practice
- for the audit committee, to help them fulfil their responsibilities
- for internal auditors, to inform risk assessments, supplement the direct independent audit work the team undertakes, and to inform the head of internal audit's annual opinion.

As well as understanding the organisation's arrangements for obtaining assurance, the audit committee should ensure that it receives the assurances necessary to support its annual report and to play its part in reviewing the AGS. While internal audit and external audit will be significant contributors to the overall assurance, the committee will need to be proactive in specifying additional areas where assurance is needed.

External audit

Audit committees have a role to play in relation to the appointment of external auditors. This role varies between England, Scotland, Wales and Northern Ireland, primarily due to the change in appointment procedures for English authorities with the closure of the Audit Commission and the introduction of new local audit arrangements under the **Local Audit and Accountability Act 2014**.

In Scotland, Wales and Northern Ireland, national audit agencies are responsible for the audits of local bodies. In England, authorities have the option to appoint auditors themselves via means of an auditor panel (individually or jointly with other bodies) or through Public Sector Audit Appointments (PSAA), which has been established by the Local Government Association (LGA) and specified as an 'appointing person' under the 2014 Act. For further information on auditor panels and the role of the audit committee, see CIPFA's **Guide to Auditor Panels** (2015).

The audit committee's role in appointment is generally to express an opinion on the selection and rotation of the external auditor through whichever method is applicable for the organisation. The audit committee's objective is to support auditor independence and effective arrangements and relationships with the auditors.

In England, for all opted-in bodies, PSAA appoints the auditor following consultation with the body. Otherwise, the audit committee will work alongside the auditor panel, which will oversee the local appointment process. Where the audit committee members meet the requirements of an auditor panel as defined in regulations supporting the 2014 Act, then the committee can operate as an auditor panel itself and make recommendations on the appointment of the local auditor. Regard must be had for the 2014 Act and regulations if the committee is nominated as an auditor panel.

Supporting independence

The independence of auditors is critical for confidence in the audit opinion and audit process. For this reason, there is extensive guidance from the Financial Reporting Council (FRC) for external auditors on the need to safeguard independence and objectivity. These rules apply to all auditors across all sectors. In addition, the national audit bodies issue guidance to auditors on safeguarding integrity, objectivity and independence. It is an important role for an audit committee to help guard against threats to independence and to satisfy itself that the external auditor's independence is safeguarded. The critical issue of independence will be considered when the external auditor is appointed, but the audit committee's role will be to monitor on an annual basis, or more often when required.

Each year, the external auditor will disclose to the committee an assessment of whether it is independent. This disclosure should include any significant facts that could impact, or be seen to impact on, independence and objectivity, together with any safeguards put in place. The audit committee should use this opportunity to discuss with the external auditor their assessment of threats to independence and any safeguards. The table below summarises the potential threats that external auditors need to consider and manage.

Understanding the potential threats to external independence

Self-interest threat

This is where there are, or are perceived to be, financial or other interests that could impact on the actions of the external auditor. The potential fees from provision of non-audit or additional services to the audited body could fall within this category.

Self-review threat

This is where the audit could include a review of work performed or services or advice provided by the same firm or team.

Management threat

This is where the auditor has become involved in or associated with decision making at the audited body.

Advocacy threat

This is where the auditor has taken on an advocacy role for the audited body or supports the management in an adversarial or promotional context.

Familiarity (or trust) threat

This is where familiarity or close personal relationships mean that the external auditor is insufficiently questioning or accepting in forming audit judgements.

Intimidation threat

This is where the conduct of the external auditor is influenced by fear or threats from individuals in the audited body.

Full details of the threats are set out in the [Revised Ethical Standard 2019](#) (FRC).

Receiving and considering the work of external audit

The timetable of external audit work will be shaped by the appropriate Code of Audit Practice under which the audit is being undertaken and the appropriate regulations of the nation.

From time to time, there may be disruption to the routine timetable of audit. For example, the impact of the pandemic and recent difficulties experienced in England by local audit firms have contributed to delays. Where this is the case, the audit committee should actively monitor changes to timetables and audit plans, supporting good communication between the auditor and the authority to manage difficulties in the best possible way. Those officers responsible for liaising with the external auditor should ensure the audit committee is kept informed and any difficulties drawn to their attention at an appropriate stage.

One of the recommendations of the Redmond Review ([Independent review into the oversight of local audit and the transparency of local authority financial reporting](#)) was that the external audit annual report should be submitted to full council by the external auditor. The rationale behind the recommendation was that there were examples where serious issues raised with the audit committee by the external auditor were not then escalated to full council. As all councillors are “charged with governance”, they should be aware of serious issues and the overall results of the audit.

In addition, full council is more visible to the public than the audit committee, so it supports greater transparency. When this recommendation was considered by the stakeholder group advising DLUHC, it was considered important for the audit committee to receive the external auditor’s reports, allowing more in-depth discussion and formulation of recommendations for action in response to issues raised. It suggested that the annual report should be presented to full council in the way suggested by Sir Tony to improve transparency and strengthen the governance response, but it should also be accompanied by a report from the audit committee setting out its suggested response to the report. This was discussed in the technical consultation issued in July 2021 and CIPFA would support this approach.

Although the specific recommendation related to English local authorities, CIPFA would recommend that authorities in the rest of the UK also consider adopting a similar approach, if they do not do so already.

Supporting the quality and effectiveness of the external audit process

The audit committee should support the quality and effectiveness of the external audit process:

- at the planning stage, understanding and commenting on external audit plans, assessment of risks and proposed areas of focus, and deployment of audit effort in response to identified risks
- during the external audit process, including:
 - assessing whether the external auditor has a good understanding of the authority
 - how the external auditor has responded to areas of audit risk
 - actions taken to safeguard independence and objectivity
- at the reporting and finalisation stages:
 - ensuring there is feedback from key people such as the CFO and the head of internal audit on the conduct of the audit
 - supporting the auditor’s annual report to the full council, PCC, chief constable or other body as appropriate on the results of its considerations with the audit committee report.

In monitoring the quality of the external audit provision, the audit committee should be briefed on any relevant issues around quality that emerge from the regulation of external audit – for example, the quality reports from the FRC and contract monitoring reports from PSAA. Links to useful resources are provided at the end of the section.

There should be an opportunity for the audit committee to meet privately and separately with the external auditor, independent of the presence of those officers with whom the auditor must retain a working relationship.

Supporting audit quality

The audit committee should be an advocate for high audit quality. Ensuring that quality is maintained provides confidence in the audit opinion and recommendations. In its interactions with the auditors, the committee should be alert to the culture of the auditor and its regard for quality, its customer focus and how the firm creates a positive audit culture. The FRC's recent report **What Makes a Good Audit?** (2021) highlights the importance of governance and leadership in the audit firm.

Senior leadership must live and drive the right values, ethics and behaviours that support high audit quality throughout the firm. There must be a clear link between remuneration/ promotion and audit quality. Learning from audit inspections (internal and external) must be shared across the audit practice and understood, including the sharing of good practice identified within the firm or from external reviews. There must also be an emphasis on the public interest role of audit. At the larger firms, Independent Non-Executives (INEs) already have an important role to play in holding leadership to account for improving audit quality and for driving an appropriate culture and mindset within audit.

What Makes a Good Audit? (FRC, 2021)

The committee should ask about the auditor's approach to audit quality, including the support and training provided to the team on specialist areas within the scope of the audit. This is a particular consideration in England where audits are undertaken by a firm, as the team may not consist of auditors with extensive local audit experience. It should be noted that the key audit partner must have that experience and knowledge. This was an issue raised by the Redmond Review, and work to improve and support auditors is ongoing. For the firms, achieving improvements in this area is challenging, given wider issues around shortages of appropriate skilled auditors.

The audit committee needs to work with auditors and key officers to ensure that there is a shared understanding of objectives, expectations and outcomes from the audit. It is likely that the committee members will need support and training to improve their knowledge and understanding in this area unless they have had prior experience.

Where there are difficulties in the relationship between auditor and client, the audit committee should seek to support and resolve in an objective way that helps the delivery of a quality and timely audit.

Assessing audit quality

In determining the committee's role in reporting on external audit, CIPFA has taken account of requirements in other sectors. The **UK Corporate Governance Code** (FRC, 2018) expects the audit committee to report annually on its assessment of the independence and effectiveness of external audit. The audit committee annual report should also include a section on external audit. This is addressed in **Independence and accountability**.

The FRC published **Audit Quality: Practice Aid for Audit Committees** in 2019 to help support audit committees. It should be noted that this is not tailored to audit committees in local

government, but some general principles remain relevant for an authority committee. Suggested good practice would be to consider the following areas:

- How the auditor interacts with the audit committee. Examples could include how auditors respond to questions or challenge from the committee and whether communications are open, constructive, informative and regular.
- Evidence from management. For example, the audit committee could ask management for evidence where auditors have challenged judgements and estimates.
- Asking auditors how they have demonstrated professional scepticism.
- Considering how well the auditor has met the agreed audit plan and addressed the risks it has identified.
- The quality of the audit report. For example, is it helpful and does it avoid generic 'boiler plate' content?

The audit committee should also review reports and assessments on their contracted auditor. The national audit bodies publish external reviews of their quality arrangements, and the FRC publishes an annual report of the local audit quality reviews undertaken for each firm. The committee should consider the conclusions on audit quality and areas for improvement and discuss with the auditor if appropriate. In England, PSAA may also publish reviews of interest to the committee on their monitoring of the audit contracts and satisfaction surveys, etc.

References and useful resources

[Financial audit quality arrangements](#) (Audit Wales)

[Major Local Audits: Audit Quality Inspection](#) (FRC, 2021)

[Managing audit quality](#) (PSAA)

[Quality of public audit in Scotland annual report 2021/22](#) (Audit Scotland)

[Quality assurance review 2021 executive summary](#) (Northern Ireland Audit Office)

Internal audit

The audit committee has a clear role in relation to oversight of the authority's internal audit function. From 1 April 2013, internal auditors throughout local and central government and health have had to follow the PSIAS, and for local government bodies, the [Local Government Application Note \(LGAN\) for the UK PSIAS](#) (CIPFA, 2019). All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015, the Accounts and Audit (Wales) Regulations 2014, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 must make provision for internal audit in accordance with the PSIAS and LGAN.

The PSIAS include the mission of internal audit, code of ethics, definition of internal auditing and the core principles for the professional practice of internal auditing, and together these highlight the importance of effective internal audit to those in the organisation who are responsible for governance.

In its adoption of the PSIAS and LGAN, each authority should consider which committee or individual is the most appropriate to fulfil the role of the board in relation to internal audit. In determining the functional reporting arrangements of internal audit, the authority will need to bear in mind the need to preserve the independence and objectivity of internal audit as required by the PSIAS. It is for these reasons that in the LGAN, CIPFA expressed an expectation that the audit committee would fulfil the role of the board usually.

The role of the audit committee in relation to internal audit is to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

Those audit committees that operate under the Local Authority Accounts (Scotland) Regulations 2014 and the Accounts and Audit (Wales) Regulations 2014 must conduct a review of the effectiveness of their internal audit annually (Appendix A includes details of the relevant regulations). The audit committee should consider internal audit's quality assurance and improvement programme (QAIP) when conducting such a review.

The **CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations** (2019) states that engagement between the head of internal audit and the audit committee is a crucial component of delivering an effective internal audit service. For the head of internal audit to operate an effective internal audit arrangement, the authority has a responsibility to ensure that they can operate effectively and perform their core duties. This responsibility exists regardless of the method of delivery of internal audit, whether in-house, outsourced or through some form of shared arrangement. The audit committee plays an important role in supporting the effectiveness of those arrangements in accordance with the CIPFA statement.

The committee should develop sufficient understanding of the effectiveness of internal audit and its adherence to professional standards. While helping to ensure that the right organisational arrangements are in place to support the internal audit service, the committee should also hold internal audit to account for the following:

- Conformance with professional standards.
- Effective management of resources.
- Focus on risks and assurance needs.
- Delivery of required outputs.
- Impact.

In 2022, CIPFA published **Internal audit: untapped potential** – a research report examining how internal audit supports public sector organisations and opportunities for the future. It features the results of an extensive survey that included management clients and audit committee members, as well as internal auditors. Included within are recommended topics that audit committee members should consider and discuss with their head of internal audit to help ensure that their organisation is getting the best out of internal audit.

Guiding the audit committee – wider functions

WIDENING THE WORK OF THE COMMITTEE

This chapter sets out relevant guidance where additional responsibilities are brought within the scope of the committee. The scope should not be extended so broadly that the committee effectively becomes a joint committee with other priorities. The areas covered in the guidance are relevant as a result of legislation or other standards.

WALES

Governance and audit committees in Wales will need to have regard to the Local Government and Elections Wales Act 2021 in agreeing their terms of reference and conducting business.

The significant difference is the requirement to review the draft self-assessment or panel assessment report and make recommendations. The performance assessments are a new requirement introduced by the 2021 Act. Statutory guidance has been produced in [Performance and governance of principal councils](#) (2021).

In undertaking this role, CIPFA recommends distinguishing between the committee and the performance monitoring that scrutiny committees will have undertaken, which will be a contributory part of the self-assessment.

To enable the committee to perform its role effectively, members will need to be briefed on the requirements of the Act and supporting statutory guidance.

TREASURY MANAGEMENT

CIPFA's [Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes](#) (2021) requires all local authorities to adopt four clauses defining responsibilities for treasury management.

It is possible for the audit committee to be nominated to undertake the scrutiny role.

This organisation nominates (name of responsible body/committee) to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Where the audit committee has been nominated, it should be aware that it needs to undertake a scrutiny role in accordance with the Treasury Management Code, in addition to any oversight of governance, risks and assurance matters relating to treasury management that it would consider as an audit committee. It is not appropriate for the audit committee to undertake any of the other roles outlined in the Treasury Management Code clauses, as these are executive and decision-making roles rather than a scrutiny role.

Treasury management is a specialist area, so it is likely that committee members will require training, guidance and support when undertaking scrutiny. Specific areas of knowledge and skills are identified in Appendix C, and these can be used to support a training needs assessment and to plan development.

SUPPORTING CORPORATE IMPROVEMENT PROGRAMMES

Where an authority has undergone an external inspection, peer review or other intervention, an improvement programme will be developed. It will be important for the audit committee to play its part in supporting the effective implementation of agreed actions.

The primary role of the committee is to receive assurances that implementation of the programme is on track. The programme will have links to external audit reports, future audit risk assessments and the AGS, so it is important that the committee is aware of the overall progress. A significant programme may have a dedicated board that can provide an update to the committee to fulfil its assurance needs.

There may be aspects of the programme that directly link to the work of the committee – for example, the adequacy of financial management arrangements or internal audit. In such cases, the committee may be more actively involved in monitoring progress.

Independence and accountability

INTRODUCTION

CIPFA is keen that each local authority or police body adopts an audit committee model that achieves its purpose and functions successfully. CIPFA's recommended best practice is intended to support the development of effective arrangements and should not be regarded merely as a compliance checklist.

For a local authority, in CIPFA's view, it is best practice for the audit committee to report directly to council rather than to another committee, as the council itself most closely matches the body of 'those charged with governance.' In the police sector, both the PCC and chief constable are separate corporations sole, so each will fulfil the role of 'those charged with governance.'

In establishing the audit committee within the governance structure of the authority, three key elements should be considered:

- Any statutory guidance applicable to the sector.
- Independence from the executive and political allegiances.
- How the structure of the committee can support its effective operation.

Each of these elements is considered in more detail in the following sections.

SECTOR AND DEVOLVED GOVERNMENT GUIDANCE

The local authority and police sectors are subject to differing laws and regulations according to both sector and devolved national governments. Those affecting audit committees are set out in Appendix A. While there is broad similarity in the guidance across the UK, there are differences because of specific statutory guidance and regulations, including:

- statutory requirements for audit committees in Wales
- statutory requirements for combined authorities to establish an audit committee
- statutory guidance underpinning the operation of police audit committees in England and Wales.

Audit committees in Wales have a clear statutory role established by the **Local Government (Wales) Measure 2011** and updated in the **Local Government and Elections (Wales) Act 2021**. The Welsh Government has provided statutory guidance on the implementation of the measure's requirements, and local authorities in Wales must have regard to this guidance.

The Cities and Local Government Devolution Act 2016 requires combined authorities to establish an audit committee where at least one member must be appointed as an independent member.

The Home Office's **Financial Management Code of Practice for the Police Forces of England and Wales** (the FMCP) (2018) requires PCCs and chief constables to establish an independent audit committee. This is an advisory committee to both the PCC and the chief constable, both of whom are established as a corporation sole.

The **Policing and Crime Act 2017** enables a PCC in England (following local consultation and approval from the secretary of state) to take on the governance of their local fire and rescue service(s) to become a PCC fire and rescue authority (PCC FRA). The 2018 edition of the FMCP includes guidance concerning audit committees in this event.

Those supporting audit committees should be aware of other regulations, including the appropriate accounts and audit regulations for England, Scotland, Wales and Northern Ireland. These regulate functions such as internal audit and the timing of the AGS review and the accounts. These functions should be undertaken by the audit committee, and the committee should have regard to the regulations.

STRUCTURE AND INDEPENDENCE

Ensuring a dedicated audit committee

In some local authorities, the audit committee has been combined with other committees. CIPFA recommends that the audit committee should have no other functions, and explicitly no decision-making role. The most common combinations adopted by authorities have been an audit and scrutiny committee or audit and standards committee. CIPFA recommends these are separated.

Sometimes the audit committee is given a different title, such as 'governance and audit' or 'audit and risk' committee. This would not be a problem if the terms of reference are consistent with the **CIPFA Position Statement**. Care should be taken to not delegate additional responsibilities that conflict with or dilute the audit committee focus.

The Centre for Governance and Scrutiny published **Audit committees and scrutiny committees: working together** (2021) to help understand the difference between scrutiny and audit committees. CIPFA contributed to the resource to help ensure it was consistent with its 2018 guidance on audit committees. It helps scrutiny members understand how the audit committee role is different but complementary and identifies opportunities for the committees to work constructively together.

Committee size

Police audit committees should follow the FMCP guidance on a committee size of three to five members. In determining size, consider the quorum for meetings, as three allows little flexibility for meeting quorum at every scheduled meeting.

The sections on **Membership** and **Accountability** cover the composition of the committee between elected members and co-opted independents in an authority.

Committee size and composition are subject to legislation in some local authorities but not all.

Appendix A sets out the legislation for Wales and combined authorities in England.

In sectors outside local government, it is typical for audit committees to have fewer than six members. Among local authorities, there is a range of practice, including some committees that exceed ten members. In the sector, it can be harder to achieve the depth of knowledge and experience that is desirable with a small number, but equally it can be difficult to provide training and development for a large group.

CIPFA's recommendation is that a committee size of no more than eight members should be established. This allows sufficient breadth of experience but is small enough to allow the training and development of a dedicated group.

