

Forest Heath District Council

MINUTES of the **PERFORMANCE AND AUDIT SCRUTINY COMMITTEE** held at the District Offices, College Heath Road, Mildenhall on Thursday, 29 May 2014 at 6.00pm.

PRESENT:

Councillors:

C Noble (Chairman)	T J Huggan
A J Wheble (Vice-Chairman)	G Jaggard
M J Anderson	M J Jefferys
C J Barker	J W McGhee
D W Bimson	

Also in attendance:

C Brain, Scrutiny Officer
B Fiske, Business Partner, Finance and Performance
D Howes, Head of Policy, Communications and Customers
R Mann, Head of Resources and Performance
S Phelan, Head of Housing
Z Quader, Procurement Manager
J Snares, Internal Audit Manager
S Wood, Head of Planning and Regulatory Services

N Harris, Audit Director, Ernst and Young

APOLOGIES

Apologies for absence were received from Councillor J M Bloodworth.

SUBSTITUTES

There were no substitutes at the meeting.

006. **PUBLIC PARTICIPATION**

There were no questions/statements from members of the public.

007. **CONFIRMATION OF MINUTES**

The minutes of the meeting held on 30 January 2014 were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

008. **ERNST AND YOUNG – ANNUAL CERTIFICATION REPORT (2012-2013) (REPORT NO: PAS14/030)**

The Chairman welcomed Neil Harris, Audit Director from Ernst and Young (EY), who presented Report No: PAS14/030, which updated Members on the outcome of the annual audit of grant claims by (EY), as detailed in their Annual Certification Report for 2012-2013, attached as Appendix 1.

Mr Neil Harris from EY presented this report, which summarised the results of the certification work which had been undertaken by EY staff as part of the annual audit of grant claims to government departments. He drew relevant details from the report to Members' attention, and explained the one amendment required to the two claims and returns relating to the housing and council tax benefit claim and the additional fee for the 2012-2013 certification fees. Members asked questions on elements of the report, to which Mr Harris duly responded.

There being no decision required, the Committee **noted** the contents of the report.

009. **ERNST AND YOUNG – EXTERNAL AUDIT PLAN AND FEES 2013-2014 AND 2014-2015 INDICATIVE FEES (REPORT NO: PAS14/031)**

Mr Neil Harris, presented Report No: PAS14/031, which set out how EY intended to carry out their responsibilities as the Councils external auditors (Appendix A). The purpose of the report was to provide the Committee with a basis to review EY's proposed audit approach and scope for 2013-2014 audit, along with the planned fees to complete the work. The report also provided the Committee with a basis to review the 2014-2015 indicative fees (Appendix B).

The report, which summarised EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlined their planned audit strategy in response to those risks. Officers would be working with EY over the coming months to ensure that these risks were managed and where possible, come to an agreement over the treatment prior to the issuing of the Annual Governance Report and Audit Opinion, due to be issued by EY by September 2014. He also drew Members' attention to the financial statement risks; value for money conclusions; the level of materiality; the indicative audit fee for 2014-2015 and how the scale fee was based.

Members asked questions on a number of elements of the report, including the accounting arrangements for the Home of Horseracing Trust Project; and how the level of materiality was set to which Mr Harris duly responded.

There being no decision required, the Committee **noted** the contents of the report.

010. **ERNST AND YOUNG – PRESENTATION ON PROTECTING THE PUBLIC PURSE – FRAUD BRIEFING 2013 (VERBAL)**

The Committee received a presentation by Neil Harris from EY, on Protecting the Public Purse Fraud Briefing. The presentation included an explanation as to the purpose of the fraud briefing; an overview of the findings of the Audit

Commission's national report – Protecting the Public Purse 2013; caveats around interpreting fraud detection results; comparative information on local fraud detection activities, including the results of the Council's fraud detection activities compared with similar councils.

Members asked a number of questions on the presentation, in particular in relation to blue badge and social housing fraud, to which Mr Harris duly responded.

There being no decision required, the Committee **noted** the contents of the presentation.

011. **INTERNAL AUDIT ANNUAL REPORT 2013-2014 AND OUTLINE INTERNAL AUDIT PLAN 2014-2015 (REPORT NO: PAS14/032)**

The Internal Audit Manager presented Report No: PAS14/032, as required by the Public Sector Internal Audit Standards (PSIAS), reviewing the overall adequacy and effectiveness of the Council's governance arrangements, including the internal control environment. The report summarised the work undertaken by Internal Audit during the year (Appendices A and E) and provided details of the outline Internal Audit Plan for 2014-2015 (Appendix C). The report also showed progress made during the year in developing anti-fraud and anti-corruption arrangements and actions taken where fraud or misconduct had been identified (Appendix D). Finally, the report showed the work undertaken to fulfil the requirement for an annual review of the effectiveness of internal audit (Appendix B).

The Internal Audit Manager drew relevant issues to Members' attention, in particular, Appendix C and the drivers for the 2014-2015 Audit Plan.

