



St Edmundsbury
BOROUGH COUNCIL

D238

Council **18 December 2012**

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

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

This report covers the meeting of the Committee held on 12 November 2012.

1. Mid Year 2012/13 Internal Audit Progress Report

- 1.1 This report advised Members of the work of the Internal Audit Section for the first six months of 2012/13, including the variety of projects and corporate activities which were supported through the work of the team.
- 1.2 Under "core financial systems", six audit reviews had been completed and issued as final reports, and a number of other reviews were still in progress. Regarding "departmental systems reviews", during the first six months of the financial year five internal audit reports had been issued, and a further five were in progress or nearing completion.
- 1.3 Members scrutinised the report, with particular emphasis on Appendix A which set out the summary of Internal Audit reports issued, questioning officers on a number of areas.

2. Joint Anti-Money Laundering Policy

- 2.1 The Council's current Anti-Money Laundering Policy was last revised in December 2010. It is good practice to review arrangements periodically, and as such a review of the policy had been undertaken to ensure it continued to reflect best practice, legislation and shared services arrangements.
- 2.2 Potentially any Councillor or member of staff could be subject to money laundering provisions if they suspect money laundering, and either become involved with it in some way and/or do nothing about it. The revised joint

policy, which was recommended for approval by the Committee, sets out how any concerns should be raised, and aims to maintain and improve upon the high standards of conduct which currently exist within the two councils to ensure that third parties are not able to use the councils for the purposes of money laundering. It also aims to make all Councillors and staff aware of the legislative framework, their responsibilities regarding this framework, and the consequences of non-compliance.

3. Joint National Fraud Initiative (NFI) Strategy

- 3.1 The National Fraud Initiative (NFI) is a data matching exercise which involves the comparison of information held by and between around 1,300 organisations, with the objective of detecting and preventing fraud and error.
- 3.2 The strategy recommended for approval by the Committee aims to define the key roles and responsibilities of all stakeholders involved with the NFI exercise to ensure that fair processing and compliance is maintained, mandatory data sets are correctly provided and investigations are undertaken as necessary, based on the associated risks.
- 3.3 The strategy also aims to provide a means of ensuring staff have the correct knowledge, understanding and support in order to discharge their NFI roles and responsibilities.

4. Budget Monitoring Report – 1 April to 30 September 2012

- 4.1 The Committee received the quarterly budget monitoring report which informed Members of the Council's financial position up to the end of September 2012, and highlighted significant variances. The latest overall position on the General Fund showed an underspend of £269,000, with a forecast outturn of £191,000. A full analysis of budget variances was provided in the report, together with a summary of significant variances.
- 4.2 In terms of capital spending, £260,000 had been spent up to the end of September 2012. It was projected that the total capital expenditure in 2012/13 would be £4.9 million. The capital disposals programme showed an achievement of £3.961m to date against the full year disposals estimate of £3.810m.

5. Key Performance Indicators – Second Quarter 2012/13

- 5.1 Members considered the second quarterly report for 2012/13, covering the period April to September 2012. A total of 42 indicators were reported this quarter, of which 19 were green, 5 amber and 3 red. 15 were contextual indicators.
- 5.2 Members discussed a number of the indicators, with particular emphasis on those showing as "red" under the traffic light system.

6. Biannual Corporate Complaints and Compliments Digest

- 6.1 Twice yearly the Committee receives an overview of the quantity and range of corporate complaints received over the previous half year, which the Committee uses to monitor the Council's effectiveness at responding to and learning from any mistakes which have been made. For the first half of this financial year, 21

corporate complaints had been received, compared to 23 during the same period last year.

- 6.2 The report detailed response times to these complaints, and provided a breakdown of the complaints by Directorate, and details of each complaint, and also highlighted the 88 compliments that had been received during the reporting period.

7. Corporate Risk Register – Quarterly Monitoring Report

- 7.1 The first quarterly risk register monitoring report for 2012/13 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. Three residual risk colours had changed, and reasons for the changes were set out in the report.
- 7.2 The Committee discussed some of the risks in this quarter's report, including "unsustainable workload" and "provision of sites for gypsy and traveller communities", but did not make any suggestions for amendments to the Register on this occasion.

8. Mid Year Treasury Management Performance Report and Investment Activity 1 April to 30 September 2012

- 8.1 The above report, considered by the Treasury Management Sub-Committee prior to Performance and Audit, provided an update on treasury management activity and performance for the period 1 April to 30 September 2012; advised the Committee of extended counterparty lending limits; and provided an economic update for the first 6 months of 2012/13, including revised interest rate forecasts.
- 8.2 The Council's Treasury Management and Investment Strategy permits the Chief Finance Officer, in consultation with the Portfolio Holder and Members of the Treasury Management Sub-Committee, to approve changes to the Council's treasury management lending and counterparty limits, subject to those changes being reported to the next Treasury Management Sub-Committee meeting, and from there onto the Performance and Audit Scrutiny Committee, Cabinet and Council, and details of the extended counterparty lending limits set out in the report are provided elsewhere on this agenda.
- 8.3 As at the end of September 2012 interest actually earned during the first half of the financial year amounted to £0.321m against a profiled budget for the period of £0.297, a budgetary surplus of £0.024m, due to the achievement of a higher than projected average rate of interest of 1.69%. The extended counterparty lending limits referred to above should enable the Finance Team to move a greater proportion of the Council's current investments into higher yield/fixed term investments, and it is estimated that over the course of a year the extended counterparty limits should yield about £70,000 additional interest.