CIPFA also recommends that the use of substitutes on the committee is avoided. Substitute members are less likely to have received relevant training. It also disrupts the continuity of the committee, where committee members can build on information received in previous meetings. We have found that where committee members are regularly substituted, it is an indication of lack of engagement with the committee's purpose and agenda.

Audit committees for collaborations

Where an authority has a significant level of joint or collaborative working, there may be some value in considering the constitution of a shared audit committee. This will be particularly appropriate if there is a shared management team and single functions for finance, audit and risk management. There will need to be a formal agreement that sets out how the balance of representation between the partners will be decided, reporting lines and how the chair will be selected.

Delegated decision making and voting rights

Currently, some authorities have delegated decisions such as the approval of the financial statements to the audit committee. This takes the audit committee beyond its advisory role. It also means that authorities will need to have regard to Section 13 of the **Local Government and Housing Act 1989**, which relates to the voting rights of non-elected committee members. Independent members cannot vote on matters for decision, whereas making recommendations to another decision-making body would not be impacted.

CIPFA recommends that the audit committee remains an advisory committee and does not have delegated powers.

ADMINISTRATIVE AND OPERATIONAL ARRANGEMENTS

In planning the number and timing of meetings and the committee agendas, key dates in the reporting and audit cycle will be important. In addition, the need for the committee to meet the expectations of auditing standards (both internal and external audit) in providing appropriate oversight will mean space on agendas should be found for these topics.

The CIPFA *Statement on the Role of the Head of Internal Audit in Public Service Organisations* (2019) emphasises the importance of organisational support for the role, including direct reporting lines to the audit committee and good engagement between the committee and head of internal audit. Providing the facility for private meetings between the head of internal audit and the audit committee will signal the importance of maintaining the independence of internal audit.

While private meetings between the committee and internal and external audit help to build a trusted relationship, those concerned should always make sure that the meeting is not used as a substitute for escalating governance concerns with responsible officers. The private meeting should always be in accordance with other principles of good practice – non-political and supporting transparent and accountable good governance.

Ensuring there is good support for the committee in agenda planning, minute taking, guidance and communications will help to build member confidence in the committee.

Providing a protocol about access to information that includes provision for co-opted independents will help to ensure clarity for both the committee members and officers. Members need to be confident that they have sight of relevant information in a timely way. There may be operational reasons why information is not immediately available or has to be treated in confidence, but it is important to explain this adequately.

ACCOUNTABILITY AND THE ANNUAL REPORT

CIPFA has recommended that the audit committee should produce an annual report since the 2013 edition of this guidance. In this latest edition, the annual report is given greater prominence and has been included in the Position Statement. The report should be used to provide accountability to those charged with governance on compliance with the Position Statement and performance and provide assurance over the areas within its terms of reference.

The timing of the report will need to take account of whether there will be changes in committee membership – for example, because of elections or rotation of committee members at annual meetings. The conclusions of the report can support the AGS.

It is for the committee chair to prepare the annual report in consultation with the members, although some support may be required to check accuracy or provide supporting information. Developing the report will ensure the committee is better placed for any future policy developments that might expect more from accountability disclosures.

Membership and effectiveness

COMPOSITION AND OPERATION OF THE COMMITTEE

The composition of the committee will be one of the key factors in achieving a good audit committee. Some local government bodies will need to follow specific rules on composition. These are referenced below.

The composition of the audit committee for Welsh local authorities is determined by the Local Government and Elections (Wales) Act 2021, which requires local authority audit committees to have one-third lay members and a lay member as chair. The 2021 Act amended the Local Government Measure 2011, which established that only one of the committee's members may be from the council's executive, and this must not be the leader or the elected mayor.

Combined authorities in England are required to establish an audit committee by the Cities and Local Government Devolution Act 2016. The Act and the subsequent **Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017** require combined authority audit committees to include at least one independent member. The definition of independent is set out in Part 4 of the Order.

The FMCP determined that audit committees in policing must be composed solely of independent members.

POLITICAL BALANCE

One factor that is important for the success of the committee is ensuring a non-political approach to meetings and discussions. Any audit committee that is a properly constituted committee of a local authority will need to abide by the rules concerning political balance, as outlined in Section 15 of the Local Government and Housing Act 1989. When establishing a joint audit committee, the political balance of both authorities will need to be considered.

The **Local Government (Democracy) (Wales) Act 2013** inserted a requirement into the 2011 Measure for the audit committee to be politically balanced. This has not changed as a result of the 2021 Act.

The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 requires the audit committee to be politically balanced, taking into account the constituent councils.

Where the committee is strictly advisory and not subject to other requirements, full council can vote to waive the political balance requirement and specify other criteria to decide who should serve on the committee. For example, the selection of members with relevant knowledge and expertise could be prioritised.

The length of tenure of an elected representative on the committee will be influenced by the need to maintain political balance (if applicable) as well as other factors. In principle, establishing continuity on the committee is helpful to make the best of knowledge and experience. Some

rotation is also helpful to bring in a new perspective. CIPFA would suggest that two full terms on the committee would be a reasonable maximum.

APPOINTING THE CHAIR OF THE COMMITTEE

Unless there is specific legislation or guidance in place on the selection of the committee chair, authorities can determine their own approach. To try and emphasise the independence and apolitical nature of the committee, some authorities specify that the position should be occupied by an 'opposition' member. This approach may be appropriate for some but will not be possible for all authorities – for example, where there are few opposition members.

CO-OPTED INDEPENDENTS

Definition of a co-opted independent or lay member

There are some definitions set out in legislation for some audit committees but not all.

The Local Government and Elections (Wales) Act 2021 defines a lay member as a person who:

- is not a member or an officer of any local authority
- has not been a member or an officer of any local authority in the last 12 months
- is not the spouse or civil partner of a member or officer.

Co-opted independent members of audit committees for combined authorities should be in accordance with the 2017 Order as follows.

- Not a member, co-opted member or officer of the authority.
- Not a member, co-opted member or officer of a parish council in the area of the principal authority.
- Not a relative or close friend of one of the above.
- Not a member, co-opted member or officer of the authority or parish council in the last five years.

There are no statutory definitions of 'independent' for audit committee members in local authorities in England, Scotland or Northern Ireland.

The independent members of the police audit committees in England and Wales must all be independent of the PCC and the force. The FMCP does not define this any further.

Where there is no established definition, authorities are recommended to establish their own policy before commencing recruitment. This will provide clarity to potential candidates and support the independence of the committee. CIPFA would suggest alignment to the combined authority requirements as the basis for a suitable policy.

As long as any requirements are met, it is possible for an individual to be a co-opted member of more than one local government body.

MAKING BEST USE OF INDEPENDENT MEMBERS

There are some potential pitfalls to the use of independent members that should also be borne in mind.

- Over-reliance on the independent members by other committee members in local authorities can lead to a lack of engagement across the full committee.
- A lack of organisational knowledge or 'context' among the independent members when considering risk registers or audit reports.
- Both independent members and officers/staff must try to establish an effective working relationship and appropriate protocols for briefings and access to information.

These factors should be considered when developing the committee structure and plans put in place to provide an appropriate level of support to the audit committee member.

Role descriptions for co-opted independent members

Where the authority is recruiting members to co-opt onto the audit committee, a clear role description should be established. The following areas should be addressed:

- The role of the co-opted independent, including expected time commitment and location of meetings.
- The suggested appointment period and options for renewal (two terms would be a suggested maximum appointment period).
- The definition of 'independent' applicable to the role.
- Any restrictions or conflicts of interest that would make a candidate unsuitable. As the role is non-political and requires working with elected representatives in a local authority, it is recommended that candidates should not be political party members.
- Vetting requirements (particularly for police committee members).
- Desired knowledge, experience and skills.
- Remuneration and expenses.
- The expected conditions of engagement, including adherence to the authority's code of conduct, disclosure of interests, etc.

Consideration should also be given to attracting suitable candidates. While it is up to each authority to decide, authorities may want to consider the following:

- Selecting candidates beyond the local area. If candidates are able and willing to travel to attend the required meetings and supporting activities, then living outside the authority area should not be a barrier to suitability.
- Working with other authorities in the region to promote and support opportunities to be an independent member.
- Advertising nationally or using specialist agencies if professional knowledge and skills are required.
- Promoting the role through means in addition to advertising. For example, a change to the constitution of the audit committee could be part of a wider governance improvement programme that could be publicised locally or through council channels of communication.
- Council orientation and support that will be provided in the role.

- The opportunity for an informal discussion on the role with a senior officer or committee chair.
- Ensuring an easy application process (see below).

Under the combined authorities order, the vacancy must be publicly advertised.

Selection process

The authority's HR team will be able to advise on the process for recruitment. Normal practice in recruitment for non-executive roles such as this will be a CV and supporting letter, and adopting this approach may assist in attracting candidates. This may be a deviation from the process of recruiting a member of staff, however, so early discussion with HR is advised.

The format of selection is for the authority to decide, but inclusion of the current committee chair in some way would be helpful for the candidate.

As well as a formal interview, candidates could be invited to meet the PCC, chief constable or deputy chief constable, senior councillors or officers to emphasise the value of the committee.

Supporting members of the committee

Establishing a training programme and ongoing support for committee members is essential to ensure that they can confidently and effectively discharge their responsibilities. Establishing a budget will ensure that training can be ongoing rather than ad hoc.

Exact needs will depend on the composition of the committee and members' existing knowledge and experience. The following table sets out the core elements.

Development area	Core content	Target audience
Induction – the authority	<p>Introduction to the authority, including:</p> <ul style="list-style-type: none"> • governance structures • plans, strategies and priorities of the authority • local government context. 	Primarily for co-opted independent members who are new to local government/police.
Induction – the audit committee	<ul style="list-style-type: none"> • Terms of reference. • CIPFA Position Statement and guidance. • Key relationships – CFO, head of internal audit, external auditor, committee support. 	All members new to the committee.
Core knowledge areas	<p>Basic knowledge for all areas outlined in the knowledge framework.</p> <ul style="list-style-type: none"> • Good governance and ethical framework • Risk management • Internal controls • Financial management • Value for money • Counter fraud and corruption • Partnerships and collaborations • Assurance framework • Financial reporting • Annual governance statement • Internal audit • External audit • Treasury management (where applicable) • Performance assessment (Wales) (where applicable) 	All members of the committee, tailored appropriately to existing knowledge.
Briefings and guidance	<p>Targeted support for members on:</p> <ul style="list-style-type: none"> • aspects where members need additional support, eg guidance on understanding the financial statements • the development of more in-depth knowledge and understanding • ad hoc briefings on new developments in the sector (for example CIPFA’s audit committee update resource, horizon scanning updates from external auditors, etc) • updates on new developments or changes at the authority. 	<p>All members.</p> <p>Co-opted independent members.</p>
Webinars, training and networking events	<ul style="list-style-type: none"> • Attending relevant webinars or events to develop more in-depth knowledge or updates. • Networking and sharing with audit committee members in other authorities to learn from others and build a network of support. • A range of formal events and webinars are available from a range of providers, eg regional forums. 	Chairs and all members

Training needs analysis

It is helpful to undertake an analysis of training needs to identify which areas should be prioritised for training and support. Some of the core areas involve technical standards and are complex – for example, financial reporting, audit quality and treasury management. These will need regular attention to maintain committee effectiveness.

The knowledge framework can help with a training needs analysis. It can be done at any point, but the annual assessment should reflect on whether the analysis is up to date and the planned programme of support sufficient to address the priority areas.

Impact and effectiveness

To develop the committee and provide assurance via the annual report, it is recommended that the committee is supported in a self-assessment. Alternatively, an independent review can be undertaken.

The appendices provide resources to support self-assessment and to encourage reflection on the impact that the committee has.

CIPFA has identified key indicators to inform the performance review of the audit committee. These indicators are all aspects of governance, risk, control and audit that are within the audit committee's scope of influence. While they are not solely within the control of the audit committee, weakness in these areas could indicate that the audit committee is failing to have sufficient impact.

Problem solving

Where self-assessment indicates problems, or where those interacting with the committee report it to be under-performing, swift diagnosis and action should be planned. Appendix D highlights some areas of difficulty the committee might experience. Usually, problems arise because of misapprehension of the committee's role or inadequate training or support. Occasionally, behaviours from individual members can also contribute. These issues may be more difficult to resolve, especially if they are symptomatic of wider governance problems in the authority.

Significant weakness in the audit committee is likely to be highlighted by the external auditor as part of their governance review or as part of a peer review.

Sector and devolved government guidance

PART 1: COMPARISON OF SECTOR AND DEVOLVED GOVERNMENT REGULATIONS AND GUIDANCE ON KEY AREAS RELATING TO AUDIT COMMITTEES

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
Specific legislation or statutory guidance	<u>Cities and Local Government Devolution Act 2016</u> . <u>Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017</u> .	<u>Local Government (Wales) Measure 2011</u> as amended by the <u>Local Government (Democracy) (Wales) Act 2013</u> . <u>Local Government and Elections (Wales) Act 2021</u> .	<u>Financial Management Code of Practice for the Police Forces of England and Wales (FMCP)</u> (Home Office, 2018).	Not applicable
Establishment of an audit committee	Required	Required	Required It is recommended that this should be a combined body for both PCC and chief constable.	No guidance
Composition of the audit committee	Committees must have at least one independent person as defined by guidance. The committee should reflect the political balance of the constituent authorities as far as is reasonably practical. The committee may not include an officer of the combined authority or a constituent council.	The committee must have lay persons comprise one-third of its members. The member appointed as the committee chair must be a lay person. The deputy chair must not be a member of the executive or an assistant to its executive. The committee must be politically balanced.	Police audit committees should comprise between three and five members who are independent of the PCC and the force.	No guidance

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
Specified functions of the audit committee	<p>Review and scrutinise the authority's financial affairs.</p> <p>Review and assess the authority's risk management, internal control and corporate governance arrangements.</p> <p>Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions.</p> <p>Make reports and recommendations to the combined authority.</p>	<p>Review and scrutinise the authority's financial affairs.</p> <p>Make reports and recommendations in relation to the authority's financial affairs.</p> <p>Review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority.</p> <p>Make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements.</p> <p>Review and assess the authority's ability to handle complaints effectively.</p> <p>Make reports and recommendations on the authority's ability to handle complaints effectively.</p> <p>Oversee the authority's internal and external audit arrangements.</p> <p>Review the financial statements prepared by the authority.</p>	<p>Consider the internal and external audit reports of both the PCC and the chief constable.</p> <p>Advise the PCC and the chief constable according to good governance principles and adopt appropriate risk management arrangements in accordance with proper practices.</p>	No guidance
Responsibilities of the audit committee in relation to external audit	No guidance	Oversee external audit arrangements.	Review external audit reports.	No guidance

PART 2: GOVERNMENT GUIDANCE BY SECTOR AND DEVOLVED GOVERNMENT ON MATTERS THAT MAY BE INCLUDED IN AUDIT COMMITTEE TERMS OF REFERENCE

Accounts and audit regulations are statutory instruments issued by the UK or devolved governments. The various regulations impose requirements on 'relevant bodies' – eg a local authority, fire and rescue authority or police body – in relation to governance, internal control, financial reporting and internal audit.

The accounts and audit regulations do not specify that these requirements must be met by an audit committee. However, where it is the audit committee of a relevant body that undertakes or reviews the specified task, the audit committee must meet the requirements of the regulations and take them into account in agreeing their terms of reference.

The following is a link for each sector and/or region and the sets of regulations affecting them, highlighting key regulations. The regulations are subject to periodic updates by the appropriate government body, and audit committee members should be made aware of any changes by their organisation.

Local authorities in England (including combined authorities and fire and rescue authorities)	
Relevant government guidance	<u>Accounts and Audit (England) Regulations 2015</u>
Local authorities in Wales	
Relevant government guidance	<u>Accounts and Audit Regulations (Wales) 2014</u> and the <u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u>
Local authorities in Scotland	
Relevant government guidance	<u>Local Authority Accounts (Scotland) Regulations 2014</u>
Local authorities in Northern Ireland	
Relevant government guidance	<u>Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015</u>
Police in England	
Relevant government guidance	<u>Accounts and Audit (England) Regulations 2015</u> (see also the statutory guidance <u>Financial Management Code of Practice for the Police Forces of England and Wales</u> (FMCP) (Home Office, 2018))
Police in Wales	
Relevant government guidance	<u>Accounts and Audit Regulations (Wales) 2014</u> and the <u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u> (see also the <u>FMCP</u>)

Financial reporting deadlines

Amendments affecting the timetables for financial and governance reporting have been introduced to allow for difficulties caused by the COVID-19 pandemic, and in England, difficulties with local audit. Committee members are advised to check the latest positions.

Suggested terms of reference – local authority

INTRODUCTION

This appendix contains suggested terms of reference for local authorities.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

Governance

The terms of reference should set out the committee's position in the governance structure of the authority.

Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance [*or insert appropriate governing body*] that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's **Financial Management Code**.
- To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit

- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider additional commissions of work from external audit.

- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
 - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations (see Appendix A).

- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the **CIPFA Position Statement**.

Suggested terms of reference – police

INTRODUCTION

This appendix contains suggested terms of reference for the audit committee of the PCC and chief constable. The police audit committee must ensure that its terms of reference are in accordance with the FMCP (Home Office, 2018) and remain an advisory body.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

SUGGESTED TERMS OF REFERENCE – AUDIT COMMITTEE OF THE PCC AND CHIEF CONSTABLE

Governance

The terms of reference should set out the committee's position as an advisory committee to support the PCC and chief constable.

Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance risk and control gives greater confidence to the PCC and chief constable that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the OPCC and force.

- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's **Financial Management Code**.
- To consider the OPCC's and force's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the OPCC and force from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval by the PCC and chief constable and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the OPCC's and force's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statements of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- To consider the external auditor's reports to the PCC and the chief constable on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the OPCC's and force's framework of assurance and ensure that it adequately addresses their risks and priorities.

External audit

- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.

- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To advise on commissions of additional work from external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To recommend for approval the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To review the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To consider significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to recommend and periodically review safeguards to limit such impairments.
- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
 - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the OPCC or force, or where there are concerns about progress with the implementation of agreed actions.

- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations (see Appendix A).
- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To report to the PCC and chief constable on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to the PCC and chief constable on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

Audit committee members – knowledge and skills framework

CORE AREAS OF KNOWLEDGE

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Organisational knowledge	<ul style="list-style-type: none"> An overview of the authority's governance structures and decision-making processes. Knowledge of the organisational objectives and major functions of the authority. 	<ul style="list-style-type: none"> This knowledge will be core to most of the audit committee's activities, including the AGS review, internal and external audit reports and risk registers.
Audit committee role and functions	<ul style="list-style-type: none"> An understanding of the audit committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee. 	<ul style="list-style-type: none"> This knowledge will enable the audit committee to prioritise its work to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. It will help the committee undertake a self-assessment and prepare its annual report.
Governance	<ul style="list-style-type: none"> Knowledge of the seven principles as outlined in <u>Delivering Good Governance in Local Government: Framework</u> (CIPFA/Solace, 2016). The requirements of the AGS. How the principles of governance are implemented locally as set out in the local code of governance. 	<ul style="list-style-type: none"> The committee will review the local code of governance and consider how governance arrangements align to the principles in the Framework. The committee will plan the assurances it is to receive to adequately support the AGS. The committee will review the AGS and consider how the authority is meeting the principles of good governance. The committee will receive audit reports and information on risks relating to governance.

