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**TO:** John Pye – Chair of the Audit Committee  
Lead Member for Investment & Finance – Steve Count  
Chief Finance Officer – Jon Alsop  
Chief Legal Officer – Robert Parkin  
Chief Executive – Kim Sawyer  
Chief Executive - John Hill

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**AUDIT REVIEW: LEP GOVERNANCE ASSURANCE FRAMEWORK (FOLLOW UP)**

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**BACKGROUND**

This review was undertaken as part of the Internal Audit Plan 2019 / 2020, reviewing the CA's relationship with the former Local Enterprise Partnership.

This represented a follow up to the works undertaken the previous year when it was deemed to have Reasonable Assurance and identified 9 Actions to be addressed.

Evidence was obtained in relation to each action and testing to ensure that it was consistently applied.

**OBSERVATIONS**

Since the initial audit was undertaken in 2019, the CA has combined its own Assurance Framework with that of the Business Board, ensuring that there is a consistent approach across all areas of the business.

The table below documents the progress made:

Recommendation Area	High Priority	Medium Priority	Status
Accountable Body Status	1		Complete
Publication of Financial Data		1	Complete
Arrangements to ensure Value for Money		2	Complete
Project Delivery		1	Complete
Engagement		1	Complete
Board Remuneration		1	Complete
Government Branding		1	Complete
Recovery of Money	1		Complete

The audit opinion is **SUBSTANTIAL ASSURANCE**. It is pleasing to note that the CA has taken on board recommendations previously made and evidence provided / reviewed demonstrates they have been implemented.

For guidance on internal audit opinions and audit recommendation priorities, please refer to **Appendix 1**.

Please do not hesitate to contact me should you have any queries or wish to discuss anything further.

Kind Regards

Steve Crabtree, Chief Internal Auditor

**PETERBOROUGH CITY COUNCIL****INTERNAL AUDIT RECOMMENDATION GRADES**

<b>Critical</b>	Extreme control weakness that jeopardises the complete operation of the service. <b>TO BE IMPLEMENTED IMMEDIATELY.</b>
<b>High</b>	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. <b>To be implemented as a matter of priority.</b>
<b>Medium</b>	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. <b>To be implemented at the first opportunity.</b>
<b>Low</b>	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust. <b>To be implemented as soon as reasonably practical.</b>

**INTERNAL AUDIT OPINIONS**

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