Members asked a number of questions in relation to the completed checklist in reviewing the Performance and Audit Scrutiny Committee against the Audit Committee self-assessment of good practice and the overall staff resources within Internal Audit to which officers duly responded. In particular discussions were held on matters arising and how action points at Committee meetings could be tracked; and whether the Committee felt it should produce an annual reflective report on the work carried out by the Performance and Audit Scrutiny Committee.

With the vote being unanimous, it was

RESOLVED:

That:-

- (1) The Internal Audit Plan for 2014-2015, attached as Appendix C to Report PAS14/032, be approved.
- (2) The contents of the Annual Internal Audit Report for 2013-2014 and the Managing the Risk of Fraud, Theft and Corruption Report, as set out in Appendices A and D to Report PAS14/032, be noted.
- (3) The conclusion drawn in respect of the annual review of the effectiveness of internal audit, be endorsed.

012. **ANNUAL GOVERNANCE STATEMENT ACTION PLAN FOR 2012-2013 – UPDATE (REPORT NO: PAS14/033)**

The Committee received Report No: PAS14/033, which updated Members on progress made in connection with the 2012-2013 Action Plan for the Annual Governance Statement (Appendix A).

Members considered the report and were advised that the draft set of Key Performance Indicators for 2014-2015 would be presented to the Committee at its July meeting.

There being no decision required, the Committee **noted** the contents of the report.

013. **WEST SUFFOLK ANTI-FRAUD AND ANTI-CORRUPTION POLICY (REPORT NO: PAS14/034)**

The Committee received Report PAS14/034, which sought approval of a West Suffolk Anti-Fraud and Anti-Corruption Policy (Appendix A). The Council's current Anti-Fraud and Anti-Corruption Policy was last revised in 2011. It was good practice to review arrangements from time to time, and as such, a review of the Strategy had been undertaken to ensure it continued to reflect best practice, legislation and shared services arrangements.

The main changes to the Strategy had been to include a section on Social Housing Fraud, including reference to the Prevention of Social Housing Fraud Act 2013. Minor adjustments had also been made to the document to reflect it was now a joint West Suffolk Policy between Forest Heath District Council and St Edmundsbury Borough Council. The Strategy had also been renamed as a Policy.

Members asked questions on a number of areas of the report, to which the Internal Audit Manager duly responded. In particular discussions were held on the section relating to "the role of councillors". The Chairman suggested that all Members should be reminded of their responsibility to operate in accordance with the law and within the council's constitution, including the Suffolk Local Code of Conduct for Members.

With the vote being unanimous, it was

RECOMMENDED:

That Cabinet be recommended to approve the West Suffolk Anti-Fraud and Anti-Corruption Policy, as contained in Appendix A to Report No: PAS14/034.

014. **KEY PERFORMANCE INDICATORS QUARTER FOUR PERFORMANCE REPORT (2013-2014) (REPORT NO: PAS14/035)**

The Committee received Report No: PAS14/035, which set out the Key Performance Indicators being used to measure the Council's performance for 2013-2014 and provided an overview of performance against those indicators for the fourth quarter of 2013-2014.

Appendix A included performance against Quarter four of 2013-2014 for Forest Heath together with a combined performance for West Suffolk, where relevant. A colour coded "traffic light" system was used to indicate levels of performance against agreed targets: Green for on or exceeding target; Amber for below target within tolerance and Red for significantly below target. Where performance was below target the data was supported by notes and explanations from service areas. It was reported that four out of the six red indicators for planning and regulatory services had improved from the third quarter of the year.

The end of year performance summary for Forest Heath showed that of a total of 36 indicators, 13 were green, 7 were amber, 5 were red and 11 were data only indicators. For West Suffolk, the end of year performance showed that of a total of 32 indicators, 11 were green, 6 were amber, 4 were red and 11 were data only indicators.

The Committee discussed a number of the indicators, with particular emphasis on those showing red under the traffic light system and asked questions on the payment of invoices; the Council's Business Grant schemes; the number of applications on the housing register; and rental income from commercial property portfolio to which officers provided comprehensive responses. In particular, discussions were held on the six red planning indicators. Members were advised that there had been a steady increase in performance for each quarter for minor and major planning applications. In addition, there had been an increase in the number of planning applications received, and the Head of Planning and Regulatory Services was looking at a short and long term solutions in addressing planning performance to ensure it was fit for purpose.

A discussion was held on the targets for waste and recycling. In particular the amount of household waste sent to landfill had gone up, but the target for household waste recycled and composting had gone down. It was questioned whether the two targets were linked as it was felt that the Council should be reducing the amount of waste sent to landfill. It was agreed that a written response would be provided to the Committee.

Members were advised that at the July meeting, the Committee would receive a report on the proposed new Key Performance Indicators for 2014-2015

There being no decision required, the Committee **noted** the contents of the report.