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Internal audit	<ul style="list-style-type: none"> • An awareness of the key principles of the PSIAS and the LGAN. • Knowledge of the arrangements for delivery of the internal audit service in the authority and the charter. • How the role of the head of internal audit is fulfilled. • Details of the most recent external assessment and level of conformance with the standards. • Internal audit's strategy, plan and most recent annual opinion. 	<ul style="list-style-type: none"> • The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards. • The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. • The committee will also receive the annual report, including an opinion and information on conformance with professional standards. • In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed. • The audit committee chair is likely to be interviewed as part of the external quality assessment, and the committee will receive the outcome of the assessment and action plan.
Financial management and financial reporting	<ul style="list-style-type: none"> • Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. • An understanding of good financial management practice as set out in the CIPFA <u>Financial Management Code</u> (FM Code) and the level of compliance with it. • Knowledge of how the organisation meets the requirements of the role of the CFO as required by <u>The Role of the Chief Financial Officer in Local Government</u> (CIPFA, 2016) and <u>The Role of CFOs in Policing</u> (2021). • An overview of the principal financial risks the authority faces. 	<ul style="list-style-type: none"> • Reviewing the financial statements prior to publication, asking questions. • Receiving the external audit report and opinion on the financial audit. • Reviewing both external and internal audit recommendations relating to financial management and controls. • The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS.
External audit	<ul style="list-style-type: none"> • Knowledge of the role and functions of the external auditor and who currently undertakes this role. • Knowledge of the key reports and assurances that external audit will provide. • Familiarity with the auditor's most recent plan and the opinion reports. • Knowledge about arrangements for the appointment of auditors and quality management undertaken. 	<ul style="list-style-type: none"> • The audit committee will meet with the external auditor regularly and receive their reports and opinions. • Monitoring external audit recommendations and maximising the benefit from the audit process. • The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service.

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Risk management	<ul style="list-style-type: none"> Understanding of the principles of risk management, including how it supports good governance and decision making. Knowledge of the risk management policy and strategy of the organisation. Understanding of risk governance arrangements, including the role of members and of the audit committee. Knowledge of the current risk maturity of the organisation and any key areas of improvement. 	<ul style="list-style-type: none"> In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements. Awareness of the major risks the authority faces is necessary to support the review of several audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee. The committee should also review reports and action plans to develop the application of risk management practice.
Counter fraud	<ul style="list-style-type: none"> An understanding of the main areas of fraud and corruption risk that the organisation is exposed to. Knowledge of the principles of good fraud risk management practice in accordance with the <u>Code of Practice on Managing the Risk of Fraud and Corruption</u> (CIPFA, 2014). Knowledge of the organisation's arrangements for tackling fraud. 	<ul style="list-style-type: none"> Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy. An assessment of arrangements should support the AGS, and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment.
Values of good governance	<ul style="list-style-type: none"> Knowledge of the Seven Principles of Public Life. Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (eg code of conduct). Knowledge of the whistleblowing arrangements in the authority. 	<ul style="list-style-type: none"> The audit committee member will draw on this knowledge when reviewing governance issues and the AGS. Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported.
Treasury management (only if it is within the terms of reference of the committee to provide scrutiny)	<ul style="list-style-type: none"> <u>Effective Scrutiny of Treasury Management</u> is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <ul style="list-style-type: none"> regulatory requirements treasury risks the organisation's treasury management strategy the organisation's policies and procedures in relation to treasury management. <p>See also <u>Treasure your assets</u> (Centre for Governance and Scrutiny, 2017).</p>	<ul style="list-style-type: none"> Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.

SPECIALIST KNOWLEDGE THAT ADDS VALUE TO THE AUDIT COMMITTEE

More specialist knowledge will add value to the committee, helping to ensure the committee is able to achieve a greater depth of understanding. Including members with specialist knowledge means there is an additional resource to support other members. Specialist knowledge may be demonstrated by professional qualification and prior work experience.

When reviewing the overall knowledge of audit committee members or when planning the appointment of co-opted independent members, it is helpful to look for opportunities to include the following specialisms:

- Accountancy, with experience of financial reporting
- Internal auditing
- Risk management
- Governance and legal
- Expert service knowledge relevant for the organisation
- IT systems and security

CORE SKILLS

As well as technical knowledge, the following skills will enhance an audit committee member's aptitude to be on the committee.

Skills	Key elements	How the audit committee member is able to apply the skill
Strategic thinking and understanding of materiality	Able to focus on material issues and the overall position rather than being side tracked by detail.	When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail.
Questioning and constructive challenge	Able to frame questions that draw out relevant facts and explanations, challenging performance and seeking explanations while avoiding hostility or grandstanding.	The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found.
Focus on improvement	Ensuring there is a clear plan of action and allocation of responsibility.	The audit committee's outcome will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities. Where errors or control failures have occurred, the audit committee should seek assurances that appropriate action has been taken.
Able to balance practicality against theory	Able to understand the practical implications of recommendations to understand how they might work in practice.	The audit committee should seek assurances that planned actions are practical and realistic.
Clear communication skills and focus on the needs of users	Support the use of plain English in communications, avoiding jargon, acronyms, etc.	The audit committee will seek to ensure that external documents such as the AGS and the narrative report in the accounts are well written for a non-expert audience.
Objectivity	Evaluate information based on evidence presented, avoiding bias or subjectivity.	The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses, and the committee member will need to weigh up differing views.
Meeting management skills	Chair the meetings effectively: summarise issues raised, ensure all participants can contribute, and focus on the outcome and actions from the meeting.	These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members.

Problem-solving difficulties with the audit committee

It is not uncommon for audit committees to face difficulties or barriers in fulfilling their potential effectiveness. Some of these may be common issues that audit committees in any sector may face; others may be unique to the local authority or police setting. The following assessment may be of value in helping audit committee members or those supporting the committee to recognise and address the challenges.

Areas of difficulty	Possible causes	Possible improvement options
Lack of experience and continuity of knowledge among audit committee members.	<ul style="list-style-type: none"> Where turnover of membership is very frequent, it will be difficult for the committee to build up experience. 	<ul style="list-style-type: none"> Enhanced level of support and training to members will be required. To enhance continuity, the authority should consider recruitment of independent members.
Audit committee members do not feel confident in their knowledge of particular areas.	<ul style="list-style-type: none"> Lack of training and support. 	<ul style="list-style-type: none"> Enhanced level of support and training to members.
Independent members lack knowledge of the organisation and lack connections with key managers.	<ul style="list-style-type: none"> Poor induction. Limited opportunities to engage with the organisation outside of formal meetings. 	<ul style="list-style-type: none"> Improve induction. Identify appropriate meetings, briefings or other opportunities that independent members could attend to help develop better understanding.
Poor management of audit committee meetings means that work is unfocused or fails to reach a clear conclusion.	<ul style="list-style-type: none"> Lack of experience or skill in managing meetings by the chair. Committee members are unsure about their role. Poor support from the committee secretary. 	<ul style="list-style-type: none"> Training and support. Develop a mentoring/coaching programme. Chair seeks feedback from meeting participants. Consider skills and experience in the selection of the chair. Provide training and guidance to committee members on their role. Improve committee support.
The audit committee spends too much time on minor details rather than underlying arrangements of governance, risk and control.	<ul style="list-style-type: none"> Agenda management fails to prioritise key areas. The chair does not intervene to keep the focus at an appropriate level. 	<ul style="list-style-type: none"> Review the process of agenda development. Review the terms of reference and provide training. The chair seeks feedback from meeting participants. Provide the chair with committee management training.

Areas of difficulty	Possible causes	Possible improvement options
The committee lacks focus, and members struggle to gain an overall understanding of their remit.	<ul style="list-style-type: none"> • Committee members have a range of objectives rather than focusing on governance, risk, control and audit matters. • The committee is too large or lacks continuity because of regular attendance by substitutes. • Infrequent attendance by senior officers. 	<ul style="list-style-type: none"> • Training and emphasis on the non-political and strategic focus of the committee. • Reform of the committee structure to reduce membership and remove use of substitutes.
Senior officers do not understand the work of the committee and are not sighted on its output.	<ul style="list-style-type: none"> • The audit committee fails to engage with other committees in the authority. • Attendance is often limited to the CFO and the head of internal audit. 	<ul style="list-style-type: none"> • Expand attendance at audit committee meetings – for example, invite heads of service when major risks or control issues are being discussed – and share the CIPFA guidance (FAQs) more widely.
Elected representatives not directly involved with the committee have little understanding of its work and do not see its output.	<ul style="list-style-type: none"> • Committee recommendations are not directed to appropriate member bodies. • Reporting arrangements are not effective. • Wider induction arrangements do not cover the audit committee. 	<ul style="list-style-type: none"> • Invite newly elected members to attend audit committee meetings. • Review reporting and accountability arrangements. • Prepare an annual report that sets out how the committee has fulfilled its responsibilities. • Share the CIPFA guidance (FAQs).
Recommendations made by the audit committee are not actioned.	<ul style="list-style-type: none"> • A poor relationship between the committee and the executive or senior officers. • The audit committee's recommendations are not adequately aligned to organisational objectives. 	<ul style="list-style-type: none"> • A senior officer provides internal facilitation to support improved relationships. • Improve knowledge and skills among audit committee members. • Ensure better engagement with appropriate managers or the executive at an earlier stage.
The audit committee fails to make recommendations or follow up on issues of concern.	<ul style="list-style-type: none"> • A weak or inexperienced chair. • Members are inexperienced or do not fully understand their role. • Poor briefing arrangements prior to meetings. • Committee reports fail to adequately identify the action required by the committee. 	<ul style="list-style-type: none"> • Provide guidance and support. • Improve briefing to the chair prior to the meeting. • Ensure reports contain clear recommendations.
The audit committee strays beyond its terms of reference – for example, undertaking a scrutiny role.	<ul style="list-style-type: none"> • The terms of reference do not adequately scope the work of the committee. • Misunderstanding about the role of the committee. • Inadequate guidance from the committee secretary to the chair on its role. 	<ul style="list-style-type: none"> • Review the terms of reference and provide training and guidance.

Areas of difficulty	Possible causes	Possible improvement options
Political points of view interfere with the work of the audit committee.	<ul style="list-style-type: none"> • A lack of understanding about the role of the committee. • Difficulty separating the work of the committee from the wider politics of authority. 	<ul style="list-style-type: none"> • Seek feedback from those interacting with the committee or external assessment. • Provide support or training for the chair. • Consider the role of independent members.
A breakdown in the relationship between committee members and the executive, PCC or chief constable/deputy chief constable, or with senior management.	<ul style="list-style-type: none"> • A lack of understanding about the role of the committee. • Differing perceptions on the value of the committee • Personality clashes. 	<ul style="list-style-type: none"> • Review the terms of reference and provide training and guidance. • A senior officer provides internal facilitation to support improved relationships. • Seek an external assessment or facilitation. • Change the chair or membership if the constitution or opportunity arises.

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply					Partially complies and extent of improvement needed*				Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement					
Weighting of answers	0	1	2	3	5					

Audit committee purpose and governance

1	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Does the governing body hold the audit committee to account for its performance at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:					
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Functions of the committee					
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
Governance arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk management arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal control arrangements, including:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 					
Annual governance statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assurance framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Over the last year, has adequate consideration been given to all core areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Has the committee met privately with the external auditors and head of internal audit in the last year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?					
<ul style="list-style-type: none"> • Separation from executive 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • A size that is not unwieldy and avoids use of substitutes 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Is adequate secretariat and administrative support provided to the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22 Are meetings effective with a good level of discussion and engagement from all the members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23 Has the committee maintained a non-political approach to discussions throughout?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26 Do audit committee recommendations have traction with those in leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27 Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28 Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29 Has this assessment been undertaken collaboratively with the audit committee members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subtotal score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total score					
Maximum possible score					200**

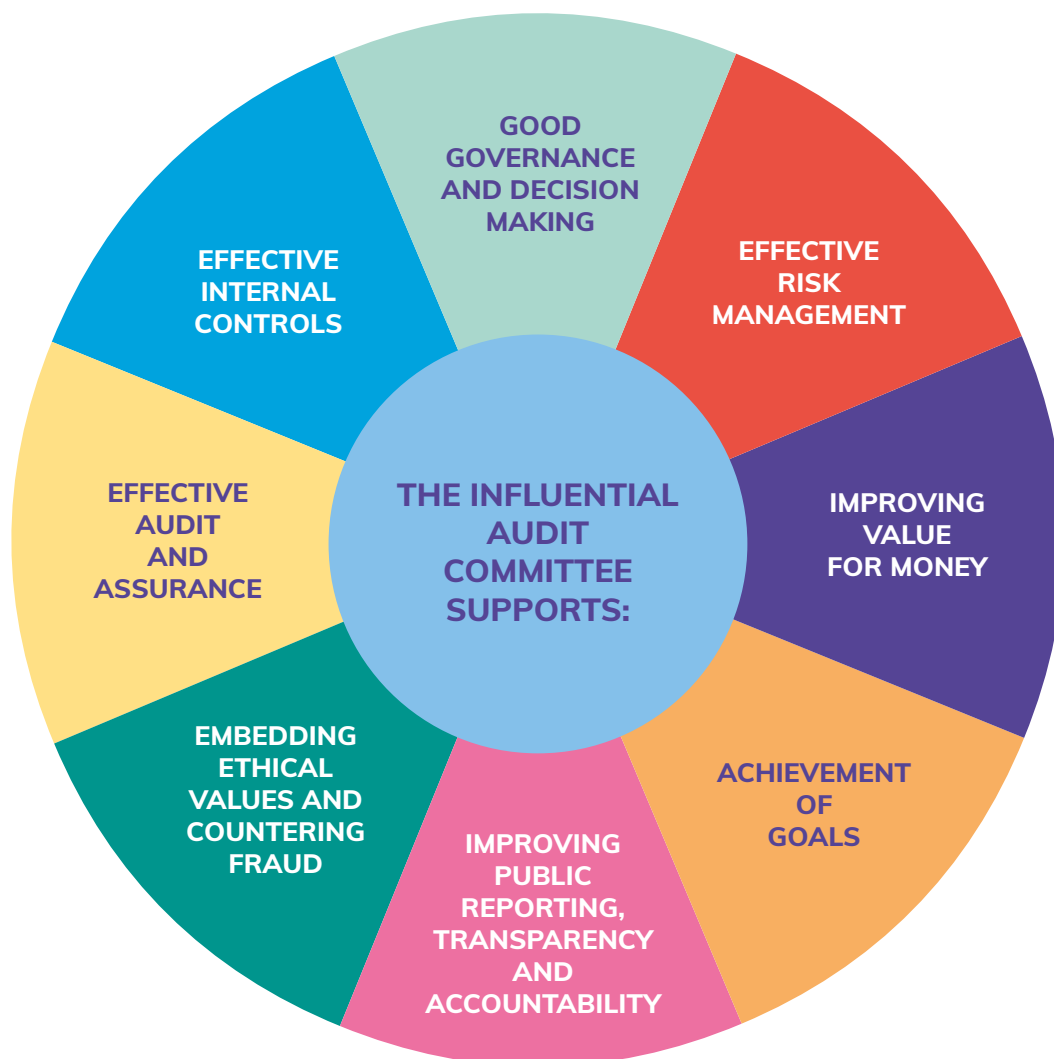
** 40 questions/sub-questions multiplied by five.

Evaluating the impact and effectiveness of the audit committee

An audit committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'.

The improvement tool below can be used to support a review of effectiveness. It identifies the broad areas where an effective audit committee will have impact.

Figure 1: The influential audit committee



The table includes examples of what the audit committee might do to have impact in each of these areas.

The third area includes key indicators that might be expected to be in place if arrangements are in fact effective. These indicators are not directly within the control of the audit committee, as it is an advisory body. They do provide an indication that the authority has put in place adequate and effective arrangements, which is the purpose of the committee.

Use the tool for discussion and evaluation of the strengths and weakness of the committee, identifying areas for improvement.

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Promoting the principles of good governance and their application to decision making.	<ul style="list-style-type: none"> Supporting the development of a local code of governance. Providing a robust review of the AGS and the assurances underpinning it. Supporting reviews/audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner audit committees to review governance arrangements in partnerships. 	<ul style="list-style-type: none"> Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements. Local arrangements for governance have been clearly set out in an up-to-date local code. The authority's scrutiny arrangements are forward looking and constructive. Appropriate governance arrangements established for all collaborations and arm's-length arrangements. The head of internal audit's annual opinion on governance is satisfactory (or similar wording). 	
Contributing to the development of an effective control environment.	<ul style="list-style-type: none"> Encouraging ownership of the internal control framework by appropriate managers. Actively monitoring the implementation of recommendations from auditors. Raising significant concerns over controls with appropriate senior managers. 	<ul style="list-style-type: none"> The head of internal audit's annual opinion over internal control is that arrangements are satisfactory. Assessments against control frameworks such as CIPFA's FM Code have been completed and a high level of compliance identified. Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement. 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<ul style="list-style-type: none"> Reviewing risk management arrangements and their effectiveness, eg risk management maturity or benchmarking. Monitoring improvements to risk management. Reviewing accountability of risk owners for major/ strategic risks. 	<ul style="list-style-type: none"> A robust process for managing risk is evidenced by independent assurance from internal audit or external review. 	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<ul style="list-style-type: none"> Reviewing the adequacy of the leadership team's assurance framework. Specifying the committee's assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit. 	<ul style="list-style-type: none"> The authority's leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies. 	
Supporting effective external audit, with a focus on high quality and timely audit work.	<ul style="list-style-type: none"> Reviewing and supporting external audit arrangements with focus on independence and quality. Providing good engagement on external audit plans and reports. Supporting the implementation of audit recommendations. 	<ul style="list-style-type: none"> The quality of liaison between external audit and the authority is satisfactory. The auditors deliver in accordance with their audit plan and any amendments are well explained. An audit of high quality is delivered. 	
Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.	<ul style="list-style-type: none"> Reviewing the audit charter and functional reporting arrangements. Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. Actively supporting the quality assurance and improvement programme of internal audit. 	<ul style="list-style-type: none"> Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment). The head of internal audit and the organisation operate in accordance with the principles of the CIPFA <u>Statement on the Role of the Head of Internal Audit</u> (2019). 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p>Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.</p>	<ul style="list-style-type: none"> • Reviewing how the governance arrangements support the achievement of sustainable outcomes. • Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. • Reviewing the effectiveness of performance management arrangements. 	<ul style="list-style-type: none"> • Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives. • The authority's arrangements to review and assess performance are satisfactory. 	
<p>Supporting the development of robust arrangements for ensuring value for money.</p>	<ul style="list-style-type: none"> • Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee. • Considering how performance in value for money is evaluated as part of the AGS. • Following up issues raised by external audit in their value-for-money work. 	<ul style="list-style-type: none"> • External audit's assessments of arrangements to support best value are satisfactory. 	
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</p>	<ul style="list-style-type: none"> • Reviewing arrangements against the standards set out in the <i>Code of Practice on Managing the Risk of Fraud and Corruption</i> (CIPFA, 2014). • Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. • Assessing the effectiveness of ethical governance arrangements for both staff and governors. 	<ul style="list-style-type: none"> • Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements. 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<ul style="list-style-type: none"> Working with key members/ the PCC and chief constable to improve their understanding of the AGS and their contribution to it. Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency. Publishing an annual report from the committee. 	<ul style="list-style-type: none"> The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality. The external auditor completed the audit of the financial statements with minimal adjustments and an unqualified opinion. The authority has published its financial statements and AGS in accordance with statutory guidelines. The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements. 	

