

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 21 September 2016** at **5.00 pm** at the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sarah Broughton

Beccy Hopfensperger
Betty Mclatchy

David Nettleton
Barry Robbins

Substitutes attending:
David Roach

By Invitation:
John Burns
Susan Glossop
Ian Houlder, Portfolio Holder for Resources and Performance

107. **Substitutions**

The following substitution was declared:

Councillor David Roach for Councillor Karen Richardson.

108. **Apologies for Absence**

Apologies for absence were received from Councillors Karen Richardson, Patricia Warby and Paula Wade.

Councillor Peter Thompson was also unable to attend.

109. **Minutes**

The minutes of the meeting held on 27 July 2016 were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

110. **Public Participation**

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

111. Ernst and Young - Presentation of 2015-2016 ISA 260 Annual Results Report to those Charged with Governance

The Committee received Report No: PAS/SE/16/018, which presented the results of Ernst and Young's (EY) audit of the financial statements for 2015-2016. The report set out issues EY were formally required to report on to those charged with governance, under the Audit Commission Code of Audit Practice and International Standards on Auditing (ISA (UK and Ireland) 260).

The report also included the results of the work that EY had undertaken to assess the Council's arrangements to secure value for money in the use of its resources, as the Performance and Audit Scrutiny Committee was charged with governance in accordance with powers delegated to it under the Council's Constitution.

The Council's unaudited 2015-2016 statement of accounts, signed by the Council's Chief Finance Officer (Section 151 Officer) on 30 June 2016, had been updated to reflect adjustments recommended by EY from their audit work. Members were advised that the adjustments were all immaterial to the overall financial position of the Council and were in most cases, merely presentational changes.

A copy of the Audit Results Report was attached as Appendix A, and was presented to the Committee by Mark Hodgson (Executive Director) and Mark Russell (Assistant Manager) from EY. Also attached as Appendix B to the report was a Letter of Representation, on behalf of the Council in accordance with the audit of the financial statements for St Edmundsbury Borough Council for the year ended 31 March 2016.

Mr Hodgson confirmed that all work on the audit of the Council's 2015-2016 financial statements had been concluded and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion and certificate this afternoon (21 September 2016), prior to the statutory deadline of 30 September 2016, stating the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources. He explained that the St Edmundsbury accounts would be the first set of accounts to be signed off for 2015-2016, and that they were the best that he had seen so far this year. He wished to thank the Head of Resources and Performance and her team who had been helpful and instrumental in making this a very smooth audit for EY.

However, he wished to draw the Committee's attention to a couple of key areas:

- 1) On page 16 – There had been no unadjusted audit differences.
- 2) On page 17 – There were no other matters to report and there were no objections received to the 2015-2016 accounts from members of the public.
- 3) Pages 19, 20 and 21 – The Audit Plan had gained all assurances and all tests and been negative.

- 4) On page 22 – Only the standard representations had been requested.
- 5) On page 23 – Value of Money – There was one significant risk due to the budget gap over the next 3 – 4 years. However, the Council had put in place proper arrangements to secure value for money in the use of its resources, and its reserve position was strong.

Members asked a number of questions in relation to the report, to which Mr Hodgson duly responded.

The Chairman, on behalf of the Committee wished to thank the Head of Resources and Performance and the Finance Team for their outstanding work and also wished to thank EY for their audit work.

Councillor David Nettleton moved the recommendation, this was duly seconded by Councillor Beccy Hopfensperger and with the vote being unanimous, it was

RESOLVED: That

- 1) The unqualified opinion on the Financial Statements for 2015-2016 (as set out in the Audit Results Report - Appendix A) issued by the Auditor be noted.
- 2) The Value for Money conclusion stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources (Appendix A) issued by the Auditor be noted.
- 3) The Letter of Representation on behalf of the Council (Appendix B) be approved before the Audit Director issues his opinion and conclusion.
- 4) The Chief Finance Officer in consultation with the Chairman be given delegated authority to conclude the signing of the accounts.

112. West Suffolk Annual Governance Statement 2015-2016

The Committee received Report No: PAS/SE/16/019, which sought members approval of the draft Annual Governance Statement for 2015-2016, attached as Appendix A.

The Annual Governance Statement provided stakeholders with the assurance that the Council had operated within the law and that the Council had met the requirements of the Accounts and Audit Regulations 2015. The Annual Governance Statement accompanied the Statement of Accounts.

The document had been prepared by the Officer Governance Group and was presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.

The Head of Resources and Performance informed the Committee that the West Suffolk Annual Governance Statement had not changed materially since last year.

The Committee was asked to review and approve the draft Annual Governance Statement prior to it being signed off by the Chief Executive and the Leaders of the councils.

The Committee considered the draft West Suffolk Annual Governance Statement for 2015-2016, and asked questions to which comprehensive responses were provided by the Head of Resources and Performance.

