

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held on **Wednesday 25 July 2018** at **5.00 pm** at the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sarah Broughton
Vice Chairman Patricia Warby

Beccy Hopfensperger
Clive Pollington
David Roach

Karen Richardson
Andrew Smith

By Invitation:

Susan Glossop
Ian Houlder, Cabinet Member for Resources and Performance

216. **Substitutions**

There were no substitutions declared.

217. **Apologies for Absence**

Apologies for absence were received from Councillors Jane Midwood and Barry Robbins.

218. **Minutes**

The minutes of the meeting held on 31 May 2018 were unanimously accepted by the Committee as an accurate record of the meeting and signed by the Chairman.

219. **Public Participation**

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

220. **Ernst and Young - Presentation of 2017-2018 ISA 260 Annual Results Report to those charged with Governance**

The Committee received Report No: PAS/SE/18/018, which presented the results of Ernst and Young's (EY) audit of the financial statements for 2017-2018. The report set out issues they were formally required to report on to those charged with governance.

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.

The Council's unaudited 2017-2018 Statement of Accounts, signed by the Council's Chief Finance Officer (Section 151 Officer) on 31 May 2018, had been updated to reflect adjustments recommended by EY from their audit work. It should be noted by Members that these 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 Committee summary was attached at Appendix A, and were presented to the Committee by Mark Hodgson (Associate Partner) and Mark Russell (Manager) from EY. Also attached at Appendix B to the report was a Letter of Representation, on behalf of the Council in accordance with the audit of the financial statement for St Edmundsbury Borough Council for the year ended 31 March 2018.

Mr Hodgson confirmed that all work on the audit of the Councils 2017-2018 financial statement had been concluded and no further errors had been identified. Therefore, EY would be issuing an unqualified opinion on the Financial Statements for 2017-2018 this afternoon (25 July 2018) prior to the statutory deadline of 31 July 2018, stating the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources.

However, he wished to draw the Committee's attention to five key areas:

- 1) On page 5: Outstanding audit work had been completed by 16 July 2018, and there were no further issues to report;
- 2) Pages 9 to 13: (Significant risk) - Audit risks in audit plan - assurances had been gained, therefore there were no matters to report;
- 3) Page 20: (Audit differences) - There had been one adjusted audit error relating to the pension fund and liabilities, which was purely due to timing issues. There were no unadjusted audit errors to report;
- 4) Pages 22 to 24 (Value for Money) - One risk had been identified relating to governance arrangements moving to a single council, however due process had been followed.
- 5) Page 23 (Value for Money) - An explanation was provided on the new chart setting out the "assessment of reserves position to 2021".

He then wished to thank the Assistant Director (Resources and Performance) and her team who had been helpful and instrumental in making this a very smooth audit for EY, as this was the first year of the accelerated closure of accounts.

Members considered the report and did not raise any issues with EY.

The Chairman, on behalf of the Committee wished to thank the Assistant Director (Resources and Performance) and the Finance Team for their outstanding work and also wished to thank EY for their audit work, and presenting a positive report.

Councillor Andrew Smith moved the recommendation, this was duly seconded by Councillor Clive Pollington, and with the vote being unanimous, it was:

RESOLVED: That

- 1) The unqualified opinion on the Financial Statements for 2017-2018 (as set out in the Audit Results Report – Appendix A) to Report No: PAS/SE/18/018 be noted.
- 2) The Value for Money conclusion stating that the Council had proper arrangements to secure 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, attached at Appendix B to Report No: PAS/SE/18/018, be approved before the Audit Director issues his opinion and conclusion.
- 4) The Chief Financial Officer, in consultation with the Chairman of the Performance and Audit Scrutiny Committee be given delegated authority to conclude the signing of the accounts.

221. **West Suffolk Annual Governance Statement 2017-2018**

The Committee received Report No: PAS/SE/18/019, which sought members approval of the draft Annual Governance Statement for 2017-2018, attached as Appendix A. The draft Annual Governance Statement had been produced following completion of the annual review of the council's governance arrangements.

