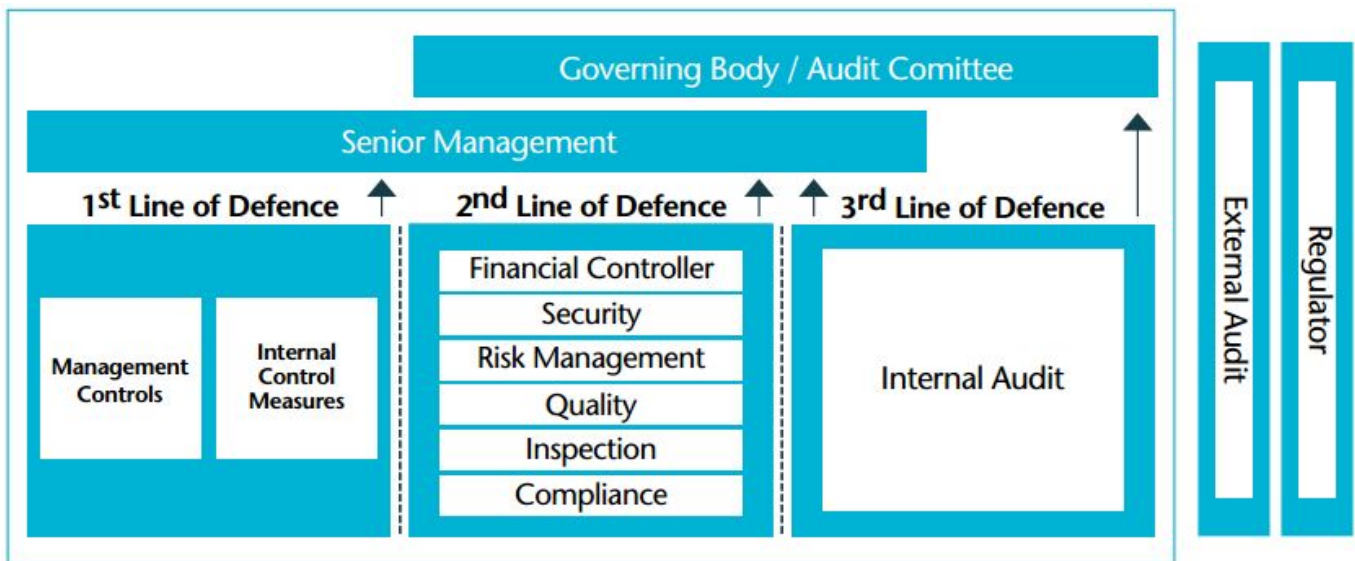


**APPENDIX D****ASSURANCE FRAMEWORK**

The first line of defence (functions that own and manage risks) is formed by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives. Collectively, they should have the necessary knowledge, skills, information, and authority to operate the relevant policies and procedures of risk control. This requires an understanding of the Council, its objectives, the environment in which it operates, and the risks it faces.

The second line of defence (functions that oversee or who specialise in compliance or the management of risk) provides the policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line, conducts monitoring to judge how effectively they are doing it and helps ensure consistency of definitions and measurement of risk.

The third line of defence (functions that provide independent assurance) is provided by internal audit. Sitting outside the risk management processes of the first two lines of defence, its main roles are to ensure that the first two lines of are operating effectively and advise how they could be improved. Tasked by, and reporting to the Audit Committee, it provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control to the organization's governing body and senior management. It can also give assurance to sector regulators and external auditors that appropriate controls and processes are in place and are operating effectively.