OVERALL QUESTIONS TO CONSIDER

- 1 Does the committee proactively seek assurance over the key indicators?
- 2 How proactive is the committee in responding to aspects of governance, risk, control and audit that need change or improvement?
- 3 Are recommendations from the committee taken seriously by those responsible for taking action?

REPORTING RESULTS

The outcome of the review can be used to inform the committee's annual report.



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10/2022

AUDIT OF COMMITTEE	AGENDA ITEM No. 5
29 JANUARY 2024	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director- Corporate Resources	
Cabinet Member(s) responsible:	Cllr John Howard	
Contact Officer(s):	Jill Evans, Service Director- Corporate Finance	

EY ANNUAL ACCOUNTS AUDIT

RECOMMENDATIONS	
FROM: <i>Jill Evans, Service Director- Corporate Finance</i>	Deadline date: <i>n/a</i>
<p>1. It is recommended that the Audit Committee reviews the Auditors updated Audit Results Report for the year ended 31 March 2021 from Ernst & Young (EY) on behalf of the Council.</p>	

1.	ORIGIN OF REPORT
1.1	To review the Auditors Results Report for the year ended 31 March 2020 from Ernst & Young (EY) on behalf of the Council.
2.	PURPOSE AND REASON FOR REPORT
2.1	<p>This is the report covering the requirement of the NAO Code of Audit Practice for EY to issue an Annual Audit Report to Those Charged with Governance (the Audit Committee) following conclusion of the audit and issue of the audit certificate. This means that the 2020/21 audit is now almost complete and closed.</p> <p>EY have certified that they have completed the audit of the accounts of Peterborough City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.</p> <p>EY have confirmed that no matters have come to their attention that would have a material impact on the financial statements and no matters have come to their attention that would have resulted in a different opinion on the financial statements or additional exception reporting on significant weaknesses in the Authority's value for money arrangements. They have given an unqualified opinion.</p> <p>This report is for the Audit Committee to consider under its Terms of Reference:</p> <p>2.2.1.19 To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.</p> <p>2.2.1.20 To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.</p> <p>2.2.2.5 To consider the external auditors report to those charged with governance and</p>

	2.2.2.7 To comment on the scope and depth of external audit work and to ensure it gives value for money		
3.	TIMESCALES <i>[If this is not a Major Policy item, answer NO and delete the second line of boxes.]</i>		
	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting
4.	BACKGROUND AND KEY ISSUES		
4.1	<p>This is the report covering the requirement of the NAO Code of Audit Practice for EY to issue an Annual Audit Report to Those Charged with Governance (the Audit Committee) following conclusion of the audit and issue of the audit certificate. This means that the 2020/21 audit is now almost complete and closed.</p> <p>EY have confirmed that no matters have come to their attention that would have a material impact on the financial statements and no matters have come to their attention that would have resulted in a different opinion on the financial statements or additional exception reporting on significant weaknesses in the Authority's value for money arrangements. They have given an unqualified opinion.</p>		
5.	CORPORATE PRIORITIES		
5.1	<p>The annual accounts audit links to the Sustainable Future City Council priority to ensure contributions are made appropriately.</p> <p>Further information on the Council's Priorities can be found here - Link to Corporate Strategy and Priorities Webpage</p>		
6.	CONSULTATION		
6.1	n/a		
7.	ANTICIPATED OUTCOMES OR IMPACT		
7.1	There are no corrections or changes required.		
8.	REASON FOR THE RECOMMENDATION		
8.1	The recommendation is to note the report.		
9.	ALTERNATIVE OPTIONS CONSIDERED		
9.1	The audit is required by statute.		
10.	APPENDICES		
10.1	Appendix A- EY Audit Report		

Peterborough City Council Audit Update

Year ended 31 March 2021

18 January 2024



Building a better
working world

18 January 2024



Private and Confidential
Audit Committee
Peterborough City Council

Dear Members of the Audit Committee,
Conclusion of the 2020/21 audit engagement

I provided Committee Members with a report dated 16 November 2023 on the position of the 2020/21 audit for the Audit Committee on 27 November 2023. I have attached a copy of that report in Appendix A.

This report sets out an update for the Audit Committee on the final outstanding issues. Subject to the successful closure of the outstanding items on the following page we are in a position to complete the 2020/21 audit.

This report is intended solely for the information and use of the Audit Committee, and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on the 29 January 2024.

Yours faithfully

Janet Dawson
Partner
For and on behalf of Ernst & Young LLP

Executive Summary

Status of the 2020/21 audit - final outstanding issues

Empower Loan

Our audit procedures in relation to the £20.4 million loan have identified an audit difference in relation to the outstanding loan value as at 31 March 2021. The value of the outstanding loan in the 2020/21 statement of accounts is identical to the value used in the 2019/20 statement of accounts. Our procedures determined that the Council should have discounted the first year of the contractual cash flows from the prior year model. This would have the impact of reducing the value of the loan by £1.587 million. Management have determined not to adjust for this difference. We have therefore added this uncorrected difference to our Letter of Representation request (see Appendix B).

Post Balance Sheet Consideration

In our report to the Audit Committee dated 16 November (see Appendix A) we informed members that work was outstanding in relation to the corroboration of assumptions used in the Council's model for valuing the rooftop solar panel portfolio. This model has been used to value the assets as at 31 March 2022.

We received information from the Council on 13 December 2023 and 12 January 2024 in relation to inverter costs and the implications for the valuation in the model.

When we apply our EY specialist inflation forecast figures and the updated inverter replacement costs to the model we calculate a valuation of £17.55 million for the rooftop solar panel portfolio as at 31 March 2022. This is not materially different from the valuation of the loan as at 31 March 2021 in the 2020/21 statement of accounts and therefore this constitutes an adjusting post balance sheet event which is not material. This has been disclosed by the Council in Note 45 of the Statement of Accounts 2020/21.

RECOMMENDATION:

We recommend the Council to regularly revisit and reassess the rooftop solar panel model to ensure accurate and complete inputs for future valuations. Management should thoroughly understand and substantiate all model assumptions with corroborative audit evidence.

Executive Summary

Status of the 2020/21 audit - final outstanding issues (continued)

Loan to the developer of Hilton Garden Inn Hotel

In our report to the Audit Committee dated 16 November (see Appendix A) we informed members that work was outstanding in relation to the developer of the Hilton Garden Inn in Peterborough going into administration.

We received information from the Council on 8 January 2024 in relation to the impact of the administration on the 2020/21 statement of accounts.

We have concluded that the issue represents a non-adjusting post balance sheet event and therefore requires disclosure only in the 2020/21 statement of accounts. This has been disclosed by the Council in Note 45 of the Statement of Accounts 2020/21.

We have requested representation from Management in their Letter of Representation to confirm that the full value of the Council's loan as shown in the 2020/21 statements is secured and that they are not aware of any material losses that the Council may incur. Please see Appendix 2 for a draft copy of the Letter of Representation.

RECOMMENDATION:

We recommend the Council to maintain vigilant oversight of the financial implications arising from the Hilton Hotel Loan. In the event a potential financial loss to the Council becomes apparent, please notify us immediately.

Executive Summary

Status of the 2020/21 audit - final outstanding issues (continued)

We have substantially completed our audit of the Peterborough City Council financial statements for the year ended 31 March 2021 and have performed the procedures outlined in our Audit Plan and our findings reported in the Audit Results Reports presented to the Audit Committee on the 31 August 2022 and 24 July 2023.

The outstanding closing procedures at the date of this report relate to:

- ▶ Final audit completion and review procedures;
- ▶ Review of the Council's updated going concern disclosures;
- ▶ Completion of subsequent events and post balance sheet events review up to the date of signing;
- ▶ Receipt of the signed management representation letter; and
- ▶ Receipt and review of the final signed version of the financial statements.

Subject to satisfactory completion of the outstanding items above, we expect to issue an unqualified opinion on the Council's financial statements. We will communicate this to management and the Audit Committee before the 2020/2021 financial statements are authorised for issue. Until our audit work is complete, further amendments may arise. We expect to issue the audit certificate after we issue the audit opinion.

Appendix A - 16 November Audit Committee Report



Private and Confidential

16 November 2023

Audit Committee
Peterborough City Council

Dear Members of the Audit Committee,

Conclusion of the 2020/21 audit engagement

I updated committee members at the Audit Committee on 11 September 2023 on the position of the 2020/21 audit. As part of our final review process we identified a technical area that required additional audit evidence and support to ensure we had obtained sufficient assurance to satisfy findings from the prior year Financial Reporting Council (FRC) review.

We anticipated that we would conclude this area by 30 September 2023. However, we currently await the required supporting evidence from the Council. We have also been made aware of issues in relation to the Council's loan issued to the developer of Hilton Garden Inn Hotel which has been taken into administration by the Council in October 2023.

We have provided an update for the Audit Committee on the final outstanding issues on the following pages.

We also wish to inform the Audit Committee that we have commenced our 2021/22 and 2022/23 Value for Money procedures. We have issued a number of queries to the finance team to assist us with this work. Part of those procedures require us to provide commentary on the production of the 2022/23 draft Statement of Accounts. We are aware that these have not yet been published and we have not been provided with a date when these might be presented to Audit Committee.

Yours faithfully

Janet Dawson

Partner
For and on behalf of Ernst & Young LLP

Appendix A - 16 November Audit Committee Report (continued)

Status of the 2020/21 audit - final outstanding issues

Empower Loan

The purpose of this report is to update you on the final outstanding item on the 2020/21 audit. This is in relation to the classification and valuation of the Empower loan debtor of £20.4 million as at 31 March 2021.

Our audit procedures require us to consider post balance sheet events which may materially impact the transactions and balances in the Council's accounts as at 31 March 2021. We have considered that the transfer of the solar panel portfolio from Empower LLP to the Council in November 2021 constitutes an adjusting post balance sheet event if the value of the assets is materially different from the loan amount outstanding as at 31 March 2021.

We have audited the Council's model for valuing the rooftop solar panel portfolio, this model was produced by the Council's specialist Edenseven. We challenged the Council on a range of assumptions used by Edenseven on 20 September 2023. The Council were unable to provide any additional support, we therefore worked with our EY Strategies and Transactions specialists to corroborate the assumptions used but were unable to gain sufficient assurance regarding two areas that significantly impact the valuation:

1. Edenseven used 5% as their inflation assumption throughout the life of the model. The Council have been unable to support the 5% assumption used by Edenseven, we therefore consider this to be an error in the model. Our EY specialist inflation forecast does not return a material difference but the Council will need to ensure the model is updated each year for actual inflationary figures provided by Ofgem and more accurate forecast assumptions.
2. When performing a comparison between the previous Empower model and the Edenseven model we identified that the Empower model contained a full replacement programme for solar panel inverters. This is because inverters in photovoltaic solar panels have a life expectancy of 15 years while the contract for income generation is 20 years. The Edenseven model only accounts for 6.6% of inverters to be replaced. Our estimate for a full replacement programme of inverters could reduce the valuation of the assets in the model by up to £3.4 million.

We held a call with the Council on 12 October 2023 to discuss the inverter issue and requested that evidence is obtained from the specialist regarding the discrepancies. We also requested evidence from the Council to support the cost to replace each inverter (part and labour).

We have regularly requested this information from the Council but are yet to receive any evidence to conclude on the remaining queries in relation to inverter costs.

Until we receive the information requested we are unable to quantify the potential audit adjustment in order to conclude our audit of the 2020/21 Statement of Accounts. If this information is not received in a timely manner this will lead to a modification of our audit opinion.

Appendix A - 16 November Audit Committee Report

Status of the 2020/21 audit - final outstanding issues

Loan to the developer of Hilton Garden Inn Hotel

We have been made aware that the developer of the Hilton Garden Inn in Peterborough has been taken into administration by the Council.

In total the Council has issued a loan of £15 million to the developer. As at 31 March 2021 the value of the loan issued was £3.075 million.

We will need to receive the Council's post balance sheet event consideration assessment in relation to the developer falling into administration and how this impacts the 2020/21 Statement of Accounts.

Until we receive the Council's consideration of this issue we are unable to quantify the potential impact on the 2020/21 Statement of Accounts.



Appendix B – Draft Request for a Management Representation Letter

Request for a Management Representation Letter

[To be prepared on the entity's letterhead]

29 January 2024
Janet Dawson
Partner

Ernst & Young

1 More London Place
SE1 2AF
London
United Kingdom

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Peterborough City Council ("the Group and Council") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the Group and Council financial position of Peterborough City Council as of 31 March 2021 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our consolidated and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council

in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) and are free of material misstatements, including omissions. We have approved the consolidated and Council financial statements.

3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and Council and that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflicts and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and Council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [\[specify reasons for not correcting misstatement\]](#).
6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.



Appendix B – Draft Request for a Management Representation Letter

Request for a Management Representation Letter

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council’s financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council’s activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and Council financial statements, including those related to the COVID-19 pandemic and including those related to the conflict can related sanction in Ukraine, Russia and/or Belarus.
3. We have made available to you all minutes of the meetings of the Group, Council, Cabinet and Audit Committee held through the year to the most recent meeting on the following date: [29 January 2024](#)
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council’s related parties and all related party relationships and transactions of

which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and Council financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you any unauthorised access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material impact on the Group and Council financial statements, in each case or in the aggregate, and ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 41 to the consolidated and Council financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 45 to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council’s ability



Appendix B – Draft Request for a Management Representation Letter

Request for a Management Representation Letter

to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than those described in Note 45 to the consolidated and Council financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.
2. In relation to the Fletton Quay Hilton Hotel disclosure in Note 45 we confirm that the full value of the Council's loan is secured and that we are not aware of any material losses that the Council may incur.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the Council, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Reserves

1. We have properly recorded or disclosed in the consolidated and Council financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the property, plant and equipment and investment property valuations, the pension liability valuation and financial instrument valuations and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

- Minimum Revenue Provision
 - Pensions Liability
 - Private Finance Initiative
 - Property, Plant and Equipment and Investment Properties – valuations, impairments and depreciation
 - Provision for Impairment of Receivables
 - Financial Instruments
1. We confirm that the significant judgments made in making the have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
 2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the above accounting estimates.
 3. We confirm that the significant assumptions used in making the above estimates appropriately reflect our intent and ability to carry out our statutory services on behalf of the entity.
 4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
 5. We confirm that appropriate specialized skills or expertise has been applied in making the above estimates.
 6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

 **Appendix B – Draft Request for a Management Representation Letter**

Request for a Management Representation Letter

L. Retirement benefits

- On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Audit Committee)

Appendix 1 – Uncorrected misstatements

Communication schedule for uncorrected misstatements

Entity: Peterborough City Council Period Ended: 31-Mar-2022 Currency: £,000

No.	MFP ref.	Account (Note 1)	Analysis of misstatements (Debit/Credit)						Effect on the current period OCI (Debit/Credit)	Income statement effect of the current period (Debit/Credit)	Non taxable
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity				
		(Misstatements are recorded as journal entries with a description)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	
Factual misstatements:											
SAD 22		MFP arrears for Employer equipment - see 21 PCC Employer Loan Memo January 2022 - Control corrected in 2021/22, uncorrected for 2022/23									
		Debit - Fund Balance in the Movement & Reversals Statement									
		Credit - Adjustment account							(100,000)		
SAD 23		Judgmental judgement SAD to reflect that the Employer Loan asset made have issued one year on from 2018/20 - see 21 PCC Employer Loan Documentation updated September 2021									
		Credit - Balance Sheet - Short Term Debtors	(1,500,500)								
		Debit - CFS - Financing & Investment Income & Expenditure								1,500,500	
		Debit - Balance Sheet - Capital Adjustment Account							1,500,500		
		Credit - MARS - Adjustment between Funding & Accounting							(1,500,500)		

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ED None

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AUDIT COMMITTEE	AGENDA ITEM No. 6
29 JANUARY 2024	PUBLIC REPORT

Report of:	Cecilie Booth. Executive Director of Corporate Services and s151 Officer	
Cabinet Member(s) responsible:	Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance	
Contact Officer(s):	Gerry Roche, Risk Manager	Tel.

RISK MANAGEMENT

RECOMMENDATIONS	
FROM: Executive Director of Corporate Services and s151 Officer Interim Director of Legal and Governance	Deadline date: 29 January 2024
That Audit Committee <ol style="list-style-type: none"> 1. Reviews the latest position in relation to the development of the Strategic Risk Register and the proposals for the risk framework 	

1.	ORIGIN OF REPORT					
1.1	This report is submitted to the Audit Committee in line with the agreed work programme highlighting the development of risks and embedding processes within the Council.					
2.	PURPOSE AND REASON FOR REPORT					
2.1	The purpose of this report is to provide the Audit Committee with an updated position statement on the risk register and the mitigating factors and actions reported through the Corporate Leadership Team (CLT) to ensure buy in / oversight at the top table.					
2.2	This report is for the Audit Committee to consider under its Terms of Reference No.2.2.1.18 <ul style="list-style-type: none"> • To monitor the effective development and operation of risk management and corporate governance in the Council 					
3.	TIMESCALES					
	<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">Is this a Major Policy Item/Statutory Plan?</td> <td style="width: 10%; text-align: center;">NO</td> <td style="width: 30%;">If yes, date for Cabinet meeting</td> </tr> </table>	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting		
Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting				
4.	BACKGROUND AND KEY ISSUES					

4.1	Strategic Risks
4.1.1	<p>Monthly meetings have been established with Corporate Leadership Team to review the Strategic Risk Register and there are ongoing dialogue with Lead Officers throughout so as to maintain an up to date and live document.</p> <p>There is ongoing development of a framework to sit alongside the register and that will be issued to Members once that is completed.</p>
4.1.2	<p>For information, the following attachments are provided</p> <ul style="list-style-type: none"> • Appendix A: Current status on the risk register. This provides Members with commentary in relation to changes to the risks and new emerging issues • Appendix B: The Strategic Risk Register as agreed at Corporate Leadership Team in January 2024 • Appendix C: Revised Impact Assessment
4.1.3	<p>The key points for Member attention are:</p> <ul style="list-style-type: none"> • Risk management processes are the methodology have been amended and are being utilised by all Departments; • The revised risk assessments are now being rolled out into the Service Planning arrangements which Teams will be developing; and • New risks are raised, discussed and included as appropriate.
5.	CORPORATE PRIORITIES
5.1	<p>This report relates to:</p> <ol style="list-style-type: none"> 1. Sustainable Future City Council <ul style="list-style-type: none"> • How we Work • How we Serve • How we Enable <p>Any changes will play a key role in how the Council serves its residents.</p>
6.	CONSULTATION
6.1	<p>Corporate Leadership are actively involved in the production of the Strategic Risk Register to ensure that full ownership remains.</p>
7.	ANTICIPATED OUTCOMES OR IMPACT
7.1	<p>It is anticipated that this will enable the committee to have an up-to-date understanding of the key risks impacting on the Council and steps taken to address.</p>
8.	REASON FOR THE RECOMMENDATION
8.1	<p>For Audit Committee to continue the process of the ongoing review of risk as per the committee's terms of reference. The report provides clarity for officers and Members of their roles in relation to the management of risk.</p>
9.	ALTERNATIVE OPTIONS CONSIDERED
9.1	<p>None</p>
10.	IMPLICATIONS
	Financial Implications
10.1	<p>There are none at this time.</p>

	Legal Implications
10.2	<i>None</i>
	Equalities Implications
10.3	There are none.
11.	BACKGROUND DOCUMENTS Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
11.1	None
12.	APPENDICES
12.1	Appendix A: Status Update Appendix B: The Strategic Risk Register Appendix C: Revised Impact Assessment

AUDIT COMMITTEE UPDATE JANUARY 2024

AGENDA ITEM 7 – 11th September 2023 - Risk Management Framework

The Risk Manager would like to submit the attached updated Strategic Risk Register, **Appendix A**, tab 1 is the register, tab 2 scoring matrix and tab 3 the Financial and Reputational assessments and supporting Impact and Likelihood template recently signed off by the Corporate Leadership Team (CLT) **Appendix B**, tab 1 is the Impact and likelihood detail. Please also find supporting Strategic Risk Register commentary below.

