

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 12 MAY 2025 - 4.00 PM



PRESENT: Councillor K French (Chairman), Councillor G Booth, Councillor G Christy and Councillor Mrs J French

APOLOGIES: Councillor S Harris and Councillor S Tierney

Officers in attendance: Stephen Beacher (Head of ICT Digital & Resilience), Deborah Moss (Head of Internal Audit) and Sian Warren (Deputy Chief Accountant)

ARMC31/24 PREVIOUS MINUTES

The minutes of the meeting held on the 25 February 2025 were approved and signed.

ARMC32/24 EXTERNAL AUDIT PLAN 24/25

Debbie Hanson from Ernst & Young, the Council's Appointed Auditors, presented the report to the committee.

Members asked questions, made comments and received responses as follows:

- Councillor Christy referred to the two new inherent risks which Debbie Hanson had highlighted, and asked whether they had also been included within the Council's own risk register and what steps are being taken to make sure that any errors or inefficiencies within the reporting standards on leases and the payroll system migration are captured? Stephen Beacher explained that it is not within the Corporate Risk Register, but it should be included within the Service Register for both Human Resources and Payroll and Accountancy and he agreed to confirm that this is in place.
- Councillor Booth stated that, with regards to valuations of land and buildings, it would seem that External Audit appear to be taking a great deal of assurance from the previous work which has been undertaken, however, for clarification why does it appear to be highlighted as an inherent risk as there must be a number of inherent risks within the finances. He stated that it is pleasing to hear that External Audit recognise the fact that there is a great deal of assurance already in place as it has been discussed on numerous occasions at the committee. Councillor Booth stated that emphasis appears to have been placed on the data transfer for the new payroll system and the processes involved. He questioned how much of a deep dive is going to be undertaken with regards to how the system is being used including the competency of the staff using the system as it can often be the case where staff are not fully competent in the use of new systems when errors can occur. Debbie Hanson explained that, with regards to the point concerning property plant equipment and investment property valuation, the balances are normally by far the largest balances on the Council's balance sheets. She explained that they are subject to different valuation methods depending on the nature of the asset and are subject to assumptions and judgements made by the Council's valuer when providing the figures. Debbie Hanson added that if the figures are material, which they always are, then it would always be shown as a higher inherent risk in any audit plan due to the fact of the size of the values and that there is a degree of estimation within their which triggers the higher risk assessment. She made the point that it was not classified as a significant risk which is where it is assessed that there could be a

higher risk of error in the figures and should that risk of error materialize then it would be material and due to the previous track record and the fact there have been no major issues with the valuations it has not been necessary to elevate it to the higher level and it has been left as a higher inherent risk. Debbie Hanson made the point that once the financial statements are received there will be some initial planning procedures on those balances and if there is anything that comes out of that which indicates that there is an elevated level of risk then the risk may be elevated to significant but until she receives the draft financial statements she does not know what the PPE figures are looking like. She stated that with regards to the payroll system, her team would not be testing the operational controls and that is something that she would expect the Council's Internal Audit Team to have done particularly with a new system, with them probably looking at the payroll system on a frequent basis anyway. Debbie Hanson explained that as part of the work her team will undertake it will include looking at any work that Internal Audit have undertaken on the data transfer and also on the new system to see if they have identified any issues or risks. She explained that the testing approach she uses for payroll is generally substantive and normally she would choose a number of payroll items and check those back to source documentation as well as some substantive analytical review procedures. Debbie Hanson explained that she would also look at trends, unusual fluctuations and unusual monthly movements to gain assurance over the material accuracy of that balance that may identify some issues but that is not the purpose of the testing, which is to gain assurance over the material accuracy of that expenditure item in the Council's accounts.