The Annual Governance Statement provided stakeholders with assurance that the Council had operated within the law and that they 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 Assistant Director (Resources and Performance) informed the Committee that the reporting format of the West Suffolk Annual Governance Statement had slightly changed from previous years and was more streamlined. However, she wished to draw the Committee's attention to two key areas set out in Appendix A:

- 1) Page 14 – Section 5 - there were no significant governance issues to disclose for 2017-2018; and

- 2) Page 15 – Section 6 - set out the focus for its governance arrangements for 2018-2019.

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

The Committee considered the draft West Suffolk Annual Governance Statement for 2017-2018, and did not raise any issues.

Councillor Patricia Warby then moved the recommendation, this was duly seconded by Councillor Karen Richardson, and with the vote being unanimous, it was:

RESOLVED

That the West Suffolk Annual Governance Statement for 2017-2018, attached as Appendix A to Report No: PAS/SE/18/019 be approved for signing by the Chief Executive and the Leader of the Council.

222. 2017-2018 Statement of Accounts

The Committee received Report No: PAS/SE/18/020, which sought members approval of the 2017-2018 Statement of Accounts, attached as Appendix A, in accordance with powers delegated to it under the Council's Constitution.

In order to meet the new deadlines, EY had undertaken early audit work prior to the completion of the accounts in February and March 2018. With the main audit commencing in June 2018. 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/18/018). 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 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 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 (25 July 2018). This meant the Committee was in a position to sign the 2017-2018 Statement of Accounts off.

The covering report summarised financial highlights 2017-2018; revenue and expenditure; capital expenditure; usable reserves; pensions fund; annual governance statement; payments to councillors and conclusions.

The Assistant Director (Resources and Performance) drew the Committee's attention to a couple of key areas set out in Appendix A:

- 1) There had been no change to the outturn position since it was reported to the Committee on 31 May 2018.

- 2) Page 108 – The asset base increase related to projects and acquisitions which had taken place during the year, including the new West Suffolk Operation Hub and 17-18 Cornhill Walk, Bury St Edmunds.
- 3) Page 147 - A link was now provided to Member Allowances.

Finally, she wished to thank the Finance Team for all their work involved in pulling the accounts together to meet the new reporting deadline, and also thanked EY.

The Committee scrutinised the draft accounts and asked questions on the West Suffolk Operational Hub, in particular the cost split between the West Suffolk Councils and Suffolk County Council, to which officers duly responded.

The Committee wished to convey its thanks and commended the Assistant Director (Resources and Performance) and her team in the work involved in closing the accounts.

Councillor Beccy Hopfensperger then moved the recommendation, this was duly seconded by Councillor Karen Richardson, and with the vote being unanimous, it was:

RESOLVED: That

- 1) The 2017-2018 Statement of Accounts, attached as Appendix A to Report No: PAS/SE/18/020 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 2017-2018 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 that may be required up to the date of publication.

223. Annual Treasury Management Report 2017-2018 and Investment Activity (April - June 2018)

The Committee received Report No: TMS/SE/18/003, which had been considered by the Treasury Management Sub-Committee on 16 July 2018. The Service Manager (Finance and Performance) provided a verbal update on the Sub-Committee's consideration of the report, which:

- a) Summarised the Council's Annual Treasury Management Investment Activities for the year 2017-2018; and
- b) Provided a summary of investment activity for the first three months of the 2018-2019 financial year.

The Sub-Committee had scrutinised the Annual Treasury Management Report 2017-2018 and the investment activity for 1 April to 30 June 2018, and asked a number of questions to which responses were provided.

In particular discussions were held on the new section in the report (paragraph 2.2) relating to borrowing and capital costs. The Sub-Committee found it useful having the borrowing summary set out in the report.

The Performance and Audit Scrutiny Committee considered the report and **noted** the investment activity for April to June 2018.

It was then proposed by Councillor Andrew Smith, seconded by Councillor Clive Pollington, and with the vote being unanimous, it was:

RECOMMENDED:

That subject to the approval of Council, the Annual Treasury Management Report 2017-2018, attached as Appendix 1 to Report No: TMS/SE/18/003, be approved.

The Meeting concluded at 5.20 pm

Signed by:

Chairman