Current Position

- All Inherent and residual risk Impacts and Likelihoods agreed with key contacts.
- Financial impact bands should the risk materialise, agreed with key contacts.
- Reputational impacts should the risk materialise, assessed by Amanda Rose to ensure consistency.
- Attached formally signed off Strategic Risk Register (SRR)

Risk Changes agreed:

SR – Ofsted inspections – Alison Bennett, Gary Jones, and Chris Baird

- Residual risk has increased from Amber to Red and is now in line with Inherent Risk.

Rationale:

- The outcome of the inspection is going to be very different to what it was the last time in 2018. The service at this time, will need more resources in place to manage high quality services and the outcome of the inspection may result in us losing some resources ie: staff, which will weaken the control environment overall.

SR - CQC Assurance (Inspection) Adults – D McQuade

Both Inherent and residual risk have moved to Red from Amber, as the Impact and likelihood combined score is 16 in line with their BAU directorate template. Risk is considered stable at present.

SR - Emergency Resilience – Council Response – Rob Hill

- Residual risk likelihood reduced from 4 to 3 so reducing RAG from Red to Amber.

Rationale:

- Emergency Plan written with a draft version on the intranet, which allows staff to understand what to do in an emergency.
- Profile raised with CLT.
- Paper to be submitted to CLT detailing future improvements, by the end of January.
- BCP updated in all but 2 areas, with discussion ongoing for these to be completed also.

SR - Health & Safety - S Lewis

- Residual risk likelihood reduced from 4 to 3 so reducing RAG from Red to Amber.

Rationale:

- H&S Policy written and to be communicated very soon.
- New Head of H&S recruitment progressing well with s/o expected shortly.
- These improvements allow PCC to demonstrate a much stronger defensive position if challenged by the H&S executive now.

SR - The Council is a victim of Cyber Crime, & Technological Change – J Patmore

- Key contact believes owner should change to CLT from CB, has everyone has responsibility for Cyber Security.

SR - Procurement, contracting & contract management – R McCarthy

- Risk to be moved to BAU risk register as residual risk is Green.

SR - Waste Disposal/Pollution – C Palmer

- Risk to be moved to BAU risk register as residual risk is Green.

SR - Capital & Information Assets – S Lewis Jill Evans

- Risk to be moved to BAU risk register as residual risk is Green.

Future activity

- Risk Management Policy and Strategy document, to be completed and signed off internally and then submitted to the Audit Committee.
- Ongoing review and update of the Strategic Risk Register.

Emerging Risks:

Hilton Hotel Loan:

The council agreed a loan of £15m to support the development of a Hilton hotel at Fletton Quays - a key part of the project to regenerate this area of the city. In October the council appointed administrators in relation to the developer of the hotel. This course of action was taken to ensure the hotel can be completed and to safeguard the council's investment.

The administrators have taken control of the building and are determining the optimal strategy for the sale of the building.

Our focus remains on seeing the hotel completed as soon as possible, providing a fantastic high-quality hotel and rooftop bar and at the same time protecting the council's investment. Hilton remains committed to opening a hotel at this site.

However, matters arising since October means that this will be added to our Strategic Risk Register going forward, but prudent to log as an emerging risk now.

SERCO Integration:

A contract with Serco (known as the PSSP) to provide services on the council's behalf will be ending in April 2024, after agreement was reached between the two organisations.

The council has been reviewing its contracts and partnerships over the past two years to ensure the arrangements continue to meet the needs of the council and are providing best value for residents. This was a key part of the council's Improvement Plan and as it strives to achieve financial sustainability.

In recent months the council has been in discussion with Serco about the services they provide on our behalf. After a period of negotiation, agreement has been reached and the current contract will end in April 2024.

At this time all services will return to the council, along with staff under TUPE - Transfer of Undertakings (Protection of Employment) arrangements.

Although detailed plans and operational oversight are in place to ensure this is a smooth transfer which does not affect service delivery, it is prudent to log it as an emerging risk.

Risk Categorisation / Description	Supporting & Related Risks (the Triggers for the Strategic Risks)	Lhood 1-5	Impact 1-5	Inherent RAG Status	Proposed Mitigations	CLT Owner	Key contact	Residual Risk Lhood 1-5	Residual Risk Impact 1-5	Residual RAG Status	Reputational Impact	Financial Band 0-8	Trending Improving ↘ Worsening ↗ Stable ↔
Financial Resilience of Council	<ul style="list-style-type: none"> Running down reserves / a rapid decline in reserves. A failure to plan and deliver savings in service provision to ensure the council lives within its resources. Shortening medium term financial planning horizons, perhaps from three or four years to two or even one A lack of firm objectives for savings - greater 'still to be found' gaps in saving plans A growing tendency for directorates to have unplanned overspends and / or carry forward undelivered saving into the following year 	5	5	25	<ul style="list-style-type: none"> Strong Financial Management owned throughout the organisation, which is being strengthened via a finance transformation programme. Benchmarking against other Local Authorities to ensure our services provide value for money. Clearer plans for Delivering Savings, and tracking these. Managing Reserves, only using these inline with the reserves policy and ensuring the transformation reserve commitments generate a Return on Investment. 	CB	Jill Evans Emma Riding	3	4	12	The risk here is likely to be High. However, this could become extremely high if the council entered into S151 territory and/or statutory services were not being provided, and indeed it could be moderate to low looking at some elements of this risk in isolation.	Band 5 £3 - £5 Million	↘
Emergency Resilience – Council Response	<ul style="list-style-type: none"> Limited Resources with right skills / ability to deal with Emergencies across our workforce Under Resourced 'Emergency Planning Team' limiting ability to co-ordinate plans / training etc. This small team is in a shared service with Cambridgeshire leading to reduced PCC Focus and a limited ability to 'horizon scan' to mitigate future risk. 	4	4	16	<ul style="list-style-type: none"> Review of shared service arrangements (core planning team). Review of partnership 'resilience forum' to ensure joined up approach to emergency response is robust Review of all Business Continuity plans Improved training / preparation for different scenarios (exercises etc). 	CLT	Rob Hill	3	4	12	The risk here depends on the incident which may occur. The risk could easily be extremely high, if a major incident was not effectively managed because of poor resource, planning or horizon scanning. Risk would reduce depending on the incident, but will always likely be Moderate.	Band 3 £100k - £1 Million	↘ Residual Risk Likelihood reduced to 3 so now Amber
Decoupling of Services	<ul style="list-style-type: none"> Failure to achieve efficient & effective decoupling due to lack of financial investment, change not managed, staffing capacity not adequate, lack of business support capacity for project. 	3	5	15	<ul style="list-style-type: none"> Budget needed. Good planning to stop things falling through gaps 	JG / ST	Oliver Haywood	2	5	10	Low to Moderate - moderate being if mass staff exit and services cannot be provided.	Band 3 £100k - £1 Million	↘
Housing	<ul style="list-style-type: none"> Demand not matched by Supply including for Refugees, Students, Residents. Increase in People Sleeping Rough. Increase in attempted Criminal Activity impacting on the Healthy & Safe Environment. Negative Affect on behaviours of (Peterborough) Sustainable Communities. Negative Impact on Peterborough as an affordable place to Live. 	5	4	20	<ul style="list-style-type: none"> Maximise external funding. Housing Strategy Private sector leasing Empty properties – back in use Maximise voluntary sector support around rough sleeping Improvement of Private rental sector relationships Improved relationships with registered providers Acquisition of stock Weekly Governance Group managing down demand in Temporary accommodation. 	AC	Matt Oliver	4	4	16	Moderate to High. Most likely the reputational impact would be Moderate, but if some of these risks materialised and spiralled it could be High owing to the damage this could have on the city's reputation long term if it became known as an area where lots of people sleep rough and criminal activity is high.	Band 4 £1 - £3 Million	↘
Safeguarding - Adults	<ul style="list-style-type: none"> Severe Negative Impact on Council Reputation & Publicity if Safeguarding not able to be fully Assured. Ability to effectively Resource the Safeguarding Team impaired due to the decoupling and recruitment to substantive roles. 	5	4	20	<ul style="list-style-type: none"> Well-resourced Safeguarding Team - substantive posts recruited to and pending start dates. Effective recruitment and retention Strong effective partnership and governance arrangements 	ST	Debbie McQuade	4	4	16	Reputational risk would be Moderate to Extremely high, depending on what happens as a result of the safeguarding requirements not being met. There is the potential for the risk to be the highest level.	Band 5 £3 - £5 Million	↘

Safeguarding - Children	<ul style="list-style-type: none"> Severe Negative Impact on Council Reputation & Publicity if Safeguarding not able to be fully Assured. Ability to effectively Resource impaired due to the Complexity of some Safeguarding Cases. Increase in attempted Criminal Activity through assumed greater opportunities. Beterborough Less Attractive Proposition. Reduced Transportation to Schools increasing safeguarding risks. Lack of appropriate training opportunities to ensure frontline practitioners and Managers have access to the level of training required for their role 	5	4	20	<ul style="list-style-type: none"> Well-resourced children's services Effective recruitment and retention Strong effective partnership and governance arrangements Appropriate Training commissioned from external resources. 	JG	Alison Bennett	5	4	20	Reputational risk would be Moderate to Extremely high, depending on what happens as a result of the safeguarding requirements not being met. There is the potential for the risk to be the highest level.	Band 6 £5 - £10 Million	↔
The Council is a victim of Cyber Crime, & Technological Change,	<ul style="list-style-type: none"> Data loss Denial of IT services Malware attack Phishing attack Ransomware attack Telephone Toll Fraud Major vulnerability DR for IT Services Data mishandling/breach Training arrangements fail 11. Password attack 12. SQL injection attack 13. Monitoring does not identify threats 14. In-house expertise/resource is stretched/reduced 15. Outdated or unpatched systems 	5	4	20	<ul style="list-style-type: none"> Phishing detection and prevention controls Vulnerability detection and mitigation controls Disaster Recovery Testing Robust policies and procedures including the new IT Strategy and the existing Information Management & Governance policy framework. Staff training on the correct handling of private data, and to use technical controls available to the Council to enable this. Use multiple layer of anti-malware protection on Firewalls, email and end-points to prevent malware with frequent signature updates. Use technical controls to limit access to the Council VOIP system to the UK only. Use the automated denial of service mitigation service provided by our wide area network provider MLL. This will inform us of any denial of service attempts and mitigation activities. Cyber Security Board and Technical Group Information Governance Management Board ITDS Recruitment Campaigns IT Business Continuity Planning processes ICT Security Procurements Information Risk Owner role; Data Protection Officer role; Caldicott Guardians Communication strategy Limitations to FOI requests 	CLT Changed from CB as key contact feels everyone is responsible for Cyber Security	Julian Patmore	5	4	20	The reputational risk could be anything from Extremely Low to High depending on the incident that occurs. The reputational risk has the potential to be High if an incident occurs, as a result of critical services not being delivered for a significant period of time or people's data being used by fraudsters.	Band 6 £5 - £10 Million	↔
Political Landscape	<ul style="list-style-type: none"> Change in Council Policies. Change in Council Priorities. Change in Council Leadership leading to different levels of support / approval. 	4	4	16	<ul style="list-style-type: none"> Establish appropriate working groups with defined roles and responsibilities, ensure support is available to all members ensuring they have a clear understanding and are kept up to date. Clear lines of communication between officers and all members particularly Cabinet members Ensure regular review and monitoring of the New Administration Ten Point Plan 	AO	Adesuwa Omoregie	4	3	12	Risk here is low, but could move towards Moderate if the political landscape became so troublesome that it destabilised the council's improvement journey. This could lead to greater focus on us from DLUHC.	Band 5 £3 - £5 Million	↓
Health & Safety	<ul style="list-style-type: none"> H&S Audit commissioned in 2023 identified significant issues in the Council's ability to provide demonstrable H&S assurance. There are insufficient Policies, Training and Arrangements. The team need to align to the new Compliance Team in Estates and FM. The team also lack sufficient resource and mandate to properly fulfil the duties required. 	4	4	16	<ul style="list-style-type: none"> Management of the team has moved to the Commercial, Property and Asset Management Team. Additional temporary resource has been recruited and approval to upskill the team and to recruit a new Head of H&S. Main H&S policy being re written and other recommended actions arising from the review are being prioritised. 	CB	Simon Lewis	3	4	12	This risk has the potential to be anything from Extremely Low to Extremely High. The chances are that the impact would be low, but it could be higher if there was an incident involving staff or the public which was a result of poor Health and Safety procedures being in place.	Band 5 £3 - £5 Million	↓

OFSTED Inspections	<ul style="list-style-type: none"> Negative outcomes from Inspections. Needed improvements not made in a timely manner. Ability to Prepare for Inspections adversely impacted through resource constraints. Adverse impact on Reputation of Council. Negative Impact on lives of children, young people, families and carers. Failure to meet Ofsted/DfE/NHS England requirements from inspection findings <ul style="list-style-type: none"> Significant increase in budget pressures for Council as a result of significant resources being required to address inspection failings Increased pressure on staff and on budgets as staff leave as a result of poor inspection outcomes and it becomes more difficult to recruit permanent high quality staff 	4	5	20	<ul style="list-style-type: none"> High quality permanent Leadership CLT/Lead Member/Leader up to date with services positions (children's safeguarding, SEND, YOS, secure home) Resources in place to facilitate good inspections Resources in place to provide high quality good services High quality self assessment in place Frequent updating of data and analysis Dry runs for inspection Strong track record of external reviews 	JG	Alison Bennett Gary Jones Chris Baird	4	5	20	Likely reputational impact is High. It could be Extremely High if the outcome of an inspection was particularly poor and the council did not respond to the concerns and this led to children/adults being at risk or worse.	Band 6 £5 - £10 Million	↑
Workforce Planning	<ul style="list-style-type: none"> Failure to recruit suitably qualified staff. Failure to identify & nurture talent. Failure to retain key staff. Over-reliance on Contractors or Temporary Staff with no long-term commitment to the Council. Recruitment campaigns ineffectual – Not Securing Required Resources. Lessons not Learnt. Dissatisfied/Demotivated Staff + Lowered Staff Resilience – Leading to Increase in Staff Absence/Sickness. 	4	5	20	<ul style="list-style-type: none"> Redesign of HR currently underway which see a workforce planning team introduced to forward focus on staffing requirements; Recruitment to specialist SMEs; networking is key for SME's to build and to understand key external challenging factors. People & Culture Programme set up under the Sustainable Future Council Board which has a focus on Recruitment & Retention; Pay & Benefits for employees; Learning & Development Curriculum; Staff Engagement Survey; Policy content review to simplify for users. 	CB	Mandy Pullen	4	4	16	Reputational risk could be anything from Low to High. This would depend on how severe the risks became and the impact it was having on the provision of services.	Band 5 £3 - £5 Million	↓
Improvement Programmes	<ul style="list-style-type: none"> Failure to deliver transformation improvement programmes due to lack of financial & staffing resources, lack of buy-in from staff & external stakeholders. Need to deliver BAU bringing about pressures on delivering Transformation. 	3	4	12	<ul style="list-style-type: none"> All portfolios, programmes over multiple directorates have plans, risk logs, follow appropriate methodology and are actively managed and reported on. Programme Charters Project Charters Recently developed dashboard Weekly update meetings 	MG	Mandy Pullen / Ray Hooke	3	4	12	High reputational risk as a result of the council being known nationally as failing.	Band 5 £3 - £5 Million	↔
Community Cohesion	<ul style="list-style-type: none"> City unrest / increased tension resulting from external factors: e.g War in Ukraine / Gaza / Israel. 	4	3	12	<ul style="list-style-type: none"> Effective Community Safety Partnership to monitor tension and co-ordinate effective response Enhanced community resilience mechanisms to engage more effectively (faith groups / volunteer groups and community forums etc.) 	CLT	Ian Phillips	4	3	12	Moderate to high impact, dependant upon the level of unrest	Band 3 £100k - £1 Million	↔
Procurement, contracting & contract management	<ul style="list-style-type: none"> Procurement & Commissioning Life Cycle not sufficiently robust through drive for & emphasis on making Savings. Evidence of ineffective Contract management and governance of supplier contracts leading to delivery requirements not being met Portfolio Outputs, Outcomes Objectives & Benefits not clearly defined, not measurable nor achieved. Supply/market is not there (e.g. example children's homes) 	3	4	12	<ul style="list-style-type: none"> Alignment of procurement to corporate strategy Development and enhancement of the Procurement Pipeline and Annual Plan Effective engagement with Contract managers to better develop the market Governance and compliance analysis & controls. Enhanced ERP system recording performance of strategic contracts Engagement with DMTs to prioritise procurements that deliver greatest value Issue and acceptance of a Contract Management Standard 	CB	Richard McCarthy	2	2	4	Low to moderate. Biggest risk reputationally is us not meeting procurement rules leading to complaints from contractors, or contracts not being managed properly and this impacting service delivery - reputational impact of these occurring would be Moderate.	Band 4 £1 - £3 Million	↓ Move to BAU risk template

