



St Edmundsbury
BOROUGH COUNCIL

C156

Council **27 September 2011**

CHAIRMAN'S REPORT **PERFORMANCE AND AUDIT SCRUTINY COMMITTEE**

Written report by Cllr John Hale
Chairman of the Performance and Audit
Scrutiny Committee

This report covers the meetings of the Committee held on 27 July and 20 September 2011.

A. 27 July 2011

1. Annual Treasury Management Report 2010/2011 and Investment Activity 1 April to 30 June 2011

- 1.1 Following the Treasury Management Sub-Committee's consideration of the above report on 18 July 2011, the Chairman of the Committee, also Chairman of the Treasury Management Sub-Committee, reported on the Sub-Committee's deliberations.
- 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.

2. Key Performance Indicators: First Quarter 2011/2012

- 2.1 Members considered the first quarterly report for 2011/12, 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, 5 had data not available and 1 was for discussion with the Committee.
- 2.2 Members discussed a number of the indicators and were asked to consider which indicators they would find useful to measure incidences of anti-social behaviour. Following discussion, the Committee advised that it would like 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. Data Quality Policy

3.1 The Council's first Data Quality Policy was adopted in March 2008, in accordance with Audit Commission best practice. The Policy had been revised due to legislation being introduced as part of the Localism Bill and in light of the Government's transparency agenda, in partnership with Forest Heath District Council, and was considered by the Committee.

3.2 The Committee recommended that the revised Data Quality Policy be adopted.

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

4.1 Neil Harris, the 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 Member role in this.

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

5.1 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.

5.2 The letter was for information only, and 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. Whilst present, Mr Harris also took the opportunity to update the Committee on the future of the Audit Commission.

6. Review of the Effectiveness of Internal Audit

6.1 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.

6.2 The Committee considered a report outlining the process and outcomes of the review of the effectiveness of the 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.

7. Annual Governance Statement 2010/2011

7.1 The Council is required to produce and publish an Annual Governance Statement (AGS), which covers six laid down core governance principles, and is to be approved by full Council, and signed by the Leader of the Council and the Chief Executive Officer.

7.2 The AGS for 2010/2011 accompanies the Statement of Accounts, and is designed to facilitate the achievement of the Council's policies, aims, and objectives, and to identify and manage risk to a reasonable level.

7.3 Following a presentation which outlined the history and importance of corporate governance and the background to the annual review, the Committee received and scrutinised a report setting out the detail supporting the Council's AGS.

- 7.4 The Committee confirmed that the internal control assessment and proposed additional areas for improvement (Assurance Framework and related Action Plan) provided at Appendices 1 and 2 of Report C80 were adequate. The Committee recommended the draft AGS for approval by full Council prior to accompanying the Council's financial statements.

8. Anti-Fraud and Anti-Corruption Strategy

- 8.1 The Council is committed to high standards of corporate governance and has a number of related strategies and policies in place which are regularly updated and reviewed. These procedures include the Anti-Fraud and Anti-Corruption Strategy.
- 8.2 The existing Anti-Fraud and Anti-Corruption Strategy was last updated in 2009, and needs to be kept under review in order to meet legal requirements and maintain the Council's high standards of corporate governance.
- 8.3 Amendments to the Anti-Fraud and Anti-Corruption Strategy were considered by the Committee. These amendments were proposed to reflect the implications of the Bribery Act 2010, which came into force on 1 July 2011. The Committee recommended that the revised draft Anti-Fraud and Anti-Corruption Strategy be adopted.

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

- 9.1 In previous years the Committee was required to approve the draft annual accounts prior to their submission to the 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.
- 9.2 This report 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 was also discussed, as well as reserves and treasury management.

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

- 10.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position for the first quarter of 2011, 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.
- 10.2 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.

11. Corporate Risk Register: Quarterly Monitoring Report

- 11.1 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 Council's partnership with Forest Heath District Council.
- 11.2 The Committee discussed some of the risks in this quarter's report, but did not make any suggestions for amendments to the Register on this occasion.

B. 20 September 2011

1. Statement of Accounts 2010/2011

- 1.1 At its meeting on 20 September 2011, the Committee is due to scrutinise the 2010/2011 Statement of Accounts prior to their adoption by full Council, and to make recommendations for any amendments. As the full Council agenda will have been dispatched before the Committee meets, any recommendations to full Council from the Committee will be circulated as soon as possible after the Committee meeting.