

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

**Notes of Informal Discussions held on Wednesday 25 May 2016 at
5.00pm in Conference Chamber West, at West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Sarah Broughton, Beccy Hopfensperger, Betty McLatchy, David Nettleton, Karen Richardson, Barry Robbins, Peter Thompson, Paula Wade and Patricia Warby.

Forest Heath District Council (FHDC)

Councillor Louis Busuttil
(Chairman for the informal discussions)

Councillors Simon Cole, Louise Marston, Christine Mason, Bill Sadler and Peter Ridgwell.

IN ATTENDANCE: SEBC – Councillor Ian Houlder, Portfolio Holder for Resources and Performance, and Councillor Ivor McLatchy

FHDC – Councillor Stephen Edwards, Portfolio Holder for Resources and Performance

Prior to the formal meeting, at 5.00pm informal discussions took place on the following four items:

- (1) Internal Audit Annual Report (2015-2016) and Outline Internal Audit Plan (2016-2017).
- (2) Balanced Scorecards and Quarter 4 Performance Report 2015-2016.
- (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2016.
- (4) Work Programme Update.

All Members of Forest Heath District Council's Performance and Audit Scrutiny Committee had been invited to attend West Suffolk House, Bury St Edmunds to enable joint informal discussions on the above reports to take place between the two authorities.

The Chairman of St Edmundsbury's Performance and Audit Scrutiny Committee welcomed all those present to West Suffolk House, Bury St Edmunds and advised on

the format of the proceedings for the informal joint discussions and subsequent separate meetings of each authority, prior to handing over to the Chairman of Forest Heath's Performance and Audit Scrutiny Committee, who would be chairing the informal joint discussions.

Members noted that each Council permitted public participation at their Performance and Audit Scrutiny meetings. Therefore, for the purpose of facilitating these Constitutional requirements, it was proposed that public speaking should be permitted prior to the start of the informal discussions to enable any questions/statements to be considered by both Performance and Audit Scrutiny Committees on items 1 – 4 above. On this occasion however, there were no questions/statements from members of the public.

Each report was then considered in the order listed on each authorities agenda.

1. **Internal Audit Annual Report (2015-2016) and Outline Internal Audit Plan (2016-2017)**

(Councillor Beccy Hopfensperger arrived at 5.06pm during the consideration of this item).

The Service Manager (Internal Audit) presented the report as required by the Public Sector Internal Audit Standards, which included an opinion on 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 across West Suffolk (Appendix A) and provided details of the Outline Internal Audit Plan for 2016-2017 (Appendix C). The report also showed progress made during the year in developing and maintaining an anti-fraud and anti-corruption culture and publicised actions taken where fraud or misconduct had been identified (Appendix D). Finally, the report also showed the work undertaken to fulfil the requirement for an annual review of the effectiveness of internal audit, including relevant completed checklists (Appendix B).

The Service Manager (Internal Audit) drew relevant issues to Members' attention.

Members scrutinised the report and asked questions to which officers responded. In particular members discussed the definition of large write-offs, which members were advised was defined in the Council's Constitution.

2. **Balanced Scorecards Quarter 4 Performance Report 2015-2016**

The Business Partner (Resources and Performance) presented the report, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2015-2016 and an overview of performance against those indicators for the fourth quarter of 2015-2016. The six balanced scorecards (attached at Appendices A to F) were linked to the Head of Service areas, which presented the fourth quarter performance.

Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.

Across all service balanced scorecards, there were indicators measuring the performance of the transactional finance functions. These were “% of non-disputed invoices paid within 30 days” and “% of debt over 90 days old”. In the first and second quarters of the year, against these indicators, almost all services areas had failed to meet the targets of more than 95% of non-disputed invoices paid within 30 days and less than 10% of debt over 90 days old.

The finance and performance team had been working with service areas to try and improve performance against both of these measures. As a result of this, four service areas were now achieving over 90% performance on invoices paid within 30 days.

Members considered the report and did not raise any issues.

3. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2016**

The Service Manager (Resources and Performance) presented the fourth quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting in March 2016 the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Risk Register (Appendix 1).

Some individual controls or actions had been updated and those which were not ongoing and had been completed by March 2016 had been removed from the Register. There had been no new risks or amendments made to any existing risks or any existing risks closed since the Strategic Risk Register was last reported to the Committee.

Members considered the report and did not raise any issues.

4. **Work Programme Update**

The Head of Resources and Performance presented the report, which provided information on the current status of each Committee’s Work Programme for 2016-2017.

Members considered the report and did not raise any issues.

On the conclusion of the informal joint discussions at 5.16pm, Members of Forest Heath District Council’s Performance and Audit Scrutiny Committee withdrew from Conference Chamber West to Conference Chamber East to hold their formal meeting.

The Chairman then formally opened the St Edmundsbury Borough Council’s Performance and Audit Scrutiny Committee in Conference Chamber West at 5.30pm.

