
Informal Joint Performance and Audit Scrutiny Committee



**Notes of Informal Discussions held on Thursday 25 May 2017 at
5.00 pm in Conference Chamber West, West Suffolk House,
Western Way, Bury St Edmunds**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillors Patrick Chung, Beccy Hopfensperger, Betty McLatchy, Ivor McLatchy, Jane Midwood, Barry Robbins, Andrew Smith, Peter Thompson, Frank Warby and Patricia Warby.

Forest Heath District Council (FHDC)

Councillor Louis Busuttil
(Chairman of the informal discussions)

Councillor Chris Barker.

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

SEBC – Councillor Ian Houlder, Portfolio Holder for Resources and Performance

REMEMBRANCE:

Prior to the commencement of the meeting, the Committee observed a one minute silence in memory of Councillor Angela Rushen and Councillor Bill Sadler who had recently passed away. A one minute silence was also observed following the tragic incident in Manchester.

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

- (1) Internal Audit Charter;
- (2) Internal Audit Annual Report 2016-2017 and Outline Internal Audit Plan 2017-2018;
- (3) Balanced Scorecards and Quarter 4 Performance Report 2016-2017
- (4) Balanced Scorecards Indicators and Targets for 2017-2018;
- (5) West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2017;
- (6) 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 the 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 – 6 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 Charter**

The Service Manager (Internal Audit) presented the report, which asked Members to scrutinise and approve an updated version of the Internal Audit Charter, attached at Appendix A to the report.

The Charter had been revised to take into account recent revisions to the Public Sector Internal Audit Standards, and now included a 'Mission' for the Internal Audit Section and 'Core Principles' for the professional practice of internal auditing.

Members scrutinised the revised Charter and asked questions to which officers responded

2. **Internal Audit Annual Report 2016-2017 and Outline Internal Audit Plan 2017-2018**

[Councillor Beccy Hopfensperger arrived at 5.10pm 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 2017-2018 (Appendix C). The report also showed progress made during the year in developing and maintaining an anti-fraud and anti-corruption culture and published 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. The Committee noted the positive self-assessment and wished to congratulate the Audit Team on its work.

3. **Balanced Scorecards Quarter 4 Performance Report 2016-2017**

The Senior 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 2016-2017 and an overview of performance against those indicators for the final quarter of 2016-2017. The six balanced scorecards (attached at Appendices A to F) were linked to the Assistant Director Service areas, which presented the final 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.

Members were reminded that in quarters 1 and 2, performance indicator against the "% telephone calls answered" was below target across all service areas. However, during quarters 4 and 4, performance had increased and exceeded target levels. Since quarter 3, there had been a slight increase corporately in the performance against the target indicator "% of non-disputed invoices paid within 30 days". The finance and performance team would continue to work with service areas to try and improve further the target indicator.

There had also been a slight decrease corporately in the performance indicator against "% of total debt over 90 days". Although the figure had risen, the total level of debt over 90 days had reduced from £631k to £487k.

The Senior Business Partner (Resources and Performance) took the Committee through each of the Balanced Scorecards one by one and highlighted some key successes and some which were below optimum performance where the Council's attention may be required to address those not meeting specified targets.

Members considered the report in detail. In particular discussions were held on:

- Planning and Growth Balanced Scorecard: "enforcement cases" and questioned whether there was any merit in quantifying in days, which officers agreed to look into.
- Operations Balanced Scorecard: "% of debt over 90 days old" – The Council was pursuing through legal action.

4. **Balanced Scorecards Indicators and Targets for 2017-2018**

The Senior Business Partner (Resources and Performance) presented the report, which set out the proposed West Suffolk Balanced Scorecards indicators and targets to be used to measure the Council's performance for 2017-2018. The

proposed five balanced scorecards were attached at Appendices A to E, and were linked to the Assistant Director Service areas.

Members were asked to scrutinise the proposed balanced scorecard indicators and targets for 2017-2018, and identify any further information required for their use commencing in Quarter 1, which would be presented to the Committee in July 2017.

Members considered the report in detail and did not raise any issues.

5. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2017**

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 April 2017 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 2017 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.

With regards to the impact of Brexit, the group would continue to monitor the situation as it developed, amending existing and / or adding new risks where necessary. Any changes would be reported at each meeting of the Committee in the normal manner.

The Service Manager (Resources and Performance) circulated at the meeting an overall picture of the residual risks.

Members considered the report and in particular noted that the dots were generally moving in the right direction and were stable.

6. **Work Programme Update**

The Assistant Director (Resources and Performance) presented the report, which provided information on the current status of each Committee's Work Programme for 2017-2018.

Members considered its work programme for 2017-2018, and did not raise any issues.

On the conclusion of the informal joint discussions at 5.45pm, 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 Forest Heath District Council Performance and Audit Scrutiny Committee in Conference Chamber East at 5.52 pm.

Performance and Audit Scrutiny Committee



Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 25 May 2017** at **5.52 pm** at the **Conference Chamber East, West Suffolk House**, Western Way, Bury St Edmunds, IP33 3YU

Present: **Councillors**

Chairman Louis Busuttil

Chris Barker

By Invitation:

Stephen Edwards, Portfolio Holder for Resources and Performance

140. **Substitutes**

There were no substitutes declared.

141. **Apologies for Absence**

Apologies for absence were received from Councillors Michael Anderson, John Bloodworth, Rona Burt, Simon Cole, Louise Marston, Christine Mason and Peter Ridgwell.