Councillor David Roach moved the recommendation, this was duly seconded by Councillor Betty McLatchy and with the vote being unanimous, it was

RESOLVED

That the West Suffolk Annual Governance Statement for 2015-2016, attached as Appendix A to Report No: PAS/SE/16/019 be approved for signing by the Chief Executive and the Leader of the Council.

113. 2015-2016 Annual Statement of Accounts

The Committee received Report No: PAS/SE/16/020, which sought Members approval of the 2015-2016 Annual Statement of Accounts, attached as Appendix A, in accordance with powers delegated to it under the Council's Constitution. Also attached at Appendix B, was a detailed schedule of payments made to Councillors during the financial year 2015-2016.

EY had commenced the audit of the Council's draft Statement of Accounts in July 2016, with a view to its completion prior to the 30 September 2016 deadline for publication. The results of EY's review of the accounts were provided in the Annual Results Report, which was included on the Committee's agenda (PAS/SE/16/018). The attached Statement of Accounts (Appendix A) had been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution.

EY had confirmed that the audit of St Edmundsbury Borough Council had been concluded and would be issuing an unqualified opinion on the financial statements and the value for money conclusion that the Council had made the appropriate arrangements to secure economy, efficiency and effectiveness in the Council's use of resources this afternoon (21 September). This meant the Committee was in a position to sign the 2015-2016 Statement of Accounts off.

The Head of Resources and Performance wished to thank the Finance Team for all their work involved in pulling the accounts together and also thanked EY.

The Committee scrutinised the draft accounts and member payments in detail and asked a number of questions to which officers duly responded. In particular, the Committee raised questions to which responses were given as follows:

Members Payments

- i) The Committee suggested that a note should be included to explain that the £180 listed under other allowances was for Broadband. Officers agreed to include a note prior to the deadline for publication.
- ii) Councillor Nettleton stated that 19 members did not claim mileage and suggested that the Council looked at other ways in which members could submit mileage claims, other than manually. The Head of Resources and Performance agreed to raise with Human Resources.

The Committee wished to convey its thanks and commended the Finance Team in the work involved in closing the accounts.

Councillor David Nettleton moved the recommendation, this was duly seconded by Councillor David Roach and with the vote being unanimous, it was

RESOLVED: That

- 1) The 2015-2016 Statement of Accounts, attached as Appendix A to Report No: PAS/SE/16/020 be approved in accordance with the powers delegated to it under the Council's Constitution.
- 2) The Chairman of the Performance and Audit Scrutiny Committee signs the certification of the 2015-2016 Statement of Accounts on behalf of the Committee.
- 3) The Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes to the Statement of Accounts that may be required up to the date of publication.

114. Arrangements for Appointment of External Auditors

The Committee received Report No: PAS/SE/16/021, asked the Committee consider the options available for appointing External Auditors in time to make a first appointment by 31 December 2017, following the closure of the Audit Commission, and the end of the transitional arrangements.

It was the Council's statutory responsibility to appoint a local auditor to audit its 2018-2019 accounts by 31 December 2017. In meeting this statutory responsibility the Council could choose one of the following options:

- 1) Establish a stand-alone Auditor Panel to make the appointment on behalf of the Council;
- 2) Commence work on exploring the establishment of local joint procurement arrangements with neighbouring authorities; or
- 3) Use an existing independent panel of the Authority (this would only be applicable where a suitably constituted panel already existed).

The report set out in detail the advantages and disadvantages for each of the three options; risk management; legal and financial implications.

The Council had until December 2017 to make an appointment, which meant one of the three options would need to be in place by Spring 2017 in order that the contract negotiation process could be carried out during 2017.

The Committee was advised that option 3 would provide for better economies of scale in keeping audit fees down and having a Suffolk wide auditor.

The Committee considered the report and noted the arrangements for appointing External Auditors at the conclusion of the 2017-2018 audit.

Councillor Beccy Hopfensperger moved the recommendation, this was duly seconded by Councillor David Nettleton and with the vote being unanimous, it was

RECOMMENDED

That subject to the approval of full Council, Option 3, to 'opt-in' to the sector led body (Public Sector Audit Appointments Limited) for the independent appointment of the Council's External Auditor, beginning with responsibilities for the financial year 2018-2019, be approved.

115. Decision Relating to Complaint to the Local Government Ombudsman

The Committee received Report NO: PAS/SE/16/022, which set out a complaint which had been referred to the Local Government Ombudsman in relation to the Local Planning Authorities decision not to re-consult on an application for a rear extension. There being no decision required, the Committee **noted** the action taken by the Head of Planning and Growth to remedy the findings of the Local Government Ombudsman (LGO) and the recommended payment of £500 to settle the complaint.

116. Work Programme Update

The Committee received Report No: PAS/SE/16/023, 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 2016-2017. The Committee considered its work programme, and there being no decision required, **noted** the contents of the report.

The Meeting concluded at 5.32pm

Signed by:

Chairman