**ASSURANCE: Corporate Governance (including partnerships / external organisations)**

Audit works covered during the year included:

- Annual Governance Statement
- Annual Investigations Report
- Annual Fraud Report
- Anti Fraud Policies
- Mayors Charities (Governance)
- City College (Governance)

Separate assurance has been obtained from:

- The Council has a range of arrangements in place which underpins the principles outlined in the CIPFA / SOLACE document “Delivering Good Governance in Local Government” and the Audit Committee noted the contents of the Annual Governance Statement 2022 / 2023 at its meeting in July 2023. The latest AGS (for 2023 / 2024) has been updated through a Working Group lead by the Director of Legal and Governance and the Chief Internal Auditor. Focus has been on developing the Local Code in addition. Updates have been provided to Corporate Leadership Team.
- Since the creation of the Independent Improvement Panel, various governance reviews of existing internal arrangements as well as arms-length partnerships have been commissioned and these external reports have identified both good practice as well as weaker areas requiring attention. All issues are reflected in previous AGS and actions reported through to CLT, Cabinet and Council.
- Directors Assurance Statements are issued to all to assess the status of the controls within departments. There is an onus on Directors confirming these with their management teams. Sample tests are performed. Analysis from all statements identified the level of controls in place however there was a discrepancy between how well embedded between departments.

Internal audit are members of the Information Governance Board, however no meetings were held during the year.

A working group of key stakeholders has similarly reviewed and updated the Local Code of Governance in year.

Throughout the year, various governance reports are also provided to Committees which set out how governance arrangements have been delivered. These are documented below by Committee.

Committee	Date	Details
Adults and Health Scrutiny	1/24	Cambridgeshire and Peterborough Safeguarding Adults Partnership Board (Annual Report)
	3/24	Mental Health s.75 Partnership Agreement: Annual Report
	3/24	Adult Social Care Annual Report
Cabinet	6/23	End of Year Corporate Performance Report
	3/24	Blue Sky Peterborough Limited and Peterborough Investment Partnership
Childrens and Education Scrutiny	9/23	Childrens Services Improvement Board
	1/24	CPS Childrens Partnership Board Annual Report
Climate Change and Environment Scrutiny	7/23	Climate Change Action Plan
Constitution and Ethics	7/23	PCC Governance Review
	10/23	PCC Governance Review
Council	11/23	Independent Improvement and Assurance Panel report
Shareholders Cabinet Committee	6/23	Assurance of PCC Companies
	6/23	Peterborough Investment Partnership
	9/23	Medesham Homes
	9/23	Peterborough Limited
	1/24	Blue Sky Peterborough
	1/24	Empower Peterborough (CIC)
	1/24	Medesham Homes LLP
	1/24	Opportunity Peterborough
	1/24	Peterborough HE Property Company Ltd
	1/24	Peterborough Investment Partnership (PIP) LLP
		Peterborough Limited

**ASSURANCE: Risk Management**

No specific audits have been commissioned in relation to the delivery of risk management due to evolving processes that have been developing and to give reasonable time for these to embed. This was due to the appointment of a new Risk Manager who has taken on board all the suggestions / requirements to further develop the risk management framework and policy together with refreshing the strategic risk register. The results of these have been presented to Audit Committee during 2023/24.

Nevertheless, ongoing assurance has been maintained by the ongoing attendance and scrutiny performed at the Risk Management Board of which the Chief Internal Auditor is a member.

Future years assurance will look at:

- Strategic / Operational risk registers
- Revision of policies
- Fraud risk registers

**ASSURANCE: Financial Governance**

Audit works covered during the year included:

- Household Support Fund
- Payroll
- Council Tax
- NNDR
- Financial Operating Framework
- HR and Payroll ERP system
- City College (Financial management and Budgetary Control)
- Peterborough Limited (Financial and Operations Performance)
- Car Leasing Scheme

PCC Finance has a robust level of internal control and despite prior year council-wide issues in relation to levels of spending it is now demonstrating strong financial management and has been able to set balanced budgets which have been developed by all parties as well as taking into consideration external consultation through the budget simulator. Strong controls are demonstrated by both internal and external audit work and reports.

The External Auditor issued an unqualified opinion on prior years Statement of Accounts and has praised the internal team for the quality of working papers etc. Due to issues outside of PCC control, the accounts remain unaudited, while there has been a focus on value for money works. Officers / Members have expressed their views through Audit Committee and appropriate channels, nevertheless there remains a risk to the Council the longer they remain unaudited and no assurance can be placed on the records.

