



Cabinet

14 September 2011

Report of the Performance and Audit Scrutiny Committee: 27 July 2011

- 1. Annual Treasury Management Report 2010/2011 and Investment Activity 1 April to 30 June 2011**
 - 1.1 The Chairman of the Committee, also Chairman of the Treasury Management Sub-Committee, reported on the Sub-Committee's consideration of the above report on 18 July 2011.
 - 1.2 The report presented the Annual Treasury Management Investment Report, summarising the investment activities for the year 2010/2011, and also provided a summary of investment activity for the first three months of the 2011/2012 financial year.
 - 1.3 The Sub-Committee had scrutinised the contents of the report, asking questions of officers as necessary. No issues or recommendations needed to be brought to the attention of the Performance and Audit Scrutiny Committee on this occasion, however, the Sub-Committee had recommended that where there was a need to consult on Treasury Management issues, then the whole Sub-Committee should be consulted, and the Committee endorsed this recommendation.

- 2. Key Performance Indicators: First Quarter 2011/2012**
 - 2.1 Members considered the first quarterly report for 2011/2012, covering the period April to June 2011. A total of 39 indicators were reported this quarter, of which 16 were green, 3 amber and 6 red. 8 were contextual indicators, data was not available for 5 and 1 was for discussion by the Committee.
 - 2.2 Members discussed a number of the indicators, including the average stay in Bed and Breakfast in weeks, and total visitors to Nowton/East Town Parks and Abbey Gardens. Additionally, the Committee was asked to consider which indicators they would find useful to measure incidences of anti-social behaviour. Following discussion, the Committee advised that it wished to see measuring commence on the average time taken to resolve complex anti-social behaviour cases, and whether any of the current cases of anti-social behaviour were re-occurrences.

3. Audit Commission: International Financial Reporting Standards (IFRS) Briefing

3.1 Neil Harris, the Borough Council's Engagement Lead from the Audit Commission, accompanied by Melanie Richardson, the Council's Engagement Manager from the Commission, attended the meeting and made a presentation to Members on the accounting framework, form and content of local authority accounts, and the Members' role in this.

4. Audit Commission: Presentation of Annual Audit Fee Letter 2011/2012

4.1 Mr Harris also presented the Annual Audit Fee Letter to Members. This document confirmed the audit work which the Commission proposed to undertake for the 2011/2012 financial year, and set out the fee for that work.

4.2 The letter was for information only. The quoted fee was an estimate only, and should any significant amendments to the fee be found to be necessary during the course of the audit, this will be presented to and discussed with the Committee.

4.3 Whilst present, Mr Harris also took the opportunity to update the Committee on the future of the Audit Commission.

5. Review of the Effectiveness of Internal Audit

5.1 The Accounts and Audit (England) Regulations 2011 require a review of the effectiveness of Internal Audit once a year, and the findings of that review to be considered by a Committee of the relevant body. The review forms part of the review of the overall system of internal control required for the 2010/2011 Annual Governance Statement.

5.2 The Committee considered a report outlining the process and outcomes of the review of the effectiveness of the Borough Council's Internal Audit, including areas for development, and noted the report's conclusion, that Internal Audit was operating effectively and could be relied upon when considering the Annual Governance Statement for 2010/2011.

6. Budget Outturn and Financial Highlights Report: 2010/2011

6.1 The Committee had previously been advised of changes to the statutory requirements for the reporting and approval of the Borough Council's annual financial statements. In previous years the Committee was required to approve the draft annual accounts prior to their submission to the Borough Council's external auditors. Requirements for the approval of the accounts had now changed, and Member scrutiny and approval was not now required until the audit had been concluded. The Committee will, therefore, no longer receive draft financial statements in June each year, and opted instead to receive a budget outturn and financial highlights report at its first meeting following the 30 June deadline for production of the draft accounts for audit.

- 6.2 This report was considered by the Committee, and included a financial commentary on the year, details of revenue and expenditure including budgeted and actual expenditure and an explanation of the main variances, and details of how services were paid for. Capital income and expenditure were also discussed, as well as reserves and treasury management.
- 6.3 The Committee noted the information contained within the report, and a written response was requested regarding the overspend shown on the Haverhill Community Football Project (which was probably simply a timing issue) and the overspend on the Mayoralty budget, but Members did not request that any issues be forwarded to Cabinet for consideration.

7. Budget Monitoring Report: 1 April to 30 June 2011

- 7.1 The Committee received the quarterly budget monitoring report which informed Members of the Borough Council's financial position for the first quarter of 2011/2012, and highlighted significant variances. Overall an underspend for the period of £201,000 was being reported, and all budget variances over £10,000 were explained in the report. Favourable variances included underspends on the budget of £173,000 and income above budget of £205,000, which was broken down in more detail for the Committee. Adverse variances included budget overspends of £222,000 and income below budget of £99,000, and again the reasons for these variances were discussed with officers.
- 7.2 The Capital Budget Monitoring report showed net expenditure of £528,000 for the first quarter compared to a full year capital budget of £2,485,000. As in previous reports, the underspend was due to slippage in the programme. The capital disposals programme showed capital receipts for the period of £13,000 against a full year disposals estimate of £2,846,000.

8. Corporate Risk Register: Quarterly Monitoring Report

- 8.1 The first quarterly risk register monitoring report for 2011/2012 had been prepared following review by Management Team and Corporate Management Team. No new risks had been added to the register in this quarter, and no risks had been closed. One residual risk colour had changed: *"Risk 25: Partnership Working"*, which had increased from amber to red, to reflect the uncertainty around the outcome of the Borough Council's partnership with Forest Heath District Council.
- 8.2 The Committee discussed some of the risks in this quarter's report, including *"Commitment to Haverhill"*, *"Implementation of Corporate Health and Safety Policy"*, *"Emergency Situations and LA Response"* (regarding the need for Ward Members to be contacted at the earliest opportunity during an emergency) and *"Community Safety"*, but did not make any suggestions for amendments to the Register on this occasion.

Contacts:

John Hale, Chairman of Performance and Audit Scrutiny Committee, (01359-221141)

Christopher Spicer, Vice Chairman of Performance and Audit Scrutiny Committee, (01359-230800)

Liz Watts, Chief Finance Officer, (01284-757252)

Davina Howes, Policy, Performance and Customer Service Manager, (01284-757070)

Jon Snares, Audit Manager, (01284-757239)

Adriana Stapleton, Scrutiny Manager, (01284-757613)

W:\Democratic WP Services\Committee\Reports\Cabinet\2011\11.09.14\C123 Report of the Performance & Audit Scrutiny Committee 27.07.11.doc