Councillor Colin Noble was also unable to attend the meeting.

142. **Quorum**

As there were only two Members of the Committee present, the Chairman declared the meeting inquorate under Section 4. of the Committee Procedure Rules under the Council's Constitution.

Therefore, those items of business which could not be dealt with because the meeting was inquorate stood adjourned for consideration at the next ordinary meeting of the Committee (as indicated below). Those items of business which were for information only and which did not require a formal decision continued to be considered by the Committee (as indicated below).

143. **Minutes**

As the meeting was declared inquorate, with there only being two Members of the Committee in attendance, the minutes of the meeting held on 25 January 2017 could not be formally confirmed as a correct record.

Therefore, the confirmation of these minutes stood adjourned and was deferred to the next meeting of the Committee on 27 July 2017.

144. Public Participation

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

145. Internal Audit Charter (Report No: PAS/FH/17/008)

As the meeting was declared inquorate, with there only being two Members of the Committee in attendance, this item was stood adjourned and was deferred for consideration to the next meeting of the Committee on 27 July 2017.

146. Internal Audit Annual Report (2016-2017) and Outline Internal Audit Plan (2017-2018) (Report No: PAS/FH/17/009)

As the meeting was declared inquorate, with there only being two Members of the Committee in attendance, this item was stood adjourned and was deferred for consideration to the next meeting of the Committee on 27 July 2017.

147. Balanced Scorecards Report and Quarter 4 Performance (2016-2017) (Report No: PAS/FH/17/010)

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/010.

Members had scrutinised the report, and there being no formal decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for the final quarter of 2016-2017.

148. Balanced Scorecards Indicators and Targets for 2017/2018 (Report No: PAS/FH/17/011)

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/011.

Members had scrutinised the report, and there being no formal decision required, the Committee **noted** the Council's performance indicators to be used in 2017-2018.

149. West Suffolk Strategic Risk Register Quarterly Report - March 2017 (Report No: PAS/FH/17/012)

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/012.

Members had scrutinised the report, and there being no formal decision required, the Committee **noted** the contents of the Quarter 4 West Suffolk Strategic Risk Register Monitoring Report 2016-2017.

150. **Work Programme Update (Report No: PAS/FH/17/013)**

Further to the joint informal discussions held prior to the meeting with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, the Committee formally considered Report No: PAS/FH/17/013.

Members considered the report, and there being no formal decision required, the Committee **noted** the contents of its forward work programme for 2017-2018.

151. **Financial Performance Report Revenue and Capital) Outturn - 2016-2017 (Report No: PAS/FH/17/014)**

The Committee received Report No: PAS/FH/17/014, which set out the financial performance for 2016-2017.

Attached at Appendix A was the revenue outturn position as at 31 March 2017, which showed an outturn break-even position. An analysis of revenue variances for 2016-2017 was attached as Appendix B. The Council's capital outturn position for the year end 2016-2017 was attached at Appendix C, which showed expenditure of £21,013,906 (including spend of £14,473,017 in respect of the Solar Farm). Appendix D to the report summarised the earmarked reserves for the year end position for 2016-2017.

The Committee scrutinised the report and asked questions to which Officers duly responded.

There being no formal decision required, the Committee **noted** the 2016-2017 revenue outturn and capital outturn positions as set out in Appendices A and C to Report No: PAS/FH/17/014.

152. **Ernst and Young - Certification of Claims and Returns Annual Report (2015-2016) (Report No: PAS/FH/17/015)**

The Committee received Report No: PAS/FH/17/015, which updated Members on the outcome of the annual certification of grant claims by Ernst and Young (EY) as detailed in their Certification of Claims and Returns Annual Report 2015-2016, attached as Appendix A.

Mark Hodgson, Executive Director from EY presented the report, which summarised the results of the certification work that had been undertaken by EY staff as part of the annual audit of grant claims to government departments and also set out the scale fee for carrying out this work.

He drew relevant details from the report to Members' attention, and explained the one claim relating to the Housing Benefits Subsidy Claim. He also informed Members that the Public Sector Audit Appointments Limited (PSAA) had determined an indicative scale fee for 2015-2016 for the audit of the Housing benefits subsidy claim of £15,462. However, EY were proposing a

reduction of £3,200 to the fee to reflect the reduced amount of audit work that needed too be completed resulting in an actual fee of £12,442 (subject to PSAA agreement).

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

153. **Ernst and Young - Presentation of the External Audit Plan and Fees 2016-2017 and 2017-2018 Indicative Fees (Report No: PAS/FH/17/016)**

The Committee received Report No: PAS/FH/17/016, which set out how EY intended to carry out their responsibilities as the Council's external auditors. The purpose of the report was to provide the Committee with a basis to review EY's proposed approach and scope for the 2016-2017 audit along with the planned fees to complete the work as set out in the Audit Plan (Appendix A) . The report also provided the Committee with a basis to review 2017-2018 indicative fees (Appendix B).

Mark Hodgson (Executive Director) from EY presented the report, which summarised EY's assessment of the key risks which drive the development of an effective audit for 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 their treatment prior to the issuing of the Annual Governance Report and Audit Opinion (due to be issued by EY in September 2017).

Reference was also made to the External Audit's current assessment of the Financial Statement Risks and Value for Money risks facing the Council, in relation to the purchase of Greenheath Energy Limited. Mark further explained that this would require additional external audit work to be undertaken due to the material nature and complexity of this particular transaction.

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

The Meeting concluded at 6.20 pm

Signed by:

Chairman