Collaborative working with Health & Social Care	<ul style="list-style-type: none"> Effective collaboration takes longer than expected and does not support the Council's corporate priorities. Local Needs not met through ongoing collaborative work. Collective Partnership responsibilities not executed fully effectively. Security & Platform requirements not met (Information Governance). 	4	3	12	<ul style="list-style-type: none"> Ensure coordinated impact of the Councils Corporate Priorities across ICS partnership meeting from North Integrated Partnership Board level to Integrated Neighbourhood level. Alignment of data aspects of digital strategy with partnership requirements 	ST	Debbie McQuade	4	3	12	Low to moderate. Low is most likely, but could become moderate if residents felt they were receiving a poor service.	Band 4 £1 - £3 Million	↔
Station Quarter Transformation	<ul style="list-style-type: none"> Outline business case is not accepted by DLUHC / DFT. 	3	4	12	<ul style="list-style-type: none"> Investment in the council's growth and regeneration service. Establishment of a Growth and Regeneration Advisory Board. Building and maintaining strong partnerships with key anchor institutions. ARUP on Board. Expert Rail Project Manager on board Steering Group in place including representation from Network Rail and LNER 	AC	Nick Carter Karen Lockwood	3	4	12	Moderate to High - however I would assume such news would not be made public so would not impact our reputation. We would work with Government to amend so it is approved.	Band 5 £3 - £5 Million	↔
Towns Fund Transformation	<ul style="list-style-type: none"> Spend profile and programme do not meet April 26 spend deadline. 	3	3	9	<ul style="list-style-type: none"> Investment in the council's growth and regeneration service. Establishment of a Growth and Regeneration Advisory Board. Building and maintaining strong partnerships with key anchor institutions. 	AC	Nick Carter Karen Lockwood	3	3	9	Moderate to high.	Band 4 £1 - £3 Million	↔
Waste Disposal/Pollution	<ul style="list-style-type: none"> Inability to comply with new Waste Legislation. Lack of Service Provision. Negative impact on Environment. Failure to reduce plastic pollution. Negative impact on Peterborough being a desirable place to Live/Work/Invest etc. 	3	3	9	<ul style="list-style-type: none"> Monitor national policy updates to ensure we are clear how this will impact Peterborough. Final statutory guidance consultation expected shortly. Consultation response in October 2023 suggests minimal impact for Peterborough but does prevent changes to the frequency of residual waste collections. Develop plan for full roll-out of food waste collections to flats and HMO's. 	AC	Charlotte Palmer	2	2	4	Moderate if the risk spiralled and became an issue spanning months. More likely to be Low.	Band 3 £100k - £1 Million	↓ Move to BAU risk template
CQC Assurance (Inspection)	<ul style="list-style-type: none"> Negative outcomes from Assurance Inspection. Improvements not made in a timely manner. Inability to Prepare for Assurance (Inspection) adversely impacted through resource constraints. Adverse impact on Reputation of Adult Social Care and the Council. 	4	4	16	<ul style="list-style-type: none"> Competent Leadership Good preparation through completion of Self Assessment and Improvement Plan. Information sharing /CLT/members/Partners Early notification of Assurance (Inspection) Ownership of Key Themes/quality Statements by key officers Ensuring staff are knowledgeable and equipped to meet with Inspectors Robust evidence bank 	ST	Debbie McQuade	4	4	16	Likely reputational impact is High. It could be Extremely High if the outcome of an inspection was particularly poor and the council did not respond to the concerns and this led to adults being at risk or worse	Band 4 £1 - £3 Million	↔
Capital & Information Assets	<ul style="list-style-type: none"> Failure to Maximise Value of Assets. Failure to Identify/Know & Record All Assets. Failure to Identify/Know & Record Capital Expenditure. Negative Impact on Revenue & Expenditure Accrued. 	3	3	9	<ul style="list-style-type: none"> Review of all assets & disposal programme Detailed asset register & rescoping requirements/ outcomes for conditions surveys Governance – new Estates Team and AMP due for 2024 with clearer lines of responsibility and accountability Clear Disposal programme Plan in Place aligned to refreshed Capital Programme Board 	CB	Jill Evans Simon Lewis	2	2	4	Moderate most likely, but could move higher up the scale if this impacted the council's ability to balance its budget or to get its accounts signed off.	Band 3 £100k - £1 Million	↓ Move to BAU risk template

Reputational impact assessed as if the risk materialised

Extremely High - Lasting or permanent national/local brand damage resulting from adverse comments in national press and media. High chance of Councillors/PCC staff forced to resign.

High - National/local brand damage lasting up to two years from coverage in national, regional and/or local press/media. Councillors/PCC staff potentially forced to resign.

Moderate Temporary local brand damage lasting up to one year from extensive coverage in regional and / or local press/ media.

Low Temporary local brand damage lasting up to a few weeks may be possible from minor adverse comments in local press/social media.

Extremely Low Negligible local brand damage from limited adverse comments with minimal press/social media.

Financial impact assessment

Each risk is assessed for the potential range of capital and/or revenue loss to the Council if the risk materialised.

Band 8 Loss over £20 million

Band 7 Loss between £10 million and £20 million

Band 6 Loss between £5 million and £10 million

Band 5 Loss between £3 million and £5 million

Band 4 Loss between £1 million and £3 million

Band 3 Loss between £100,000 and £1 million

Band 2 Loss between £50,000 and £100,000

Band 1 Loss under £50,000

Band 0 No financial loss

LIKELIHOOD

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

IMPACT

Reputational impact assessed as if the risk materialised

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Band 4 Loss between £1 million and £3 million

Band 3 Loss between £100,000 and £1 million

Band 2 Loss between £50,000 and £100,000

Band 1 Loss under £50,000

Band 0 No financial loss

AUDIT COMMITTEE	AGENDA ITEM No. 7
29 JANUARY 2024	PUBLIC REPORT

Report of:	Cecilie Booth – Executive Director of Corporate Services and s.151 Officer		
Cabinet Member(s) responsible:	Councillor Howard – Cabinet Member for Corporate Governance and Finance		
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557	

INTERNAL AUDIT PLAN 2024 / 2025: APPROACH TO AUDIT PLANNING
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RECOMMENDATIONS	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
<p>1. It is recommended that Audit Committee note and comment upon the emerging themes to be considered for inclusion in the 2024 / 2025 Internal Audit Plan.</p>	

1.	ORIGIN OF REPORT		
1.1	This report is submitted to the Audit Committee as a routine planned report on the development of the 2024 / 2025 Internal Audit plans.		
2.	PURPOSE AND REASON FOR REPORT		
2.1	The purpose of this report is to provide Members with details of Internal Audit’s annual planning approach and emerging issues and risks that Internal Audit need to provide assurance over. It provides an opportunity for Members to consider these themes and provide input into the development of the Audit Plan.		
2.2	This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.9 “ <i>To commission work from internal and external audit.</i> ”		
3.	TIMESCALES		
	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting
			N/A
4.	BACKGROUND AND KEY ISSUES		
4.1	INTRODUCTION		
4.1.1	In accordance with the Public Sector Internal Audit Standards (PSIAS), the Chief Audit Executive must develop a risk-based plan to determine the priorities of the internal audit activity. It must also explain how the planned assurance delivery links to the organisational objectives and priorities.		
4.1.2	Within Peterborough City Council (PCC), the role of Chief Audit Executive is undertaken by the Chief Internal Auditor. The Internal Audit Team comprises 6.1 Full Time Equivalent staff. We currently have two Senior Auditor vacancies* (a recruitment exercise is underway) and the Chief		

	<p>Internal Auditor's time is split with two other teams (Insurance and Investigations) and his role on the board of Peterborough Ltd.</p> <table border="1"> <thead> <tr> <th></th> <th>Number</th> <th>FTE</th> </tr> </thead> <tbody> <tr> <td>Chief Internal Auditor</td> <td>1</td> <td>1.00</td> </tr> <tr> <td>Group Auditor</td> <td>2</td> <td>1.60</td> </tr> <tr> <td>Principal Auditor</td> <td>1</td> <td>0.50</td> </tr> <tr> <td>Senior Auditor</td> <td>2 *</td> <td>2.00</td> </tr> <tr> <td>Auditor</td> <td>1</td> <td>1.00</td> </tr> </tbody> </table>		Number	FTE	Chief Internal Auditor	1	1.00	Group Auditor	2	1.60	Principal Auditor	1	0.50	Senior Auditor	2 *	2.00	Auditor	1	1.00
	Number	FTE																	
Chief Internal Auditor	1	1.00																	
Group Auditor	2	1.60																	
Principal Auditor	1	0.50																	
Senior Auditor	2 *	2.00																	
Auditor	1	1.00																	
4.1.2	In an ever-changing risk and control environment it is important that audit plans can adapt quickly to the needs of the organisation. To ensure a flexible and prioritised approach to our work, we utilise an assessment and planning tool which is used throughout the year on a rolling basis. This helps to ensure that at the point of each piece of work commencing, it is the next highest priority one according to our risk assessment.																		
4.2	APPROACH																		
4.2.1	Consultation and research are currently underway to determine themes and areas for audit work. This includes consulting with senior management and reviewing risk registers, budgets, plans and strategies, decisions, project and contract registers.																		
4.2.2	<p>The potential areas for review that this generates will then be subject to an assessment, using our planning tool (see Appendix A for details). The key factors being assessed are:</p> <ul style="list-style-type: none"> • Materiality: The size of a system or process in terms of financial value or numbers of transactions or number of people affected. • Corporate Importance: The extent to which the Council depends on the system to meet statutory or regulatory requirements or corporate priorities. • Stability: The degree of change within the process. • Vulnerability: Extent to which the system is liable to breakdown, loss, error or fraud. • Specific concerns: Arising from management's assessment of risk as well as audit intelligence. <p>The assessment tool is designed to ensure that our work is aligned to organisational objectives and priorities.</p>																		
4.2.3	<p>The Annual Internal Audit Plan will be compiled using our knowledge of:</p> <ul style="list-style-type: none"> • The prioritised list of potential audit reviews generated by the above assessment. • The number of audit days available for the year. • The skills, knowledge and experience of audit staff. • Assurance available from other sources. • Cambridgeshire County Council Internal Audit plans in relation to our shared services. • An allowance for statutory activities, grant certifications, supporting the democratic process and follow-up reviews. 																		
4.2.4	The Draft Annual Internal Audit Plan will be presented to the Audit Committee at the 18 March meeting. It will show all audits assessed as high priority but will distinguish between those achievable within current audit resources and those which are not.																		
4.2.5	During the year, there will be new risks and concerns identified, or changes to those already identified and included in the plan. There will be regular review of these changes and a reassessment of priorities in accordance with the approach set out above. This will result in areas of work being added to or removed from the plan.																		

4.2.6	Co-ordination between Internal Audit and the Risk Management Board/Risk Manager can assist this process in identifying emerging local and national risks and areas that need to be covered in audit work where appropriate.
4.3	THEMES EMERGING
4.3.1	<p>There is an enormous amount of change occurring within the organisation: de-coupling from Cambridgeshire County Council and bringing contracts back in-house; changes to key IT systems; a major improvement programme to transform our services including a People and Culture programme to overhaul how we manage the workforce, all within a continuing challenging financial environment.</p> <p>Our initial stages of planning have included these broad themes, as well as some specific areas of risk. These, and others identified as the planning process continues, will be subject to our planning assessment tool for prioritisation.</p>
4.3.2	<p><u>Financial Governance</u></p> <ul style="list-style-type: none"> • Arrangements for ensuring that savings proposals are robust and monitored. • Review of Financial Regulations and Contract Standing orders as part of the revised Financial Operating Framework • Income generating activities – charging policy, accurate billing and debt recovery. • Purchase to Pay • VAT
4.3.3	<p><u>Information Governance</u></p> <ul style="list-style-type: none"> • Cyber Security – technical controls and disaster recovery • Information Governance – data management and security • IT governance – strategy, policy, procedure • Major changes in IT systems (developments in Payroll/HR and Procurement, use of Artificial Intelligence, changes following decoupling from CCC) • Attendance at Strategic Information Board
4.3.4	<p><u>Corporate Governance</u></p> <ul style="list-style-type: none"> • Risk Management – review of new policy/processes • Compliance with our Code of Corporate Governance • Annual Governance Statement • Health and Safety - following an external review • Emergency Resilience • Performance Management • HR Policies review • Attendance at the Risk Management Board
4.3.5	<p><u>External Organisations</u></p> <ul style="list-style-type: none"> • Arrangements for governance of external companies and partnerships • Shared Service agreements
4.3.6	<p><u>Contracts and Procurement</u></p> <ul style="list-style-type: none"> • Contract Management standard – development and compliance • Specific contract reviews • Procurement governance – policies, procedures, monitoring compliance and exemptions
4.3.7	<p><u>Project and Programme Management</u></p> <ul style="list-style-type: none"> • Project management and benefits realisation on specific projects • Programme management and transformation
4.3.8	<p><u>Environment</u></p> <ul style="list-style-type: none"> • Leased estate management (residential and commercial) • Building Control processes

	<ul style="list-style-type: none"> Climate Change/Net Zero (eg Energy plan and PIRI project)
4.3.9	<p><u>Service Delivery</u></p> <ul style="list-style-type: none"> Changes to service delivery following decisions to in-source/outsource or otherwise change the activities of major contracts or companies. Safeguarding – quality assurance arrangements
5.	CONSULTATION
5.1	<p>Directors and Heads of Service have been invited to input into the planning process to date. Consideration of any information received has been incorporated into this report where applicable and further consultation is in train with Directors and their Management Teams.</p> <p>The Audit Committee is similarly invited to input into the annual planning process by way of this report. Any areas identified will be assessed for inclusion within the plan in accordance with the planning tool (See Appendix A).</p>
6.	ANTICIPATED OUTCOMES OR IMPACT
6.1	Audit Committee note and comment on the contents of this report.
7.	REASON FOR THE RECOMMENDATION
7.1	To provide members with an insight into the development of the audit plan to provide assurance to the Council on its governance and operations.
8.	ALTERNATIVE OPTIONS CONSIDERED
8.1	None
9.	IMPLICATIONS
	Financial Implications
9.1	<p>The Audit Plan needs to be deliverable within available resources and the achievement of the audit plan will require that the current structure remains intact throughout the year and that vacancies are filled. Resource requirements are reviewed each year during the planning process.</p> <p>Any changes to the structure and resourcing of Internal Audit will result in a further review of our programme of work and this will be reported to the Audit Committee.</p>
	Legal Implications
9.2	The Accounts and Audit regulations 2015 require the Council to have a sound system of internal control which includes effective arrangements for the management of risk, controls and governance.
	Equalities Implications
9.3	<p>The identification of risks and the proper management of those risks will ensure that:</p> <ul style="list-style-type: none"> The Councils environmental policies and ambitions can be met; the Council is able to mitigate against potential financial losses, litigation claims and reputational damage; the Council is able to effectively deliver the strategic priorities.
10.	BACKGROUND DOCUMENTS
	Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
10.1	None.

11.	APPENDICES
11.1	Appendix A

INTERNAL AUDIT PLANNING AND ASSESSMENT TOOL

<i>Category</i>	<i>Weight</i>	<i>Description</i>	<i>Total Possible Category Score</i>
Materiality	2	Value (budgeted income and expenditure; contract values; project costs etc.) and volume (number of transactions, number of individuals affected). 1= up to £100k or 100 transactions 2= £100k-£1m, or 100-1000 transactions 3= £1-10m, or 1000-10,000 transactions 4= £10-£100m, 10,000 or 100,000 transactions 5= £100m plus, or 100,000 plus transactions Score 1 to 5 (1= low, 5 = high).	10
Stability	2	Amount of change within a system or process. Growth in size or responsibilities; staff turn-over; legislative change; new or upgraded IT systems; cultural change; new service delivery models; significant internal policy change. Score 1 to 5 (1= low, 5 = high)	10
Vulnerability	3	Inherent risks (fraud, corruption, error, commercial or sensitive information, health and safety, vulnerable adults and children). Control environment (limited central control or ownership, poor physical security, high turn-over of staff, complexity of systems and processes, poor SoD, lack of expertise) Score 1 to 5 (1= low, 5 = high)	15
Corporate Importance	5	Dependence on the system to meet regulatory requirements or corporate priorities and objectives. Score 1-5 (1= low, 5= high)	25
Specific Concerns	4	Concerns and risk assessment of management and auditors. Review risk registers, specific areas raised by management, audit intelligence. score 1-5 (1= low, 5= high)	20
Total Possible Overall Score			80

Prioritisation Schedule

>50	High Priority	30-50	Medium Priority	< 30	Low Priority
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AUDIT COMMITTEE	AGENDA ITEM No. 9
29 JANUARY 2024	PUBLIC REPORT

Report of:	Cecilie Booth. Executive Director of Corporate Services and s151 Officer Adesuwa Omoregie, Interim Director of Legal and Governance	
Cabinet Member(s) responsible:	Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel.

ANNUAL GOVERNANCE STATEMENT REVIEW

RECOMMENDATIONS	
FROM: Executive Director of Corporate Services and s151 Officer Interim Director of Legal and Governance	Deadline date: 29 January 2024
That Audit Committee:	
<ol style="list-style-type: none"> 1. Reviews progress against significant issues included within the 2022 / 2023 Annual Governance Statement; and 2. Notes proposals to the production of the 2023 / 2024 Statement. 	

1.	ORIGIN OF REPORT
1.1	This report is submitted to the Audit Committee for the Committee to review progress into improving previous corporate governance gaps identified within the Annual Governance Statement (AGS) together with setting out plans for ongoing updating of the AGS in order that it becomes a live document.
2.	PURPOSE AND REASON FOR REPORT
2.1	The purpose of this report is to request that the Audit Committee considers progress against previously identified corporate governance weaknesses. In line with best practice, the actions are reported through the Corporate Leadership Team (CLT) to ensure buy in / oversight at the top table.
2.2	This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.2.17

3.	TIMESCALES		
	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting
4.	BACKGROUND AND KEY ISSUES		
4.1	Annual Governance Statement		
4.1.1	The Accounts and Audit Regulations require the Council to produce an AGS alongside its Statement of Accounts in each financial year. The AGS is a statutory document, which explains the processes and procedures in place to enable the Council to carry out its functions effectively.		
4.1.2	Ownership of the document is through CLT. The report sets out progress on previous actions as well as future proposals for ongoing updates.		
4.2	Progress On Existing Actions		
4.2.1	The AGS Progress analysis attached at Appendix 1 sets out those key actions to be addressed to enhance the governance arrangements across PCC.		
4.2.2	<p>The key points for Member attention are:</p> <ul style="list-style-type: none"> • There has been progress against all significant issues previously reported and there is clear ownership in place for the document and the actions; • Quarterly performance reporting is in place to the CLT to ensure continued delivery; and • Actions have been graded using the RAG ratings utilised as part of the risk registers and also linked to the Strategic Risk Registers. 		
4.3	Proposed Arrangements: AGS 2024		
4.3.1	Audit Committee has expressed a desire to separate the CIA from production of the AGS in order that it can be reviewed by Internal Audit prior to submission to CLT and Audit Committee.		
4.3.2	<p>The AGS is produced following a review of the Council's governance arrangements. The review requires the systems and processes of corporate governance are brought together and reviewed. In this regard. It is proposed that:</p> <ul style="list-style-type: none"> • The Local Code of Governance, which stands as the overall statement of the Council's corporate governance principles and commitments document is reviewed (Legal). • An Annual self-assessment by Heads of Service / Executive Directors (no change). Results are shared with CLT recognising that the process of preparing the AGS should, itself, add value to the effectiveness of the corporate governance and internal control framework. • A separate "Governance Management Group" to meet to discuss and identify emerging governance issues and to produce the draft AGS. This should comprise of key Senior Officers with responsibility for governance – namely from Legal, Finance, Risk Management, Audit, Information Governance and Human Resources. This Group reflects CIPFA / Solace guidance whereby "authorities should nominate an individual / group with appropriate knowledge, expertise and levels of seniority to evaluate the assurances and supporting evidence provided to draft the AGS". • Once the above document has been drafted, it will enable the Chief Internal Auditor the opportunity to review / audit the AGS and to establish whether assurance can be placed on the draft AGS. 		