015. **BIANNUAL CORPORATE COMPLAINTS AND COMPLIMENTS DIGEST OCTOBER 2013 TO MARCH 2014 (REPORT NO: PAS14/036)**

The Committee received Report No: PAS14/036, which was the Biannual Corporate Complaints and Compliments Digest covering the period 1 October 2013 to 31 March 2014.

The aim of the Digest was to provide an overview of the quantity and range of corporate complaints, those complaints monitored by the Policy Team and compliments that the Council received, as well as monitoring the effectiveness at responding and learning from any mistakes that had been made. 9 corporate complaints had been received between October 2013 and March

2014. No comparable data was available as this was the first full year of reporting using this system. The process was introduced in November 2012. In addition, the report highlighted the 15 compliments which had been received across the authority during the reporting period.

The Head of Policy, Communications and Customers drew relevant issues to the attention of the Committee and answered Members' questions.

There being no decision required, the Committee **noted** the contents of the report.

016. **STRATEGIC RISK REGISTER - QUARTERLY MONITORING REPORT - MARCH 2014 (REPORT NO: PAS14/037)**

The Committee received Report No: PAS14/037, which was the year end monitoring report in respect of the Strategic Risk Register. The Council's Strategic Risk Register was updated regularly by the Risk Management Group. At its most recent assessment in April 2014, the Group reviewed the inherent risks, the risk level prior to any mitigating actions being taken, and the residual risk following actions put in place to reduce the risk. The latest copy of the revised risk register was attached as Appendix 1 to the report.

Since the last assessment report was presented to the Committee on 30 January 2014, there had been no new risks identified and no risks had been amended or closed. However, some individual controls or actions had been updated and those which were not ongoing and had been completed by April 2014 had been removed from the register.

It was reported that whilst a single risk register for West Suffolk had not yet been compiled, the development of a single management and service structure across Forest Heath and St Edmundsbury had seen considerable similarity between the risk registers of the respective councils.

The Committee did not make any suggestions for amendments to the Register on this occasion and there being no decision required, the Committee **noted** the contents of the report.

017. **ADOPTION OF A JOINT PROCUREMENT STRATEGY (REPORT NO: PAS14/038)**

The Committee received Report No: PAS14/038, which sought approval of a West Suffolk Procurement Strategy. Currently both Forest Heath District Council and St Edmundsbury Borough Council had its own Procurement Strategy and it was desirable that these be replaced by a West Suffolk Procurement Strategy 2014-2016 (Appendix A), that addressed the issues of procuring services, supplies and works across the West Suffolk Area. Appendix B included replies from the consultation exercise undertaken on the draft Strategy between 31 March – 2 May 2014; and attached at Appendix C was the Consultation Plan.

Members considered the report and asked questions to which the Procurement Manager duly responded.

With the vote being unanimous, it was

RECOMMENDED:

That Cabinet be recommended to approve the West Suffolk Procurement Strategy, attached as Appendix A to Report No: PAS14/038.

018. **PERFORMANCE AND AUDIT SCRUTINY COMMITTEE WORK PROGRAMME UPDATE (REPORT NO: PAS14/039)**

The Committee received Report No: PAS14/039, which provided information on the current status of the Committee's Work Programme. Attached as Appendix 1 to the report were details of items scheduled to be presented to the Committee during 2014-2015.

The Chairman informed Members that in consultation with the Chairman of St Edmundsbury Borough Councils Performance and Audit Scrutiny Committee (Councillor Sarah Broughton) and officers, the first Informal Joint Performance and Audit Scrutiny Committee would be held in July. The practice of holding joint meetings had also been adopted by the councils Overview and Scrutiny Committees and had been successful. Therefore, it was proposed that the meeting on Thursday 31 July 2014 would become a joint meeting, commencing at 5.00pm and hosted by Forest Heath District Council.

The Chairman further advised that after considering the Committees work programme with Councillor Sarah Broughton, it was felt that the meetings currently scheduled in November 2014 and January 2015 could also be joint meetings as similar reports would be presented to each authorities Performance and Audit Scrutiny Committees. Therefore, it was proposed that the meeting on 27 November 2014 could be rescheduled to Wednesday 26 November and hosted by St Edmundsbury Borough Council, and the meeting on 29 January 2015, be hosted by Forest Heath District Council, both commencing at 5.00pm.

Members agreed this was a practical step going forward for both Members and officers when presenting identical reports.

With the vote being unanimous, it was:

RESOLVED: That:

- (1) The first Joint Performance and Audit Scrutiny Committee to be held on Thursday 31 July 2014, at Forest Heath District Council, commencing at 5.00pm.
- (2) The meeting on 27 November 2014, to rescheduled to Wednesday 26 November 2014, as a joint meeting and hosted by St Edmundsbury Borough Council, commencing at 5.00pm
- (3) The meeting on 29 January 2015, to become a joint meeting and hosted by Forest Heath District Council, commencing at 5.00pm.

The meeting closed at 8.10pm.