Finance completed an assessment of compliance with the CIPFA Financial Management Code which was shared with the business in February 2024. The assessment rag rated compliance and at the time it showed compliance levels as:

- Green – 7 (Compliance is being demonstrated, there may still be some improvements required)
- Amber – 5 (Minor to Moderate improvements are required to demonstrate full compliance)
- Red - 5 (Moderate to significant improvements are required to demonstrate full compliance)

An action plan has been produced and lead officers identified to implement any required improvements.

Financial Regulations have been reviewed during the year and Internal Audit has assisted the process in a consultancy capacity. The revised regulations are due to be presented to Audit Committee on 22 July 2022.

There has also been a range of grants administration / certification works undertaken which has also allowed for assurance on the state of financial management.

### **ASSURANCE: Procurement / Contract Management**

Audit works covered during the year included:

- Supplier Verification
- Purchasing Cards
- Highways Maintenance
- Care and Repair
- City College – (Procurement and Contract Management)
- Car Leasing Scheme
- Peterborough Limited (Contractual arrangements)

The Procurement function was brought back in house late in 2022 and since this time internal processes have been put in place and developing which includes:

- Each department has a dedicated procurement lead
- Procurement have developed an annual plan of activities – which includes a framework to monitor when contracts are expiring, require renewal or in progress regarding contract tendering. Internal Audit will look to utilise to gain further assurance on its successful operations.
- The team have had a primary focus during the year to ensure that as an organisation we are meeting the requirements of changes to the Procurement Act.
- Audit Committee are taking an active interest in procurement processes and during the year have asked for reports relating to breaches of rules. The revised terms of reference include the provision for the Audit Committee to request details such as ‘deep dive’ information moving forwards.

### **ASSURANCE: People Management**

Audit works covered during the year included:

- Payroll Overpayment
- HR and Payroll ERP system
- Duplicate Employment Review
- Childrens Services – Agency Staff
- Declarations of interest (in progress)
- City College (Conflicts of Interest)
- Car Leasing Scheme

A workforce strategy has been developed to support the Council going forward to meet its new vision. Once embedded, Internal Audit will look to place assurance on it.

HR policies, letters and toolkits are held in one place on the intranet. They are routinely reviewed, updated and promoted across the Council, keeping employees informed of changes.

### **ASSURANCE: Programme and Project Management**

Audit works covered during the year included:

- Integrated Transport System
- Payroll and HR Integration Project
- HR and Payroll ERP system

Four Programme Boards are in place to deliver the projects to meet the Councils priorities, each lead by an Executive Director and meet throughout the year. Internal audit had planned to review the process during 2023/24 but this has been deferred until 2024/25 to enable the process to become embedded. The work is due to be undertaken by RSM on internal audit's behalf.

Assurance can be gained from a number of IT projects were there is a clear framework of systems and processes in place and the use of POWER BI to record information is encouraged. However, for non-IT projects, the process need to be improved and more toolkits to be addressed.

### **ASSURANCE: Corporate Performance Management**

CLT has overall responsibility for managing performance of the organisation and promoting good practice. Regular reports are submitted based around the key performance indicators.

These are reflected in service plans (second iteration this year).

An overarching performance report for the Council was produced in June 2024.

### **ASSURANCE: ICT AND INFORMATION GOVERNANCE**

Audit works covered during the year included:

- Eye Primary School – IT Breach
- Data Breach – (agency staff records)
- Supplier Verification
- Email Review (Information Governance Exercise)

An external IT review as part of the ITHC was undertaken by Trustmarque and submitted to Cabinet Office for approval. This has resulted in the business receiving PCN accreditation. Quarterly external scans are undertaken for PCI. A further ITHC review will be undertaken once the IT service has decoupled from CCC.

Across the Council, mandatory Cyber Training was provided to all staff / Members via Cyber Griffin. This was as a result of ongoing issues across the public sector together with following up on incidents in relation to invoice manipulation. Training was provided by both internal and external sources.

