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# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

**Notes of Informal Discussions held on Thursday 25 May 2017 at  
5.00pm 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 St Edmundsbury Borough Council Performance and Audit Scrutiny Committee in Conference Chamber West at 5.52pm.

# Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

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

Present: **Councillors**

**Chairman** Patricia Warby

Beccy Hopfensperger  
Betty Mclatchy  
Jane Midwood

Andrew Smith  
Peter Thompson  
Barry Robbins

**Substitutes attending:**

Ivor Mclatchy  
Patrick Chung

Frank Warby

**By Invitation:**

Ian Houlder, Cabinet Member for Resources and Performance

140. **Substitutions**

There following substitutions were declared:

Councillor Patrick Chung for Councillor David Roach.  
Councillor Ivor Mclatchy for Councillor Karen Richardson.  
Councillor Frank Warby for Councillor Sarah Broughton.

141. **Apologies for Absence**

Apologies for absence were received from Councillors Sarah Broughton, Karen Richardson and David Roach.

142. **Minutes**

The minutes of the meeting held on 25 January 2017 were unanimously accepted by the Committee as an accurate record and signed by the Chairman.

143. **Public Participation**

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

**144. Internal Audit Charter**

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/17/006.

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

Councillor Frank Warby moved the recommendation, this was duly seconded by Councillor Patrick Chung, and with the vote being unanimous, it was:

**RESOLVED**

That the Internal Audit Charter attached as Appendix A to Report No: PAS/SE/17/006, be approved.

**145. Internal Audit Annual Report (2016-2017) and Outline Internal Audit Plan (2017-2018)**

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/17/007.

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

Councillor Betty McLatchy moved the recommendation, this was duly seconded by Councillor Beccy Hopfensperger, and with the vote being unanimous, it was:

**RESOLVED:**

That:

- (1) The Internal Audit Plan for 2017-2018, attached as Appendix C to Report No: PAS/SE/17/007, 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 2016-2017 and the Managing the Risk of Fraud, Theft and Corruption Report, as set out in Appendices A and D to Report No: PAS/SE/17/007, be noted.

**146. Balanced Scorecards and Quarter 4 Performance Report 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/17/008.

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

**147. Balanced Scorecards Indicators and Targets for 2017/2018**

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/17/009.

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

**148. West Suffolk Strategic Risk Register Quarterly Monitoring Report - March 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/17/010.

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 2016-2017.

**149. 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/17/011.

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

**150. Ernst and Young - Certification of Claims and Returns Annual Report 2015-2016**

The Committee received Report No: PAS/SE/17/012, 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 explained that from 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns, and to prescribe scale fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

Mark Hodgson 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 PSAA had determined an indicative scale fee for 2015-2016 for the audit of the Housing benefits subsidy claim of £30,822. However, EY were proposing a reduction of £6,100 to the fee to reflect the reduced amount of audit work that needed to be completed resulting in an actual fee of £24,722 (subject to PSAA agreement).

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

151. **Ernst and Young - External Audit Plan and Fees 2016-2017 and 2017-2018 Indicative Fees**

The Committee received Report No: PAS/SE/17/013, 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. Mark Hodgson drew relevant details from the report to Members' attention.

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

152. **Financial Performance Report (Revenue and Capital) Outturn - 2016-2017**

The Committee received Report No: PAS/SE/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 overall underspend of £160,000. In accordance with the recommendations from report COU/SE/17/004 (Budget and Council Tax Setting: 2017-2018 and Medium Term Financial Strategy 2017-2021) the underspend of £160,000 had been transferred to the Council's Invest to Save Reserve, included in Appendix D.

An analysis of revenue variances for 2016-2017 was attached as Appendix B.

Attached as Appendix C was the Council's capital financial position for the year end 2016-2017, which showed expenditure of £3,802,446.



Appendix D to the report set out a summary of earmarked reserves for the year end position for 2016-2017.

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

In particular members discussed the "street lighting renewals", and noted that street lighting was currently being upgraded to the latest standards and once completed would then be transferred to Suffolk County Council.

There being no 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/SE/17/014

The Meeting concluded at 6.08 pm

**Signed by:**

**Chairman**

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