- Deborah Moss, Head of Internal Audit, explained that her team are in the process of completing the payroll audit which includes the data migration accuracy and also includes user training and support and payroll is also included in the audit plan as it is a high risk, high bill area and an audit should be undertaken more frequently than it has over the last few years.
- Councillor Booth referred to the timescale for testing, and he asked what assurances are in place to ensure that the Ernst&Young will be on site as previously visits have been cancelled at very short notice. Debbie Hanson explained that the timings shown in the report are those which have been agreed and at the present time a final review is being undertaken on all the sites they cover, which her team have got from all the company's offices. She explained that now her target was to complete all of the audits before the end of December and the statutory backstop date set in the regulations is the end of February 2026, however, it is hoped to be able to finish before then so that the team could start to bring audits forward and start to do planning earlier next year. Debbie Hanson explained that it is proving to be somewhat of a challenge and there is some risk that those timescales could move slightly but if it does move then that will be known within the next few weeks. She expressed the view that she understands the point made by Councillor Booth with regards to last minute changes concerning timings which are not helpful, but she added that if there is a need to make a change then that will be communicated in a timelier basis. Debbie Hanson stated that with regards to the point made concerning being on site, remote working has been in place for the last few years and there has been a definite benefit of getting back out onto clients sites by being in the same place as the actual Finance Team and discussions are due to take place with the Finance Team with regards to how many days a week they would be able to come on site with a view to being in the Council offices one day a week.

Members noted the content of the report.

ARMC33/24 CORPORATE DEBT POLICY

Sian Warren, Deputy Chief Accountant, presented the report to members.

Members asked the following questions:

- Councillor Christy asked how the Council intends to balance the strict debt recovery actions,

while giving support to vulnerable residents who struggle to make payments and how does the Council intend to track and report on the success of the updated debt recovery approach over time? Sian Warren stated that within the policy it details all of the different places that people can go if they are vulnerable but they can contact the Council first and advice and guidance will be given and then it will be passed onto the service area manager to look at the different debt to gain an understanding of what is behind it and then signpost them to the most suitable agency who can provide them help. She explained that over the last year all of the outstanding debt has been reviewed, and steps have been taken to reduce that debt down which has proved to be successful. Sian Warren added that now work is underway to ensure that those processes are in place and are regularly reviewed monthly as well as on a quarterly basis with the service areas to ensure that the monies are being collected along with all of the income as well as raising it appropriately.

- Councillor Booth stated that he used to work in financial services, and he was provided with guidance and advice on how to deal with vulnerable customers. He added that he does have concerns with an element of the policy as it appears that the independent advice is listed right at the back of the document and it does not indicate how you would work with those organisations. Councillor Booth stated that an agency like Step Change would be an advocate for someone who is vulnerable or in a debt situation and they could be worked with to ascertain how the customer could improve their finances and repay their debts. He expressed the view that a lot of the organisations can be worked with in order to get a debt repayment plan put in place and, in his opinion, the policy is not clear enough and does not place enough emphasis on that especially when considering particular vulnerable customers. Councillor Booth added that although it is not an exhaustive list there needs to be an assurance that people do not get pigeonholed by thinking that they are only vulnerable if they match one of the categories in the policy. He expressed the opinion that the policy needs to be made clearer so that it explains that the Council will work with independent agencies to help customers when dealing with their finance issues and concerns. Sian Warren explained that she welcomes the feedback and will revisit that element of the policy.
- Councillor Booth referred to the section of the policy which relates to removing goods and shows a limit of £1,350 for tools, questioning where that figure has come from? He made the point that someone may work in a specialist trade and their tools could be very expensive and by removing those tools it could stop the individual from working and earning an income and, therefore, means they are unable to pay the debt back. Councillor Booth added that as a result of those actions it could result in a vicious cycle and, in his view, it needs to be a bit broader so that it states that the essential tools are not being removed.
- Councillor Mrs French asked how quickly invoices are raised as in her experience she has had to repeatedly had to request for invoices to be raised. Sian Warren explained that it is down to the service area who are responsible for raising the invoices and once the Finance Team receive the request it is actioned within a week.
- Councillor Mrs French stated that she sits as the Council's representative on the Anglia Revenues Partnership and she referred to the single person's discount for Council Tax which is abused by many people who make fraudulent claims.
- Councillor Booth stated that he believes that there are also invoices outstanding for a Parish Council from the last set of main elections. Councillor Mrs French stated that Parish and Town Councils are not responsible for the General Election. Councillor Booth agreed but added that they are responsible for their own election or paying the invoice for it.

Members AGREED to:

- **approve the updated Council Debt Policy; and**
- **delegate authority to the Chief Finance Officer to make minor amendments, in consultation with the relevant Portfolio Holder, to allow for the Policy to be updated and to take any service improvements or changes into account in the future and to consider the feedback given by members of the committee when the policy is reviewed.**

ARMC34/24 RISK BASED INTERNAL AUDIT PLAN 2025/26

Deborah Moss, Head of Internal Audit, presented the report.