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 25 May 2016** at **5.30pm** in **Conference Chamber West**, at **West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Beccy Hopfensperger
Betty Mclatchy
Karen Richardson
Peter Thompson

Paula Wade
David Nettleton
Barry Robbins

By Invitation:

Ian Houlder, Portfolio Holder for Resources and Performance
Ivor McLatchy

86. **Substitutions**

There were no substitutes declared.

87. **Apologies for Absence**

Apologies for absence were received from Councillor Carol Bull.

88. **Minutes**

The minutes of the meeting held on 28 January 2016, were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

89. **Public Participation**

Public participation had been included within the previous informal discussions and there had been no questions/statements from members of the public.

90. **Internal Audit Annual Report (2015-2016) and Outline Internal Audit Plan (2016-2017)**

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/006.

Members had scrutinised the report in detail and had asked questions to which responses were duly provided.

With the vote being unanimous, it was

RESOLVED: That:

- (1) The Internal Audit Plan for 2016-2017, attached as Appendix C to Report No: PAS/SE/16/006, be approved.
- (2) The conclusion drawn in respect of the annual review of the effectiveness of internal audit, be endorsed.
- (3) The contents of the Annual Internal Audit Report 2015-2016 and the Managing the Risk of Fraud, Theft and Corruption Report, as set out in Appendices A and D to Report No: PAS/SE/16/006, be noted.

91. Balanced Scorecards and Quarter 4 Performance Report 2015-2016

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/007.

Members had scrutinised the report and there being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for Quarter 4, 2015-2016.

92. West Suffolk Strategic Risk Register Quarterly Monitoring Report - March 2016

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/008.

Members had scrutinised the report and there being no decision required, the Committee **noted** the contents of the Quarter 4 West Suffolk Strategic Risk Register monitoring report.

93. Work Programme Update

Further to the joint informal discussions held prior to the meeting with Forest Heath District Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/SE/16/009.

There being no decision required, the Committee **noted** the contents of the work programme for 2016-2017.

94. Financial Outturn Report (Revenue and Capital) 2015-2016

The Committee received Report No: PAS/SE/16/010, which updated Members on the 2015-2016 outturn revenue and capital position. Attached at Appendix A was the revenue outturn position as at 31 March 2016, which

currently showed an overall underspend of £36,000. An analysis of revenue variances for 2015-2016 was attached as Appendix B.

Attached as Appendix C was the Council's capital outturn position. The Council had spent £3,696,812 of its capital budget of £6,006,790 as at 31 March 2016, which showed a net underspend of £2,309,978.

Append D to the report set out a summary of the earmarked reserves for the year 2015-2016.

The Committee scrutinised the report and asked questions to which officers duly responded. In particular members discussed the off-street parking income and questioned how the Committee had the outturn position, could officers confirm how the car parking compared to that included in the February 2016 budget report for 2016/17, to which officers agreed to provide a written response.

There being no decision required the Committee **noted** the 2015-2016 outturn revenue and capital outturn positions as set out in Appendices A and C to Report No: PAS/SE/16/010.

95. **Ernst and Young - Certification of Claims and Returns Annual Report (2014-2015)**

The Committee received Report No: PAS/SE/16/011, which updated members on the outcome of the annual audit of grant claims by Ernst and Young (EY) as detailed in their Certification of Claims and Returns Annual Report 2014-2015, attached as Appendix A.

Mark Hodgson, Executive Director from EY presented this report, which summarised the results of the certification work that had been undertaken by EY by staff as part of the annual audit of grant claims to government departments. The report included key messages arising from the assessment of the arrangements for preparing claims and returns and information on claims that were qualified. Mark Hodgson drew relevant details from the report to Members' attention, and explained the one claim relating to the Housing Benefits Subsidy Claim.

Members scrutinised the report and there being no decision required the Committee **noted** the contents of the report.

96. **Ernst and Young - Presentation of the External Audit Plan and Fees 2015-2016 and 2016-2017 Indicative Fees**

The Committee received Report No: PAS/SE/16/012, which set out how EY intended to carry out their responsibilities as the Council's external auditors (Appendix A). The purpose of the report was to provide the Committee with a basis to review EY's proposed approach and scope for the 2015-2016 audit along with the planned fees to complete the work. The report also provided the Committee with a basis to review the 2016-2017 indicative fees (Appendix B).

Mark Hodgson (Executive Director from EY presented this report, which summarised EY's assessment of the key risks which drive the development of an effective audit of 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 2016. Mark drew member's attention to the financial statement risks; the value for money conclusion; EY's audit process and strategy; and the indicative audit fee for 2016-2017 and how the scale fee was based.

Members scrutinised the report and there being no decision required the Committee **noted** the contents of the report.

The Meeting concluded at 5.52pm

Signed by:

Chairman
