

LIMITED / NO ASSURANCE AUDIT REPORTS

The **EXECUTIVE SUMMARY** is provided for those reports produced in the year which had lower assurance ratings. The following reports are included for 2023 / 2024:

- **Mayor of Peterborough's Charity Fund**
- **Climate Change**

It should be noted that where audits are in progress or awaiting agreement of the draft report, should they also not meet minimum standards then those Executive Summaries will be provided to Audit Committee later in the year.

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

Introduction

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

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

Objectives and Scope

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

The scope covered:

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

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

Main Findings

- Internal Audit were able to confirm that the net proceeds total for disbursement to the nominated charities was correct, based on the records and explanations available. It is understood the nominated charities have been paid their shares of the proceeds.
- The original MPCF Constitution contains no ownership of, or responsibility for, MPCF by the Council, and thus the Council appears to have no power over MPCF in its current form. As the MPCF title strongly suggests significant link to the Council, there would be risk to the

Council's reputation if anything went seriously wrong. The revised MPCF Constitution attempts to address this and was presented to those at the MPCF meeting of 15.7.21. To take effect, the revised Constitution needed a simple majority of MPCF members to pass a resolution agreeing its adoption. However as each Mayor's set of volunteers is replaced informally at the end of the mayoral year, there appears not to be any official membership. Minutes of MPCF meetings record no resolution approving the revised Constitution. Charity Commission were provided with a copy but have not yet accepted it as the MPCF's new governing document.

- Since Internal Audit started examining MPCF accounts in 2018, the level of income has dwindled from £95k in 2016-17 to £19k in 2021-22. The Covid pandemic, restricting ability to hold events, has undoubtedly affected the amount of income achieved in the past three years, but significant decline was noticeable between 2016 and 2019. The Council provides a significant support to MPCF, and it is questionable whether the levels of income achieved in the couple of years before the pandemic justify MPCF as a standalone charity.
- It is understood that significant donations totalling around £20k have been received in 2022-23 from the Mayor (funded from their Mayoral Allowance) and from a local Solicitors practice. If significant donations are accepted, MPCF's annual income is inflated, causing additional work for MPCF (as a registered charity) though in reality it is the Council, in terms of officer time and greater responsibilities when certain income thresholds are reached. There can also be delays in paying the intended recipients. Where significant donations are offered, the donors should be encouraged to donate directly to the charities or good causes of their choosing as this is a quicker, more efficient way of providing them with the money, and avoids adding to the administration Council officers will undertake.

Conclusion and Opinion

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

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

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

Climate Change - Executive Summary

Introduction

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

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

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

Objectives and Scope

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

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

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

Main Findings

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

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

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

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

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

Conclusion and Opinion

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

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

The audit opinion is Limited Assurance.

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