Members asked the following questions:

- Councillor Booth referred to the issue of resourcing, and he asked whether the recruitment exercise has commenced in order to fulfil the role of the full-time auditor who had decided to leave the authority. He asked whether consideration had been given to the use of agency personnel to fill the position as it is a specialised area and trying to fill that role, in his view, can be challenging. Deborah Moss explained that approval has been given to proceed with filling the post and initially it is hoped to find a permanent replacement by going out to market with an advert. She added that she is mindful that it may be a tall order to find a suitable candidate but to find a contractor is very costly and one of the Council's objectives is to keep costs down. Deborah Moss added that there are also a couple of other internal options which may be considered. She explained that the job description is also being re-written to make it more appealing to prospective candidates. Councillor Booth asked whether specialist recruitment agencies are being contacted who deal with risk and audit type roles as there are a number in existence that he has used himself previously both for recruitment and also to get contractors in to fill roles.
- Councillor Christy stated that the new audit item which appears in the plan is with regards to the new Fenland Inspire projects and he asked what plans are in place to support the major project governance that is required on those projects where one has an excess of £40 million pound spend. Deborah Moss responded there will be a task to specifically review the internal controls and governance around those projects, with the Transformation Team having a project, deemed to be more of a checklist approach, designed in order that people follow the correct procurement in the first instance. She added that her service area is looking at the projects from a governance perspective with regards to the finance and ensuring that all stages are signed off correctly before that amount of money is spent.
- Councillor Booth referred to the follow up process which is resource related, and asked, once there is notification received that an action has been delivered, what steps are taken from an audit perspective to satisfy that element of the audit has been completed and is any testing undertaken. Deborah Moss explained that the process in the past has been largely monitoring and asking officers what they have done but this time there will be follow ups where the report is listed as having limited assurance and the actions in there warrant a piece of follow up work. She added that the team will pick up the actions themselves which are coloured red, and they will be followed up as they are high priority or high risk. Deborah Moss explained that all of the actions will be monitored, she presents a report of all overdue actions to Management Team where they are asked to include their own updates for monitoring purposes and there is a database which contains all of the actions over the last three years. Councillor Booth explained that he has used a process himself where a sample of some of the actions is undertaken so that the area being audited does not know what aspects are going to be followed up on and that helps to make sure that the actions are delivered which have been committed to. Deborah Moss expressed the opinion that it is listening to what officers have said has been done and then when it is demonstrated that work has been undertaken it can be accepted, however, when it is something new that has been introduced that is where she would focus to see how that particular process or task operates rather than take it on face value.
- Councillor Booth referred to the plan where it states key financial systems and fundamentals with a figure of 33 which he presumes is the number of days, however, it appears that the figures maybe incorrect. Deborah Moss stated that there is an error and she would amend that to reflect the plan accordingly. She explained that the difference has occurred because she added payroll as a fundamental audit as well as budgetary control.
- Councillor Booth asked because of the change in the number of days does that now mean that more resource is needed? Deborah Moss stated that until the resource issue is rectified

it is going to prove very difficult to estimate which audits are undertaken and it is likely that some of the fundamental audits may roll over into next year in favour of undertaking the audits in the high-risk areas like the Inspire Projects and cyber security.

- Councillor Booth stated that he would like to see the committee being kept informed of the recruitment situation prior to the next committee meeting.

Members acknowledged the Internal Audit resources and noted the attached draft Internal Audit Plan for 2025/26.

ARMC35/24 RISK MANAGEMENT POLICY & STRATEGY ANNUAL REVIEW

Stephen Beacher, Head of ICT, Digital and Resilience, presented the report.

Members asked the following questions:

- Councillor Christy stated that he understands that there are no changes to the policy strategy and asked for clarification as to how he can ensure that all departments consistently apply risk management principles across all the different service areas. He added that given the fact that there were no amendments made this year, how is it assessed as to whether adjustments will be needed in the future reviews. Stephen Beacher stated that he knows that the services comply because they include their risks in their service management plans each year, which are monitored and anything included in the corporate register if it is felt necessary. He added that with regards to identifying whether any adjustments are required then it will just go through the review process as part of the normal risk management group and then wait to see if anybody highlights any changes.
- Councillor Booth stated that this is the over arching policy and what members are more interested in is probably the operation of the risk management process and assurances that there are robust processes in place.

Members AGREED the Risk Management Policy and Strategy.

