

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

**Minutes of a meeting held on Monday 29 April 2013 at 4.30 pm
in Room GFR-14, West Suffolk House, Western Way,
Bury St Edmunds**

PRESENT: Councillor J R Hale (Chairman)
Councillors Cox, Farmer, Mrs Hind, Redhead, Simner and
Spicer

BY INVITATION: Councillor Ray, Portfolio Holder for Performance and
Resources, and Councillor Nettleton.

110. Apologies for Absence

Apologies for absence were received from Councillors
Mrs R V Hopfensperger and Mrs Richardson.

111. Substitution

No substitutions were declared.

112. Minutes

The minutes of the meeting held on 28 January 2013 were confirmed
as a correct record and signed by the Chairman.

113. Declarations of Interest

Members' declarations of interest are recorded under the item to which
the declaration relates.

**114. Internal Audit Annual Report 2012/2013 and Outline Internal
Audit Plan 2013/2014**

The Committee received and noted Report D346 (previously circulated)
which summarised the work undertaken by Internal Audit during the year
(Appendices A and E) and provided details of the outline Internal Audit Plan
for 2013/14 (Appendix C).

The report also showed progress made during the year in developing
anti-fraud and 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 the statement at Section 2.3.3 of Appendix A, which
provided the Internal Audit Manager's opinion that internal audit was
effective, and that the evidence provided in the checklist at Appendix B could
be relied upon as a key source of evidence in the production of the Annual
Governance Statement.

Members asked questions on a number of areas of the report, to which
the Internal Audit Manager duly responded.

RESOLVED:- That:

- (1) following consideration of the checklists at Appendix B to Report D346, the conclusion of the Internal Audit Manager drawn in respect of the annual review of the effectiveness of Internal Audit, that the evidence provided in the checklist can be relied upon as a key source of evidence in the production of the Annual Governance Statement, be endorsed;
- (2) the Internal Audit Plan for 2013/2014, attached as Appendix C to Report D346, be approved; and
- (3) the contents of the Annual Internal Audit Report for 2012/2013 and the Managing the Risk of Fraud, Theft and Corruption Report, as set out in Appendices A and D of Report D346, be noted.

115. West Suffolk Internal Audit Charter

The Committee received and noted Report D347 (previously circulated) which advised Members that new United Kingdom Public Sector Internal Audit Standards required the Internal Audit Manager to formally define the purpose, authority and responsibility of Internal Audit in an Internal Audit Charter.

The Internal Audit Manager advised that the existing Internal Audit Charter had been reviewed, resulting in a number of changes to ensure it had taken full account of the 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 asked questions on a number of matters relating to the Charter, to which the Internal Audit Manager duly responded. Members also pointed out a minor typographical error on Page 8, Section 12.2 of the Charter.

RESOLVED:- That:

- (1) the revised West Suffolk Internal Audit Charter set out at Appendix A to Report D347 be approved, subject to the replacement of the first occurrence of the word "of" in the second sentence of Section 12.2 with the word "or"; and
- (2) the Head of Resources and Performance be authorised, in consultation with the Portfolio Holder for Performance and Resources, to make any minor typographical, factual, spelling, grammatical and other minor changes to the West Suffolk Internal Audit Charter, as set out at Appendix A to Report D347, provided they do not materially affect the substance or meaning of the Charter.

116. Ernst & Young – External Audit Plan 2012/2013

The Committee received and noted Report D348 (previously circulated) which provided the Committee with a basis to review Ernst & Young's proposed audit approach and scope for the 2012/2013 audit.

Neil Harris (Director) and Gary Belcher (the Council's Audit Manager) from the Council's newly appointed external auditors, Ernst & Young (EY), attended the meeting and presented the Plan, which covered the work EY planned to perform in order to provide the Council with an audit opinion on the Council's financial statements, and a statutory conclusion on its arrangements to secure economy, efficiency and effectiveness.

Mr Harris pointed out some of the key areas of the report to Members, including the 40% reduction in the audit fee following the outsourcing of work from the Audit Commission, and answered questions raised. He advised that the Plan was risk based and proportionate, and placed as much reliance as possible on the work carried out by the Internal Audit Team. EY aimed to issue its audit opinion to Members before the end of September 2013.

117. Ernst & Young – Annual Certification Report 2011/2012

The Committee received and noted Report D349 (previously circulated) which updated Members on the outcome of the annual audit of grant claims by Ernst & Young (EY), as detailed in their Annual Certification Report for 2011/2012.

Mr Harris from EY presented this report, which summarised the results of the certification work which had been undertaken 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 difference between certification and audit. Members asked questions on a number of elements of the report, to which Mr Harris duly responded.

118. Key Performance Indicators: Fourth Quarter 2012/2013

The Committee received and noted Report D350 (previously circulated) which was the fourth quarterly Performance Monitoring Report for 2012/2013.

Attached as an Appendix A to the report was the quarterly report of Key Performance Indicator (KPI) data covering the period 1 January 2013 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 2013/2014. These would be presented to the Committee at its next meeting in July 2013.

The Committee discussed a number of the indicators, with particular emphasis on those showing red or amber under the traffic light system, and asked questions on a number of areas, to which officers duly responded. 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 better measures of performance might be the number of appeals upheld or dismissed by the Planning

Inspector, and the number of applications determined by Members that went against officer recommendations, and Members' suggestion would be taken into account when formulating the KPIs for 2013/2014.

119. Biannual Corporate Complaints and Compliments Digest

The Committee received and noted Report D351 (previously circulated) which was the Biannual Corporate Complaints and Compliments Digest covering the period 1 October 2012 to 31 March 2013.

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, 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 2012/2013.

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 2012/2013.

The Service Manager – Corporate Development Policy drew relevant issues to the attention of the Committee and answered Members' questions. One question to which a response could not be provided at the meeting was promised a written response as follows: "What fee does the Fayre pay the Council for its use of Haverhill Recreation Ground?".

120. Corporate Risk Register: Quarterly Monitoring Report

The Committee received and noted Report D352 (previously circulated), which was the quarterly monitoring report in respect of the corporate risk register.

The Committee had 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 were adequate, and whether there were any other risks that should be added to the register.

The report provided a traffic light system whereby green indicated a low risk, amber indicated a medium risk, and red indicated a high risk.

The latest copy of the revised risk register was attached as Appendix A to the report. One new risk had been added this quarter, several risks had merged, and four had been closed, and these were detailed in the report.

The Head of Resources and Performance advised that whilst a shared risk register had not yet been compiled with Forest Heath District Council, the two councils' registers had considerable similarity, and a single register would be considered during the course of 2013/2014.

A discussion was held on a number of risks, including Diversity Awareness and ICT Integration.

121. Capital Programme Audited Accounts

(Councillor Cox declared a local non-pecuniary interest in this item as a member of the Suffolk Football Association).

The Committee received and noted Report D353 (previously circulated), which notified the Committee of variations in cost between approved contract sums and completed schemes, in accordance with the Council's Financial Regulations.

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 2011/2012 (April – September) and 2012/2013. The projects being reported were undertaken between 2004 and 2012.

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.

122. Annual Procurement Report 2012/2013

The Committee received and noted Report D354 (previously circulated) which highlighted the progress made on procurement during 2012/2013 and procurement savings achieved during the same period, as detailed in Appendix A to the report.

The Committee 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 2013/2014 by sharing best practice and aligning processes, strategies and procedures with Forest Heath District Council.

Members asked questions on a number of areas of the report, to which officers duly responded.

The meeting concluded at 6.20 pm.

**J R HALE
CHAIRMAN**