The Information Governance team report to CLT regarding information governance and data breaches by directorate. An annual report is produced which will be presented to the Audit Committee in July 2024. Three data breaches were reported to the Information Commissioners Office during 2023/24 where no further action was taken based on the recommendations and actions taken to improve training and processes.

**ASSURANCE: Asset Management**

The internal service has had a focus on its strategies, so it is too early to evidence assurance is appropriate. Key posts have also only recently been filled (e.g. Health and Safety).

There is an element set aside within the Internal Audit Plan 2024/25 to focus on this activity.

A separate Capital Group is in place which looks at capital projects and any disposals or acquisitions.

**ASSURANCE: Business Continuity; Emergency Planning and Health and Safety**

Audit works covered during the year included:

- Business Continuity
- Health and Safety

Business Continuity processes were found not to be suitably documented and reviewed in previous audits. However the review in year showed that good progress had been made. All departments have developing business continuity plans.

A follow up to an external health and safety report produced in 2023 which identifies some key areas for improvement. Work continues in conjunction with the insurance team, property services and Health and Safety in implementing a compliance action log. Good progress has recently been made but further follow up work will be undertaken to ensure that processes are embedded.

**ASSURANCE: Safeguarding**

Both Adults and Childrens Scrutiny Committees have received annual reports from their respective Partnership Boards.

An internal audit review of safeguarding has been programmed into the 2024/25 audit plan.

**ASSURANCE: Climate Change**

Audit works covered during the year included:

- Climate Change

Corporate Action Plans are updated and agreed with Members which has prominence on the Council agenda.

**ASSURANCE: Schools**

Audit resources are not sufficient to accommodate a meaningful programme of school coverage and, as such, it is not possible to establish assurance on the overall operation within PCC schools.

For overall PCC management of governance arrangements in schools, assurance can be taken from the advice and guidance made available to assist schools in complying with the Local Management of Schools / Fair Funding and other statutory requirements. School budgets are routinely monitored by Finance staff and form part of the overall accounts of PCC. Furthermore, there is oversight of completed statutory returns (e.g. Budget and Outturn

Statements; consistent financial reporting; pupil premium grant; DSG return etc.) all contribute to assurance on the central oversight of PCC schools.

During 2023/24 Internal Audit has revisited it's schools work programme and reviewed a selection of schools self - assessment documentation to assist with this process to also understand any common themes that may be apparent. Financial pressures, governance and cyber security risks form a major part of the work programme.

Time has been allocated in 2024/25 for some school review activity to be undertaken.

While the above lowers the risk profile of schools, with the inability to carry out a programme of school audits means only limited assurance can be provided in year.

### **ASSURANCE: Anti-fraud Culture**

Audit works covered during the year included:

- National Fraud Initiative
- Development of fraud risk registers

The Council has a zero tolerance to fraud and corruption in carrying out its responsibilities. There are a number of policies in place to protect the public purse together with ways it will protect staff. Policies include Code of Conduct and Whistleblowing policy

### **ASSURANCE: Third Parties**

**External assurance is received from a number of sources, including CGC, Ofsted, External Audit, together with updates from DHLUC.** All reports are referred through CLT to Members and detailed actions are put in place to address any weaknesses. These action plans are regularly reviewed by PCC (and schools) and EY.

### **ASSURANCE: Certification Audit Work**

There have been a large amount of grants covered in year:

- Integrated Transport Grant
- Rough Sleeper Initiative
- Highways Maintenance
- Pothole Action Fund
- Household Support Fund
- Disabled Facilities
- Mayoral Charity
- Supporting Families
- CPCA – Transport
- Homeless Prevention Grant



Throughout 2023/2024, grant certification works have been completed on a whole host of grants covering all departments.

While this provides assurance to the organisation in line with grant conditions, they are also labour intensive in relation to evidence gathering, testing and ensuring compliance before being signed off in line with requirements either by the Chief Internal Auditor / Chief Executive or the Executive Director Corporate Services / Chief Executive. Testing identified that no clawbacks of grants were expected.

The level of resources required needs to be factored in to any future bids and carefully monitored should PCC look to maximise grant applications going forward.

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