4.3.3	<p>The proposed timetable for the review process is:</p> <p>January 2024</p> <ul style="list-style-type: none"> ● CLT / Audit Committee agree timetable ● Membership of Governance Management Group is confirmed. <p>February – March 2024</p> <ul style="list-style-type: none"> ● Review of Local Code of Governance ● Governance Management Group meet <p>April – May 2024</p> <ul style="list-style-type: none"> ● Governance assurance from Heads of Service / Executive Directors via a self-assessment questionnaire. Results are fed into the Governance Group ● Consideration of external inspection reports <p>May 2024</p> <ul style="list-style-type: none"> ● Governance Group produce first draft of the AGS <p>June 2024</p> <ul style="list-style-type: none"> ● Chief Internal Auditor / Internal Audit review of draft AGS. ● Chief Internal Auditor annual audit opinion produced and incorporated into the draft AGS ● AGS submitted to CLT <p>July 2024</p> <ul style="list-style-type: none"> ● AGS submitted to Audit Committee
4.3.4	<p>The timescale for publication of the Statement of Accounts and the AGS now reflect pre-pandemic timelines.</p>
5.	CORPORATE PRIORITIES
5.1	<p>This report relates to:</p> <ol style="list-style-type: none"> 1. Sustainable Future City Council <ul style="list-style-type: none"> ● How we Work ● How we Serve ● How we Enable <p>Any changes will play a key role in how the Council serves its residents.</p>
6.	CONSULTATION
6.1	<p>Corporate Leadership have been actively involved in the production of the AGS to ensure that full ownership remains.</p>
7.	ANTICIPATED OUTCOMES OR IMPACT
7.1	<p>It is anticipated that this will enable the Committee to have an up to date AGS.</p>
8.	REASON FOR THE RECOMMENDATION

8.1	The Committee is a vital part in agreeing to the AGS that will enable it to be more effective in its understanding of the governance arrangements across PCC. The recommendations allow the Committee the opportunity to comment and note progress.
9.	ALTERNATIVE OPTIONS CONSIDERED
9.1	None
10.	IMPLICATIONS
	Financial Implications
10.1	There are none at this time.
	Legal Implications
10.2	<i>None</i>
	Equalities Implications
10.3	There are none.
11.	BACKGROUND DOCUMENTS Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
11.1	None
12.	APPENDICES
12.1	Annual Governance Statement: Progress Against Agreed Actions

Year	Ref.No.	Governance Issue	Description	Lead Officer	Commentary	Timeline	Update: January 2024	Current RAG Rating
2022	22.01	Business Continuity	All departmental Business Continuity Plans to be regularly reviewed / tested during 2022/2023. Regular updates will be provided to the Corporate Leadership Team	Assistant Director of Digital and Data Services	BCP templates were issued in the summer 2022 to all departments / managers to complete. Documents have been received and will then be analysed and a overarching plan established	Jan-24	On Strategic Risk Register: YES Business continuity has not moved forward as expected. Further reminders issued in summer 2023 for updates for continuity plans and links with emergency planning. Internal Audit have completed a follow up review (reported December 2023) and there are a number of issues which remain outstanding. The Council has been targeted by cyber crime and also by ongoing technological changes which remains a key threat to continuity. ICT is central to virtually all service provision and as a result the Council is dependent on this service being delivered. Further tests are required to ensure that services can be reintroduced quickly and efficiently. There remains a gap between expectations and what can be delivered as part of this recovery process. Further works are required to establish a clear plan, which will require appropriate testing. The governance gap remains RED while testing remains ongoing.	Red
	22.02	Balanced budget and financial sustainability	The Council will continue to monitor its budget spending throughout the year and establish a MTFS early to enable for a balanced budget to be approved and moved towards financial sustainability in line with the Improvement Plans	Executive Director of Corporate Services and S151 Officer (Finance area)	Significant progress has been made on establishing balanced MTFS going forward. Monitoring of the 2022/23 budget throughout the year by CLT (and oversight by IIP) has allowed for early interventions to reprioritise / take action.	Jan-24	On Strategic Risk Register: YES The Council has a current budget which is balanced and significant progress has been made in year to achieve future sustainability. There remains ongoing volatility e.g. cost of living, inflationary factors on contracts, increased service demand within all areas. These remain a pressure for future years. While there is an inherent risk (RED), subject to the issues identified above being addressed, residual risk is currently amber.	Amber
	22.03	Council structure	To reflect the proposed Corporate Strategy, changes to the links with Cambridgeshire County Council, there is a need to realign the senior management team and then potential changes elsewhere as part of service reviews conducted internally and / or CIPFA to meet the Improvement Plans	Corporate Leadership Team	A new structure adopted, and appointments being made.	Jan-24	On Strategic Risk Register: NO Changes have been adopted and addressed.	COMPLETED
	22.04	Loss of key staff	As part of any restructures identified above or retirement and staff leaving, there will be a requirement to ensure that knowledge is not lost to the organisation. Appropriate workforce plans will be established	Corporate Leadership Team	As part of the creation of service plans, a workforce strategy is referenced. This is under development Service Delivery Plan templates have been enhanced to manage workforce delivery	Jan-24	On Strategic Risk Register: YES All departments have established Service Plans (2023). All are being updated / refreshed. As part of works with Human Resources and outcomes from a Council wide survey, an overarching Workforce Plan is under development for inclusion.	Amber

22.05	Social Care integration	Continue to work towards greater integration between social care and health in order to maximise finite resources	Executive Director of Childrens Executive Director of Adult Services Director of Public Health	Integration and / or better alignment will be progressed within the Integrated Care System (ICS) with a particular focus on joint commissioning to create an effective and efficient system.	Jan-24	On Strategic Risk Register: YES Integration of systems remain at the forefront of delivering efficiency savings. Ongoing reviews are in place to ensure that systems remain appropriate.	Amber
22.06	Information Governance	There is a need for continued vigilance in relation to the handling and access to data whether internally or the ability for it to be accessed from outside the Council	Assistant Director of Digital and Data Services Director of Legal and Governance and Monitoring Officer	Cyber security training mandatory and has been undertaken by 100% of the workforce. Disabled accounts where training not undertaken in the timescale. Other training delivered in relation to data protection to managers Reporting of data breaches will be included in an annual report in relation to information governance to Audit Committee	Jan-24	On Strategic Risk Register: YES Ongoing training has been provided to all employees within the Council. An annual report on Information Governance will be included on the Audit Committee agenda in July 2024.	Amber
22.07	Climate Change	The Council has an ambitious strategy to meet climate change targets. There is a need for this to be regularly challenged and monitored	Executive Director, Place and Economy	Regular reporting to Cabinet / Committees on progress	Jan-24	On Strategic Risk Register: NO PCC has launched a number of initiatives in order to address the challenges of climate change and meet its target of net zero carbon emissions by 2030. These include: (1) 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 (2) The 2019 Climate Change Working Group was replaced by the Climate Change and Environment Scrutiny Committee in July 2022. This committee deals with the challenges of climate change and the urgent need for reduction in carbon emissions (3) A project has been put in place (externally funded) to produce a city-wide Climate Change Adaptation Plan (4) Dialogue is in place with schools, residents, parish councils and businesses to engage and develop plans to decarbonise the city (5) The Climate Change Action Plan 2023 commits to the 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. (6) Additionally, the Councils climate change work is overseen by the cross council Economy and Inclusive Growth Portfolio Board	Amber
22.08	Project Management	Effective project management arrangements are required to assist in the ambitious Corporate Strategy and changes expected across the Council	Assistant Director of Digital and Data Services	All projects have assigned lead project managers. A separate review is looking to confirm they there is the requisite skills are in place. Further delivery of project management training will be provided, including the development of a PM Manual. (ICT have a manual but this needs to be made suitable for non-IT projects.	Jan-24	On Strategic Risk Register: YES Separate arrangements are being developed as part of the Improvement Programmes to oversee projects. Toolkits are being developed to ensure consistent approaches are in place. Performance reports are produced for CLT. Overall performance is not yet embedded across the Council and there is a review in train as to what are seen as appropriate KPIs / outcomes for the Corporate Strategy.	Amber

	22.09	Loan Financing (Empower)	With the decision to bring the solar panels etc. back in-house there is a need to ensure that there are accurate records, valuations in place to enable appropriate impairments to be recorded in the Councils records / accounts	Executive Director of Corporate Services and S151 Officer (Finance area)	Included in final accounts submitted to External Audit.	Jan-24	On Strategic Risk Register: NO Issues have been included within the draft final accounts. These are with the External Auditors for approval / sign off. (NB: EY have recently raised new questions in relation to the treatment of Empower).	Red
	22.10	Performance reporting	Continue to review and embed performance reporting through committees and Corporate Leadership Team to meet expectations set out in the Improvement Plans	Corporate Leadership Team	Establishment of Delivery Unit will oversee an improvement in internal and external monitoring and presentation of the key performance indicators delivered by PCC. Service performance and KPIs are reported to Performance CLT monthly.	Jan-24	On Strategic Risk Register: YES Separate arrangements are being developed as part of the Improvement Programmes to oversee projects. Toolkits are being developed to ensure consistent approaches are in place. Performance reports are produced for CLT. Overall performance is not yet embedded across the Council and there is a review in train as to what are seen as appropriate KPIs / outcomes for the Corporate Strategy.	Amber
	22.11	Good governance and decision making	External reviews have identified a number of areas for improvement in decision making. Changes will be implemented to streamline and make decisions more transparent (as identified in the Improvement Plan). The Councils Local Code of Governance will be refreshed during 2022	Director of Legal and Governance and Monitoring Officer	Consultation of staff on the Constitution has been raised in spring 2023 and included the narrative as well as the review of the contents. The Local Code of Governance still requires refresh. As part of the above reviews, together with this AGS, regular reports should be submitted to Audit Committee covering changes proposed, progress made and finally adopted in relation to Corporate Governance.	Jan-24	On Strategic Risk Register: NO The Local Code of Governance remains outstanding for updating. However, the supporting changes to governance through the various reviews need to be implemented / approved by Council and will then be reflected in the Local Code. The external review of governance has been completed and a number of actions established.	Amber
	22.12	Equalities	The Council has established an Action Plan to look to develop and embed appropriate policies and processes to deliver improvement in equality and diversity	Corporate Leadership Team	Ongoing monitoring is delivered to CLT. Further works are required to get PCC engaged and adopting the actions.	Jan-24	On Strategic Risk Register: NO EDI has been linked across with County throughout and is now being separately. While there is good coverage in place, it remains as an area for better take up and integration.	Amber
	22.13	Council Controls	Managers embrace internal audit recommendations and implement in line with agreed timescales	Chief Internal Auditor	Actions are followed up with all Line Managers to establish that they have been implemented or appropriate mitigation / alternatives put in place. Forms part of the Annual Opinion.	Jan-24	On Strategic Risk Register: NO Internal Audit follow up recommendations throughout the year. Any outstanding issues are referred through to the appropriate Director for action. This will be a recurring governance issue to be addressed each year, albeit with different audits.	Amber
NEW AREAS 2023:								

2023	1	Decoupling	<p>Decision taken to uncouple a number of services which are shared with County.</p> <p>This could lead to a number of services areas being under-resourced / under-staffed for a period of time of more staff are on County side.</p> <p>There is a requirement that the newly appointed Executive Directors keep up to date with the decoupling project so that service requirements remain to the fore and that any risks identified are mitigated expediently to ensure service continuity and prevent failure.</p>	<p>Executive Director of Childrens</p> <p>Executive Director of Adult Services</p>		Jan-24	<p>On Strategic Risk Register: YES</p> <p>The separation from County has been completed and posts are being filled. There are a number of areas where the resources remain stretched and these need to be addressed.</p>	Amber
	2	Debt Management	<p>Debt levels fluctuate through the year. There is a need to maintain effective arrangements between PCC / SERCO to ensure appropriate enforcement and collection arrangements are in place to minimise the loss of monies</p>	<p>Executive Director of Corporate Services and S151 Officer (Finance)</p>		Jan-24	<p>On Strategic Risk Register: NO</p> <p>There have been a number of improvements introduced into the process. The collection of debt, currently with Serco, will all revert to the Council when the service is brought inhouse in April 2024.</p>	Amber
	3	Priorities Board	<p>Following agreement of the each Boards Terms of Reference (ToR), ensure that effective challenge on each service delivery is in place to meet the Corporate Strategy priorities. This will be assisted through the Delivery Unit and regularly reported to CLT (and Cabinet)</p>	<p>Corporate Leadership Team</p>		Jan-24	<p>On Strategic Risk Register: YES</p> <p>There is a consistent approach introduced for all Boards. Regular reports are produced for CLT and the Improvement Panel.</p>	Amber
	4	Governance	<p>Complete the implementation of recommendations which arose from external reviews of:</p> <ul style="list-style-type: none"> - External organisations - Core governance <p>Review other governance activities and policies as appropriate including:</p> <ul style="list-style-type: none"> - scrutiny model - scheme of delegation - whistleblowing 	<p>Director of Legal and Governance and Monitoring Officer</p>		Jan-24	<p>On Strategic Risk Register: NO</p> <p>Link with 22.11.</p> <p>Actions plans are now established and steps are being taken to implement those changes. These include Shareholder Committee arrangements, reviews of companies, committee terms of reference and the delivery of training to ensure compliance and understanding.</p>	Amber
	5	Income generators	<p>Review the viability of services which provide income to the Council. As part of the review there should be a comprehensive fees and charges review.</p> <p>Establish a Fees and Charges Policy which determines the purpose of charging and the level of cost recovery necessary for the various services provided.</p>	<p>Executive Director of Corporate Services and S151 Officer (Finance)</p>		Jan-24	<p>On Strategic Risk Register: NO</p> <p>Routine reviews of fees and charges have been established to ensure discretionary services are not being subsidised by Council. A separate policy is under review.</p>	Amber

6	Asset Management Strategy	Regular reporting on progress to deliver the strategy – covering disposals, acquisitions etc. should be provided to the various decision makers to ensure that the AMS is being effectively managed.	Executive Director of Corporate Services and S151 Officer		Jan-24	On Strategic Risk Register: NO Thorough scrutiny is in place of all disposals so that a balanced approach is taken. The AMS is agreed by Council each year.	Amber
7	Company structures and joint ventures	A full review of current arrangements, including implementation of all recommendations in the CIPFA Governance Paper. Some existing companies will be discontinued if no longer fit for purpose.	Director of Legal and Governance and Monitoring Officer		Jan-24	On Strategic Risk Register: NO Linked to 4 above, there has been a full review of officers / Members on all companies and separate training provided as appropriate.	Amber
8	Risk Management	Works are required for ongoing development of key strategic risks for monitoring by CLT and Audit Committee. There is also a need to develop an online training tool to assist managers in understanding this area	Executive Director of Corporate Services and s151 Officer (ICT area)		Jan-24	On Strategic Risk Register: NO A new Risk Manager has been appointed and is in the process of developing a new framework together with the necessary training tools for the business. Regular reports are provided to CLT	Amber
9	Consultation	Refresh our methods and policies which are used as part of consultation with stakeholders. Particular focus should be on how the Councils engages with hard-to-reach communities	Executive Director of Corporate Services and s151 Officer (Communications area)		Jan-24	On Strategic Risk Register: NO Ongoing	Amber
10	Staff Capacity and Capabilities	with the increased frequency of reporting of service performance to CLT and various Committees, the Council will also revisit its approach to a staff appraisal process. There is a formal performance / appraisal process in place "Our Conversation" however this is not consistently followed across the Council, so it is difficult to determine if staff meet their priorities and objectives. Exit interviews may or may not happen.	Executive Director of Corporate Services and s151 Officer (Human Resources area)		Jan-24	On Strategic Risk Register: NO Link with 22.04 A new appraisal system is in development.	Amber
11	Financial Management	The Council will refresh its Financial Regulations and Contract Rules to ensure that they meet the latest delegations, constitutional needs, and best practice. Appropriate training and user guides will be developed for all Managers together with Inductions	Executive Director of Corporate Services and s151 Officer (Finance area)		Jan-24	On Strategic Risk Register: YES Link with 22.02. Under development	Red

	12	Health and Safety	Health and Safety arrangements appear weak. More resources are required and a higher prominence and visibility throughout the organisation.	Executive Director of Corporate Services and s151 Officer (Human Resources area)		Jan-24	On Strategic Risk Register: YES There has been a recruitment drive within Property Services to enhance the Health and Safety service which has predominantly been lead by County. The separation from County will continue to drive this forward.	Red
	13	Corporate Strategy / Plans	The Corporate Plan has now been approved and service plans have been drafted. Performance management is improving but it is not yet embedded within the organisation. Work has progressed well on the Corporate Plan and values, but Service Plans need further development and must be embedded in everything we do	Corporate Leadership Team		Jan-24	On Strategic Risk Register: NO Ongoing dialogue and workshops with employees drives the embedding and understanding of the corporate values across the Council.	Amber
	14	Financial Performance	External Audit has not yet signed off for 2020/21 and 2021/22, so there is no confirmed external review of the control environment. This remains urgent. A robust timescale is required for this to be achieved before the service is retendered.	Executive Director of Corporate Services and s151 Officer (Finance area)		Jan-24	On Strategic Risk Register: NO PSAA completed consultation and issued new fees on 30/11/23. PCC new cost for EA for 2023/24 accounts is £322k. This is set aside as a pressure for the budget Additional questions / challenges are raised by EA which are being addressed. There is an expectation that the first set of accounts will be submitted to January 2024 Audit Committee.	Amber

AUDIT OF COMMITTEE	AGENDA ITEM No. 10
29 JANUARY 2024	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director- Corporate Resources	
Cabinet Member(s) responsible:	Cllr John Howard	
Contact Officer(s):	Jill Evans, Service Director- Corporate Finance	

TEACHERS PENSION AUDIT

RECOMMENDATIONS	
FROM: <i>Jill Evans, Service Director- Corporate Finance</i>	Deadline date: <i>n/a</i>
<p>1. It is recommended that Audit Committee notes the Teachers' Pension Scheme (TPS) Audit was completed by KPMG and found no major exception or errors that need to be corrected.</p>	

