



Council 18 June 2013

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 29 April 2013.

1. Internal Audit Annual Report 2012/13 and Outline Internal Audit Plan 2013/14

- 1.1 This report summarised the work undertaken by Internal Audit during the year and provided details of the outline Internal Audit Plan for 2013/14. It also showed progress made during the year in developing anti-fraud and corruption arrangements and actions taken where fraud or misconduct had been identified. Finally, the report showed the work undertaken to fulfil the requirement for an annual review of the effectiveness of internal audit.
- 1.2 The Committee considered the checklists at Appendix B to the report, and endorsed the conclusion of the Internal Audit Manager in respect of the annual review of the effectiveness of Internal Audit, that the evidence provided in the checklist could be relied upon as a key source of evidence in the production of the Annual Governance Statement.
- 1.3 Finally, Members approved the Internal Audit Plan for 2013/14, and noted the content of the Annual Internal Audit Report for 2012/13 and the Managing the Risk of Fraud, Theft and Corruption Report.

2. West Suffolk Internal Audit Charter

- 2.1 The Committee received and noted a report from the Internal Audit Manager which advised that the existing Internal Audit Charter had been reviewed, resulting in a number of changes to ensure it had taken full account of new Standards. The new Standards also required the Internal Audit Charter to be approved by the Council's Committee with responsibility for Audit, and it had been approved with no amendments by Forest Heath District Council's

Performance and Audit Committee on 11 April 2013. Members approved the revised West Suffolk Internal Audit Charter.

3. Ernst & Young – External Audit Plan 2012/13 and Annual Certification Report 2011/12

- 3.1 The Committee received and noted a report from the Council's newly appointed external auditors, Ernst & Young (EY), which provided Members with a basis to review EY's proposed audit approach and scope for the 2012/13 audit. The Plan covered the work EY planned to perform in order to provide the Council with an audit opinion on its financial statements, and a statutory conclusion on its arrangements to secure economy, efficiency and effectiveness.
- 3.2 Members also received and noted a further report from Ernst & Young which updated on the outcome of the annual audit of grant claims, as detailed in their Annual Certification Report for 2011/12. This report summarised the results of the certification work which had been undertaken as part of the annual audit of grant claims to government departments.

4. Key Performance Indicators: Fourth Quarter 2012/2013

- 4.1 The Committee received and noted the fourth quarterly Performance Monitoring Report for 2012/2013 covering the period 1 April 2012 to 31 March 2013. The report provided KPIs in respect of 59 items, of which 10 had red indicators, 2 amber, 19 green and 28 which were either contextual indicators or were awaiting data. Additionally, the report advised that the KPIs were currently being reviewed, with discussions taking place with Portfolio Holders to formulate a new set of KPIs for 2013/14. These would be presented to the Committee at its next meeting in July 2013.
- 4.2 The Committee discussed a number of the indicators, with particular emphasis on those showing red or amber under the traffic light system. In particular, a discussion was held on the planning indicators, which were historically based on the speed of determination of planning applications, which could be affected by a number of factors, including whether objections were received. Members suggested that a better measure of performance might be the number of appeals upheld or dismissed by the Planning Inspector, and Members' suggestion would be taken into account when formulating the KPIs for 2013/14.

5. Biannual Corporate Complaints and Compliments Digest

- 6.1 The Committee received and noted the Biannual Corporate Complaints and Compliments Digest covering the period 1 October 2012 to 31 March 2013. The Digest provided an overview of the quantity and range of corporate complaints that the Council received, as well as monitoring effectiveness at responding and learning from any mistakes that had been made. 36 complaints had been received between October 2012 and April 2013 compared to 25 during the same period the previous year. In total 58 complaints had been recorded for 2012/13.
- 6.2 In addition, the report highlighted the 80 compliments which had been received across the Authority during the reporting period. In total 168 compliments had been recorded during 2012/13.

6. Corporate Risk Register: Quarterly Monitoring Report

- 6.1 The Committee has the responsibility of keeping the corporate risk register under quarterly review and for advising the Cabinet whether the actions planned to mitigate the identified risk are adequate, and whether there are

any other risks that should be added to the register. Members duly received and noted the quarterly monitoring report in respect of the corporate risk register which provided a traffic light system whereby green indicated a low risk, amber indicated a medium risk, and red indicated a high risk. One new risk had been added this quarter, several risks had merged, and four had been closed, and these were detailed in the report. A discussion was held on a number of risks, including Diversity Awareness and ICT Integration.

- 6.2 Whilst a shared risk register has not yet been compiled with Forest Heath District Council, the two councils' registers have considerable similarity, and a single register will be considered during the course of 2013/14.

7. Capital Programme Audited Accounts

- 7.1 In accordance with the Council's Financial Regulations, the Committee received and noted a report which notified Members of variations in cost between approved contract sums and completed schemes. The report contained the results of key projects (over £25,000) undertaken by Property Services for which the accounts had been audited during the financial years 2011/12 (April – September) and 2012/13. The projects reported were undertaken between 2004 and 2012.
- 7.2 An analysis of the figures provided in Appendix A to the report, which contained financial statements for the four schemes, showed a saving on the approved budget of £419,294, a variation of -3.66%. None of the projects had varied significantly from the budget allocations.

8. Annual Procurement Report 2012/2013

- 8.1 The Committee received and noted a report which highlighted the progress made on procurement during 2012/2013 and procurement savings achieved during the same period.
- 8.2 Members noted a number of procurement highlights, including procurement savings of £533,900, implementation of an electronic tendering system and the introduction of a procurement newsletter. The Head of Resources and Performance advised Members that officers would be building on these successes during 2013/14 by sharing best practice and aligning processes, strategies and procedures with Forest Heath District Council.