ARMC36/24 CORPORATE RISK REGISTER REVIEW

Stephen Beacher, Head of ICT, Digital and Resilience, presented the report.

Members asked the following questions:

- Councillor Booth referred to the risk identified concerning Local Government Reorganisation and that there a couple of comments and actions listed which, in his view, are part of the risk as opposed to actions. He added that the reduced contract limits could increase costs and, in his view, that is part of the risk and he feels that an action is required to make sure that the costs do not materialise. Councillor Booth referred to the fact that it makes reference about the need to negotiate novation clauses in contracts, but it is not very specific, and he asked whether there is a piece of work which needs to be undertaken to determine which contracts need that first? Stephen Beacher stated that they are listed in both sides of the report and explained that procurement challenges have been mentioned, but he agreed that work is currently ongoing to look at all of the contracts which are currently in place as well as all of the new contracts which will come forward.
- Councillor Booth asked whether it is still too early to know what the legislation is going to do in relation to the contracts or is it a case of having to wait and see what the legislation stipulates as it may assist the Council or cause additional issues for the Council depending on what the legislation states on how contracts should be dealt with. Stephen Beacher explained that there is still a great deal of information concerning the subject to be provided.
- Councillor Christy asked for confirmation that officers are content that the risk register reflects the recent attempted cyber incidents when considering the threats which are facing local government institutions and whether there is any additional resilience measures planned to mitigate further attacks? Stephen Becher stated that the risk register is quite a

broad document when it comes to cyber security and, therefore, the Council does not give away too much detail. He added that this is being reviewed constantly and there is an internal plan as well as having dedicated staff just to deal with cyber security. Stephen Beacher added that whilst it may not be detailed in the risk register, there is a great deal of work being undertaken behind the scenes.

- Councillor Booth asked whether officers are included in all of the appropriate forums to gain an understanding of where all the new risks are emerging and how to deal with them and whether officers have specialists that they can call upon if the need arises? Stephen Beacher explained that his team keep abreast of any issues highlighted in the press and they are linked into NCSC as well as being part of an early warning. He added that the Council is also linked into the Cambridgeshire and Peterborough Local Resilience Forum and are accredited to all the necessary schemes.

Members AGREED the latest version of the Corporate Risk Register.

ARMC37/24 RIPA ANNUAL UPDATE

Deborah Moss, Head of Internal Audit, presented the report to members.

Members asked the following questions:

- Councillor Booth stated that it is good that the Council are not over using the powers but it is disappointing that it is not using the RIPA legislation to deal with the ongoing issue of fly tipping which is a blight on the area and the officer's report demonstrates that the Council has not used the powers again. He expressed the view that he is sure that there could have been instances where the Council could have used surveillance equipment at fly tipping hotspots and he knows other councils are using RIPA. Councillor Booth expressed the view that as he understands Peterborough is probably the worst place in the East of England for fly tipping and they do use the RIPA powers and as Fenland is a neighbouring authority then there is the potential for some of the rubbish to end up in Fenland. He expressed the opinion that whilst the Council should not be overusing the RIPA legislation there are instances when it could be used to improve the local environment.
- Councillor Christy asked for clarification as to how the Council ensures that officers remain trained and prepared for future use of the RIPA powers? Deborah Moss responded that there is a requirement to keep officers trained and advised of any changes to the legislation. She stated that she would check to ascertain whether the training suite contains RIPA training but there are only limited services who are likely to use the RIPA powers.
- Councillor Booth stated that he has spoken to Councillor Murphy with regards to the use of cameras out on site who advised him that cameras have been stolen in the past. He added that is not necessarily a reason not to use cameras going forward and with the improvement in technology, there maybe equipment which is available which can provide a live feed which can be fed back to officers in real time.
- Councillor Mrs French stated that as a member of the Planning Committee she is aware that the Enforcement Team are dealing with hundreds of enforcement cases, but she has no recollection of any RIPA powers being used. She expressed the view that she agrees with Councillor Booth with regards to fly tipping as the problem appears to be escalating and, in her view, officers need to be more proactive in dealing with the issue.

Members noted the annual report on the Council's use of RIPA.

ARMC38/24 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME PROPOSED FOR 2025/26

Members noted the workplan.

ARMC39/24 ITEMS OF TOPICAL INTEREST.

There were no items of topical interest.

5.00 pm

Chairman