1.	ORIGIN OF REPORT		
1.1	This report is submitted to Audit Committee following the annual End of Year Certificate (EOYC) process for Teachers Pensions. The EOYC is an annual audit exercise undertaken by employers to provide assurance to the Secretary of State that the contributions collected and submitted are correct.		
2.	PURPOSE AND REASON FOR REPORT		
2.1	The purpose of this report is to note the report and the findings of the auditors who reviewed the teachers pensions contributions collected and submitted by Peterborough City Council. There are no changes required.		
2.2	This report is for Audit Committee to consider under its Terms of Reference 2.2.2.5 To consider the external auditors report to those charged with governance and 2.2.2.7 To comment on the scope and depth of external audit work and to ensure it gives value for money		
3.	TIMESCALES		
	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting
4.	BACKGROUND AND KEY ISSUES		
4.1	The EOYC process, completed on an annual basis by all employers, provides an assurance to the Secretary of State that all contributions due have been correctly administered and paid to the Teachers' Pension Scheme (TPS).		
5.	CORPORATE PRIORITIES		

5.1	<p>The TPS audit links to the Sustainable Future City Council priority to ensure contributions are made appropriately.</p> <p>Further information on the Council's Priorities can be found here - Link to Corporate Strategy and Priorities Webpage</p>
6.	CONSULTATION
6.1	n/a
7.	ANTICIPATED OUTCOMES OR IMPACT
7.1	The EOYC is required by statute. There are no corrections or changes required.
8.	REASON FOR THE RECOMMENDATION
8.1	The audit is required by statute.
9.	ALTERNATIVE OPTIONS CONSIDERED
9.1	The recommendation is to note the report as no changes are required.
10.	IMPLICATIONS
	Financial Implications
10.1	The audit does not require any financial changes.
	Legal Implications
10.2	The audit is required under Schemes for Financing Schools: Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act.
	Equalities Implications
10.3	None
11.	BACKGROUND DOCUMENTS Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
11.1	n/a
12.	APPENDICES
12.1	Appendix A- TPS Report

APPENDIX I - AGREED UPON PROCEDURES AND FINDINGS MATRIX – FORMING AN INTEGRAL PART OF THE REPORT
Agreed-upon-Procedures Report of KPMG LLP to Teachers’ Pensions and Peterborough City Council in respect of Teachers’ Pensions End of Year Certificate for the year ended 31 March 2023

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
1	We have checked that all relevant parts of the return have been completed (in pounds and pence) and that the employer’s certificate bears the signature of the Responsible Finance Officer.	No exceptions noted.	N.A
2	We have checked that all arithmetic on the return is correct including: (a) that the totals in section 3 are arithmetically correct; (b) that the total in section 3 column 1 agrees with the entry in section 1 (box 1); (c) that the total in section 3 column 2 agrees with the entry in box 2a(iv); (d) that the total in section 3 column 3 agrees with the entry in box 2a(v); and (e) that the overall balance in box 2e has been calculated correctly.	No exceptions noted.	N.A
3	We have checked that the breakdown of contributions in each tier casts to the percentage rate of the contributory salary.	We have identified the following variances on recalculation of the 2022/23 EOYC	The Council have confirmed variances for Tiers 5 and 6 Employers’ contributions relate

Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)																																
	<p>detailed in the below table. There is no amendment required to the 2022/23 EOYC.</p> <table border="1" data-bbox="909 427 1413 836"> <thead> <tr> <th>Tier</th> <th>%</th> <th>TC</th> <th>EC</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7.40</td> <td>£142.40</td> <td>-£39.83</td> </tr> <tr> <td>2</td> <td>8.60</td> <td>- £1,510.16</td> <td>-£1,020.71</td> </tr> <tr> <td>3</td> <td>9.60</td> <td>-£225.03</td> <td>£27.79</td> </tr> <tr> <td>4</td> <td>10.20</td> <td>-£443.82</td> <td>-£18.24</td> </tr> <tr> <td>5</td> <td>11.30</td> <td>-£495.76</td> <td>£0.11</td> </tr> <tr> <td>6</td> <td>11.70</td> <td>£25.69</td> <td>-£0.14</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>£278.42</td> <td>£983.09</td> </tr> </tbody> </table>	Tier	%	TC	EC	1	7.40	£142.40	-£39.83	2	8.60	- £1,510.16	-£1,020.71	3	9.60	-£225.03	£27.79	4	10.20	-£443.82	-£18.24	5	11.30	-£495.76	£0.11	6	11.70	£25.69	-£0.14	TOTAL		£278.42	£983.09	<p>to rounding errors and explanations for Tiers 1, 2, 3, 4, 5 and 6 are detailed below:</p> <p><u>Tier 1</u></p> <p>The Teachers Contributions variance relates to £53.22 where an employee contribution was underpaid in July and June 2022. There was also a variance of £89.48 which related to an overpayment of refund to an employee in their February 2023 pay.</p> <p>The Employers' contribution relates to a overpayment in error of £40.86 for their May 2022 pay.</p> <p><u>Tier 2</u></p> <p>The Teachers contribution variance of £1487.98 relates to 13 employees receiving an overpayment of contributions in error in December 2022.</p> <p>The remaining balance are rounding errors.</p> <p>The Employers' contribution of £1,037.04 relates to a duplication of contributions processed for employee numbers 017391 and 03446H in December 2022.</p> <p><u>Tier 3</u></p>
Tier	%	TC	EC																															
1	7.40	£142.40	-£39.83																															
2	8.60	- £1,510.16	-£1,020.71																															
3	9.60	-£225.03	£27.79																															
4	10.20	-£443.82	-£18.24																															
5	11.30	-£495.76	£0.11																															
6	11.70	£25.69	-£0.14																															
TOTAL		£278.42	£983.09																															

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
			<p>The Teachers Contributions variance for £196.86 relates to employee numbers 017227 and 018003 receiving an overpayment of contributions in December 2022. The remaining balance is rounding errors.</p> <p>The Employers' contribution for £22.32 relates to an adjustment issued for an employee where no ERs were taking in error for February 2023. The remaining balance is rounding errors.</p> <p><u>Tier 4</u></p> <p>The Teachers contributions variance relates to £168.59 overpayment in error to an employee in November 2022. £251.14 relates to employee numbers 013805, 015072 and 015309 contributions being overpaid in December 2022. The remaining balance relates to rounding errors.</p> <p>The Employers' contribution variance relates to £18.07 for employee number 017829 who received an overpayment in error in January 2023.</p> <p><u>Tier 5</u></p>

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
			<p>The Teachers contributions of £495.76 relate to employee numbers 15331, 016767 and 72937J whose December contributions were overpaid in error.</p> <p><u>Tier 6</u></p> <p>The Teachers contributions of £25.69 relates to one employee's March 2023 contributions being allocated to tier 11.70% in error as this should have been paid at 11.30%.</p>
4	We have checked that entries on the return and supporting working papers agree with the employer's payroll records, including amendments, and, where necessary, information from other payroll providers, for the return period.	No exceptions noted.	N.A
5	We have checked that contributions paid in box 2d provided by TP agree with the employer's accounts.	No exceptions noted.	N.A
6	<p>For a sample of 37 teachers paid by the employer payroll and (where available) third party payrolls, we have checked:</p> <p>(a) the status of the teacher to the employer portal;</p>	For 1 employee, number 1989726, their member print stated a last day of service of 31/8/2022 which is prior to the sampled month of February 2023.	The employee member print is out of date and an updated version of their member print has been requested from the Teachers Pensions Agency.

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
	<ul style="list-style-type: none"> (b) that contributory salaries have been agreed to payroll records and included in section 3 column 1 in the correct tier; (c) that teachers' contributions have been deducted at the correct tier rate and included in section 3 column 2 in the correct tier; and (d) that employer's contributions have been calculated correctly and included in section 3 column 3. 		
7	<p>For the sample of teachers selected for test 6 we have checked all that:</p> <ul style="list-style-type: none"> (a) Career average flexibilities payments have been deducted correctly and included in box 2a(i); (b) additional pension payments have been deducted correctly and included in box 2a(ii); (c) additional contributions have been deducted correctly and included in box 2a(iii) (d) deductions and interest for teachers with EFE elections are calculated correctly and included in box 2b(i) 	<p>For the 1 employee who makes Career average flexible payments, they did not have a Teachers Pensions letter which confirmed either percentage or amount paid.</p>	<p>This employee is under a third party payroll provider who confirmed that they were unable to obtain the TP letter required. The Member Print of this employee was provided to confirm the percentage paid was correct.</p>

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors)
	<p>(e) Preston contributions have been deducted correctly and included in box 2b(ii)</p> <p>(f) TR22 contributions have been deducted correctly and included in box 2b(iii)</p>		
8	N/A	N.A	N.A
9	We have checked all prior year refunds in box 2c(ii) to correspondence from Teachers' Pensions.	No exceptions noted.	N.A
10	For all management explanations related to the exceptions and errors noted, we have obtained representations from the Responsible Finance Officer.	All management explanations have been obtained and detailed above.	N.A

APPENDIX A

AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2023 - APRIL 2024

DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS/ACTION UPDATE
27 November 2023					
11 September 2023	Item 7. Risk Management Framework	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	November 2023 update: By way of an update a briefing note and updated Strategic Risk Register, signed off by the Corporate Leadership Team (CLT) was circulated in advance of the meeting.
	Item 15. Work Programme	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.	Dan Kalley / Richard McCarthy	January 2024	

Outstanding Actions

DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS / ACTION UPDATE
24 July 2023	Item 6. Verbal Update EY	Officers to liaise with EY to start the audit for the 2021/22 accounts as soon as possible and to present a timeline for action.	Jill Evans / Cecilie Booth	Ongoing	November 2023 Update: A briefing note from EY will be circulated in advance of the November 2023 meeting.
	Item 8. Annual report (Fraud and Investigations)	Officers to benchmark against other local authorities in relation to data around fraud and investigations and circulate briefing note.	Steve Crabtree	November 2023	7 November 2023: Questionnaire circulated to other authorities. Awaiting return of information so that appropriate comparisons can be.
30 January 2023	Item 4. Actions Arising	Councillor Coles to address the Overview and Scrutiny Committee at the Combined Authority to get clarity over whether the Council or the Combined Authority received a refund from Stagecoach for a cancelled	Charlotte Palmer	TBC	Note to be sent round to all Audit members

		bus journey that was subsidised by the Council.			
28 November 2022	Item 7. Treasury Management Report – Mid Year Report	Officers to quantify the risks around financing and the life of assets. This would enable the Council to have in its sight the risks around the gap in the lifetime of debts versus assets.	Jill Evans / Jeremy Harrison / Cecilie Booth	July 2023 moved to September 2023, to be presented November 2023	November 2023 Update: A detailed review of MRP is being undertaken and this will form part of that and be reflected in the Treasury Management Strategy in February.
25 July 2022	Item 9. Review of the Effectiveness of the Audit Committee	The Chair of the Audit Committee to take on responsibility for the approach to the Annual Review of the Effectiveness of Audit Committee going beyond the checklist in the CIPFA “Toolkit for Local Authority Audit Committees”	Audit Committee Chair / Steve Crabtree	November 2023	7 November 2023: Changes to Committee Chair have delayed progression. Questionnaire to be issued to membership based on current toolkit following the November meeting (3 rd of municipal year), as well as the new Terms of Reference (once approved). (See below)
		Update the Terms of Reference for the Audit Committee to reflect the latest (draft) CIPFA Guidance and implement the necessary changes to the work programme to reflect the updated ToR	Adesuwa Omoregie / Democratic Services / Committee	July 2023 moved to November 2023	The Terms of Reference update will form part of the overall constitution and governance review. Aim for November 2023.

			Chair		
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Meeting date: 29 January 2024

Briefing date: 23 January 2024

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Internal Audit: Approach to Audit Planning	Steve Crabtree – Chief Internal Auditor	<p>2.2.2.9</p> <p>To commission work from internal and external audit.</p>	<p>The purpose of this report is to provide Members with details of Internal Audit’s annual planning approach and emerging issues and risks that Internal Audit need to provide assurance over. It provides an opportunity for Members to consider these themes and provide input into the development of the Audit Plan.</p>	
Progress report Annual Governance Statement	<p>Steve Crabtree – Chief Internal Auditor</p> <p>Cecilie Booth – Executive Director Corporate Services</p>	<p>2.2.1.17</p> <p>To oversee the production of the authority’s Annual Governance Statement and to recommend its adoption</p> <p>2.2.1.18</p> <p>To consider the Councils arrangements for corporate</p>	<p>To review the progress against the Annual Governance Statement</p>	

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		governance and agreeing necessary actions to ensure compliance with best practice.		
Risk Management Framework	Ray Hooke Gerry Roche	2.2.2.15 To monitor the effective development and operation of risk management and corporate governance in the council.	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	
Independent Improvement and Assurance Panel update (final report)	Emma Riding – Service Director Financial Management & Deputy S151 Officer Cecilie Booth – Executive Director Corporate Services	2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.	To receive the Independent Improvement and Assurance Panel final report to Full Council	
Treasury Management Strategy	Cecilie Booth – Executive Director Corporate Services Jeremy Harrison Jill Evans – Service Director Corporate Finance & Deputy S151 Officer	2.2.1.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	The purpose of this report is to report current performance and the forecast outturn position against the Prudential Indicators in the strategy.	
Update on procurement	Lesley Meeks – Procurement Specialist Richard McCarthy – Head of Commercial and Procurement	2.2.2.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure	To review any activity by directorates/teams that had not followed procurement guidelines.	

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		compliance with best practice.		
Draft Statement of Accounts and Audit Results report for year ended 31 March 2023	Ernst & Young – External Auditors Cecilie Booth – Executive Director Corporate Services	2.2.1.19 To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.	To review the Audit results report from the External Auditors.	
Debt Write Offs	Chris Yates – Financial Manager (Business Manager) Cecilie Booth – Executive Director Corporate Services	2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.	An opportunity for the Committee to have a deep dive into an area of interest to the Committee. Further details of the nature of the deep dive will be updated in the work programme.	

Meeting date: 18 March 2023

Training/Briefing dates: 13 March 2023

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
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<p>Draft Annual Audit Committee report</p>	<p>Senior Democratic Services Officer</p> <p>Cecilie Booth – Executive Director Corporate Services</p> <p>Steve Crabtree – Chief Internal Auditor</p>	<p>2.2.2.13</p> <p>To produce an annual report for consideration by Full Council.</p>	<p>The Audit Committee has been in operation since Annual Council in May 2006 (first meeting June 2006). The Committee has a wide ranging remit that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including internal audit, anti-fraud and the financial reporting framework.</p>	<p>Presented to June Audit Committee before Full Council July 2023</p>
<p>Internal Audit: Draft Internal Audit Plan 2023 / 2024</p>	<p>Steve Crabtree – Chief Internal Auditor</p>	<p>2.2.1.1</p> <p>To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.</p> <p>2.2.1.3</p> <p>To consider reports dealing with the management and performance of the providers of internal audit services.</p>	<p>The purpose of this report is to ensure that the Council reviews and agrees the audit activity for the next audit year.</p>	

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		<p>2.2.1.18</p> <p>To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.</p>		
Risk Management: Strategic Risks	Ray Hooke – Head of Corporate Delivery Unit	<p>2.2.2.15</p> <p>To monitor the effective development and operation of risk management and corporate governance in the council.</p>	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	

TBC July 2024

Pre-meeting – TBC

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Draft Annual Governance Statement	<p>Steve Crabtree – Chief Internal Auditor</p> <p>Cecilie Booth – Executive Director Corporate Services</p>	<p>2.2.1.17</p> <p>To oversee the production of the authority's Annual Governance Statement and to recommend its adoption</p> <p>2.2.1.18</p>	The production of the Annual Governance Statement (AGS) forms part of the annual closure of accounts process. It is not a financial exercise, but represents a corporate overview of the processes and procedures adopted by	

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		To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	Peterborough to manage its affairs.	
Internal Audit: Annual Audit Opinion	Steve Crabtree – Chief Internal Auditor	2.2.1.1 To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.	The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the Council. It is based on the findings of completed audits and activities undertaken by the Internal Audit Team during 2021 / 2022.	
Investigations Team Annual Report 2023 / 2024	Steve Crabtree – Chief Internal Auditor	2.2.1.16 To monitor council policies on “raising concern at work” and the anti-fraud and anti-corruption strategy and the Council’s complaints process.	The purpose of this report is to present the work carried out during the past year to minimise the risk of fraud, bribery and corruption occurring in the Council.	
Insurance: Annual Report 2023 / 2024	Steve Crabtree – Chief Internal Auditor	2.2.1.15	The purpose of this report is to present the work carried out during the past year to provide	

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		To monitor the effective development and operation of risk management and corporate governance in the Council.	an effective insurance function which provides cover for all aspects of the Council whilst minimising the cost.	
Audit Committee Effectiveness	Steve Crabtree – Chief Internal Auditor	2.2.1.18 To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	To provide Members with an update on progress in developing the audit plan.	
Budget Outturn Report	Emma Riding - Service Director Financial Management & Deputy S151 Officer		To note the Budget Outturn report	

Meeting date: TBC September 2024

Pre-meeting: TBC

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Risk Management: Framework and Strategic Risks	Ray Hooke – Head of Corporate Delivery Unit	2.2.2.15 To monitor the effective development and operation of risk management and	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	

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		corporate governance in the council.		
Update on procurement	<p>Lesley Meeks – Procurement Specialist</p> <p>Richard McCarthy – Head of Commercial and Procurement</p>	<p>2.2.2.18</p> <p>To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.</p>	To review any activity by directorates/teams that had not followed procurement guidelines.	
Decisions of the Shareholder Cabinet Committee	Democratic & Constitutional Services Manager	<p>2.2.2.12</p> <p>To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.</p>	The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation the Council's companies.	

AUDIT COMMITTEE	AGENDA ITEM No. 14
29 January 2024	PUBLIC REPORT

Report of:	Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Howard, Deputy Leader and Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Democratic Services – democratic.services@peterborough.gov.uk	Tel.

WORK PROGRAMME 2023/24

RECOMMENDATIONS
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> Notes and agrees the rolling work programme for the municipal year 2023/24

1. ORIGIN OF REPORT

1.1 This is a standard report to the Audit Committee which forms part of its agreed work programme. This report provides details of the Draft Work Programme for the following municipal year.

2. PURPOSE AND REASON FOR REPORT

2.1 The Work Programme is based on previous year's agendas. The programme can be refreshed throughout the year in consultation with senior officers and the Committee membership to ensure that it remains relevant and up to date. In addition, any delays in reporting issues are recorded so that they do not drop off the committee agenda.

3. CORPORATE PRIORITIES

3.1 This report links to the Corporate Priorities under the following heading:

- Sustainable Future City Council

The work programme sets out the forward look of committee in assisting the Council in securing its future as a sustainable council for its residents.

4. IMPLICATIONS

Financial Implications

4.1 There are none

Legal Implications

4.2 There are none

Equalities Implications

4.3 There are none

5. APPENDICES

5.1 Appendix A – Rolling work programme