



Cabinet **15 February 2012**

Report of the Performance and Audit Scrutiny Committee: 30 January 2012

At this meeting of the Committee Members also discussed:

- Annual Treasury Management and Investment Strategy 2012/2013 and April to December 2011 Performance Report;
- Delivering a Sustainable Budget 2012/2013; and
- Review of the Capital Programme,

and separate reports appear on this Cabinet agenda.

1. Third Quarter Internal Audit Progress Report

- 1.1 The Committee considered a report which provided the third quarterly Internal Audit progress report, which was intended to update Members on work undertaken within the third quarter of the financial year and the progress made in achieving the audit plan presented at the Committee's meeting in April 2011.
- 1.2 A review of Internal Audit work carried out during the nine months to December 2011 was discussed, including corporate work, core financial systems and fundamental review work, and departmental systems reviews. Appendix A provided a summary of internal audit reports issued during 2011/12, and several areas were discussed by Members, including the work being carried out to explore the possibility of achieving a shared Internal Audit service with Forest Heath District Council.
- 1.3 Some of the areas of internal audit had been selected during a meeting between the Chairman and Vice Chairman and audit staff, and the Committee felt that this exercise should be repeated annually. Additionally, Members requested that progress on achieving the key areas where improvements were required following the Treasury Management audit should be reported to the Committee as part of its Annual Audit Report in April 2012.

2. Audit Commission Presentation of 2010/2011 Annual Audit Letter

- 2.1 Neil Harris, District Auditor, attended the meeting and presented the Annual Audit Letter to the Committee, covering the 2010/2011 Audit. This document summarised the Audit Commission's findings from its audit of the Council's financial systems, and its assessment of the Council's arrangements to achieve value for money in its use of resources.

- 2.2 Members were pleased to see another positive report from the Audit Commission, praising the Council's achievement in publishing the final accounts before the 30 June 2011 statutory deadline, given the complexities involved with preparing accounting entries for the first time in line with International Financial Reporting Standards. Additionally, the District Auditor had concluded that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. Some elements of the document were discussed, including the audit fees.

3. Key Performance Indicators: Third Quarter 2011/2012

- 3.1 Prior to consideration of this report, Members received a short presentation demonstrating how they could access the Covalent Performance Management System via the internet, if they wished to more closely monitor the progress of individual indicators. The Committee then considered the third quarterly report for 2011/2012, covering the period April to December 2011. A total of 40 indicators were reported this quarter, of which 14 were green, 5 amber and 6 red. 11 were contextual indicators, and a further 4 had data not available.
- 3.2 Members discussed a number of the indicators, including visitor numbers to the Council's parks and Moyses Hall Museum, average stay in bed and breakfast accommodation, number of complaints against Borough Councillors and the number of working days/shifts lost to sickness absence.
- 3.3 The Committee was also provided with a summary of affordable housing delivery against target, which had been requested at the previous meeting.

4. Budget Monitoring Report: 1 April to 31 December 2011

- 4.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the period to 31 December 2011, and highlighted significant variances. Overall an underspend for the period of £509,000 was being reported, and all budget variances over £10,000 were explained in the report. Favourable variances included underspends on the budget of £646,000 and income above budget of £633,000, which was broken down in more detail for the Committee. Adverse variances included budget overspends of £485,000 and income below budget of £382,000, and again the reasons for these variances were discussed with officers.
- 4.2 The Capital Budget Monitoring report showed net expenditure of £396,000 for the period to 31 December 2011 compared to a revised full year capital budget of £7,192,000. As in previous reports, the underspend was due to slippage in the programme. The capital disposals programme showed capital receipts for the period of £542,000 against a full year disposals estimate of £2,190,000.

5. Corporate Risk Register: Quarterly Monitoring Report

- 5.1 The third 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. Three risks had closed: "The Apex capital", "Anticipation and implementation of new legislation" and "West Suffolk House (Building)".

- 5.2 Two risks had been merged, since there was considerable duplication in them both: "Local Authority Leadership Role" and "Localism Bill and Public Sector Reform Bill". Three residual risk colours had changed, reducing from red to amber, as follows: "Maintenance of leisure assets" (reflecting the reserve set up to fund these assets on an ongoing basis); "Public sector spending cuts" (in excess of 70% of the savings required for 2013/2014 were already planned); and "Suffolk County Council budget savings" (in light of the change to the approach which the County Council was making to divesting some of its services).
- 5.3 The Committee discussed some of the risks in this quarter's report, and requested a schedule of the final capital project expenditure on The Apex Capital and West Suffolk House (Building).

6. Review of the impact on customers and stakeholders of the Council joining the Anglia Revenues Partnership

- 6.1 At its meeting on 11 January 2012 the Overview and Scrutiny Committee had set up a Task and Finish Group to scrutinise the impact of the Council's Revenues and Benefits Team joining the Anglia Revenues Partnership.
- 6.2 Five Members of the Overview and Scrutiny Committee had been appointed to the Task and Finish Group, and the Committee had invited a Member of the Performance and Audit Scrutiny Committee to be a part of the review.
- 6.3 The review was due to commence around May 2012, and the Committee resolved that either the Chairman or the Vice Chairman be nominated to join the Task and Finish Group, to be agreed between those two Members dependent on their other commitments at the commencement of the review.

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