

Performance and Audit Scrutiny Committee

Minutes of a meeting of the **Performance and Audit Scrutiny Committee**
held on **Thursday 30 May 2019** at **5.00pm** in the **Council Chamber,**
District Offices, Mildenhall, IP28 7EY

Present: **Councillors**

Chair Ian Houlder

Vice Chair Karen Richardson

Richard Alecock
John Augustine
Trevor Beckwith
Victor Lukaniuk

Robert Nobbs
John Smith
Cliff Waterman

In attendance:

Sarah Broughton, Cabinet Member for Resources and Performance
David Nettleton

1. **Substitutes**

No substitutions were declared.

2. **Apologies for Absence**

Apologies for absence were received from Councillors Mary Evans and Peter Thompson.

Councillor Elaine McManus was also unable to attend the meeting.

3. **Public Participation**

There were no members of the public in attendance on this occasion.

4. **2018-2019 Performance Report - Year End Outturn**

The Service Manager (Finance and Resources) presented Report No: PAS/WS/19/001, which showed the final performance and financial outturn position for St Edmundsbury Borough Council and Forest Heath District Council for the year 2018-2019. Future reporting from 2019-2020 would be in respect of West Suffolk Council only. Attached to the report were a number of appendices, as follows:

- Appendix A: 2018-2019 Performance Indicators – Commentary;
- Appendices B to E: - Performance Indicators by Strategic Priority;
- Appendix F: West Suffolk Income and Expenditure report; and

- Appendices G to P: Financial Performance of each council.

Assistant Directors then answered questions on their performance indicators set out either in the commentary section or Appendices B to E and highlighted key areas for the Committees attention.

Members considered the report and asked questions of the Assistant Directors on their indicators, to which comprehensive responses were provided.

Discussions were held on capital and reserves; car parking income; external funding received for infrastructure (Local Enterprise funding (LEP)); the council owning housing stock and income from the solar farm.

In particular, detailed discussions were held on:

Appendix A – (Number of households in temporary accommodation) – Members acknowledge that the end of year value was above target, and questioned how much was the council paying for temporary accommodation.

Members were informed that the council had predicted an increase in demand due to the change in legislation in April 2018. In response to this, both councils had increased its temporary accommodation. With regards to the cost, this was off-set by housing benefit and the rent levels at each temporary accommodation had to be approved by Anglia Revenues Partnership (ARP). Registered housing providers and voluntary/charity organisations provide the support and management of the temporary accommodation.

Appendix C – (Number of flytipping incidents recorded in West Suffolk) – Members questioned how much it cost the council to clear-up flytipping.

In response officers explained that West Suffolk was fortunate enough not to have extreme cases of flytipping incidents. Members were informed that the council had recently prosecuted an offender and explained the process of having to have clear evidence to ensure a successful prosecution. With regards to the cost of clearing up flytipping, officers agreed to provide a written response.

Appendix E – (Uptake of pre-application advice (% of all applications - major/minor)).

In response to a question raised, members were informed that the pre-application advice was to help those people developing land. The council had committed resources and was marketing the service through a multifaceted approach. The take-up for the service the previous year was 20%, and it was growing and predicted that in 2019-2020 this would increase to 30%.

Appendix J – (Parish Council S106 Grants) – Members questioned whether Parish Councils could apply for S106 monies, and what projects had the £61,444 used to fund.

Officers agreed to provide members with a written response on the breakdown of how the £61,444 was used.

There being no decision required, the Committee **noted** the 2018-2019 Performance Report – Year End Outturn.

5. **West Suffolk Strategic Risk Register Quarterly Monitoring Report - March 2019**

The Service Manager (Finance and Performance) presented Report No: PAS/WS/19/002, being the fourth quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register.

The Risk Register was a document which recorded all known strategic risks that might impact the ability to deliver services and performance of the West Suffolk Council. Each risk was described and the relative inherent impact and probability of the risk coming to pass was estimated. Actions and controls that were undertaken to mitigate this risk were then laid out resulting in a revised residual impact and probability estimate.

The Risk Register was updated regularly by the Risk Management Group and at its recent meeting in March 2019 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 that were not ongoing and had been completed by December 2018 had been removed from the risk register. However, one risk (**WS22**) relating to the closure of the Mildenhall Air Base had been removed given the current date for departure had been pushed back to 2027.

It was reported that two new risks had been added as risk number **WS25** and **WS26**, to represent:

- WS25: Risk of failing to address the concerns and challenges posed by environmental change; and
- WS26: Risk of increasing personal debt and demand on services as a result of benefit changes.

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 in the normal manner.

In response to a question raised regarding the removal of risk (**WS22**) relating to the closure of the Mildenhall Air Base, officers explained that it had been removed as a specific risk to the council, but any impact would still be monitored through Risk (**WS12**), "loss of a key employer or industry".

It was brought to the attention of officers that Risk (**WS26**) was missing from the bottom of Appendix 1. In response officers apologised, and agreed to circulate an updated Appendix 1 following the meeting.

There being no decision required, the Committee **noted** the West Suffolk Strategic Risk Register attached at Appendix 1 to Report No: PAS/WS/19/002.

6. **Internal Audit Annual Report (2018-2019)**

The Service Manager (Internal Audit) presented Report No: PAS/WS/19/003 which provided member with an overview of the work carried out by Internal Audit for the year ending 31 March 2019.

This year for the first time the annual audit opinion, attached at Appendix A to the report, had been split into the four constituent elements of governance; risk; internal control and financial control with a specific conclusion drawn on each. The intention was that it made the opinion more transparent and informative compared to providing just one overall opinion.

The council recognised that fraud, theft and corruption were an ever present threat to the resources available in the public sector. Appendix B attached to the report demonstrated West Suffolk's progress in developing and maintaining an anti-fraud and corruption culture and publicised the action taken where fraud or misconduct had been identified.

The Service Manager (Internal Audit) then drew relevant issues to Members' attention, in particular the details of the three limited assurance audits as set out on pages 101 – 102 of the report.

The Committee considered the report and asked questions, to which responses were provided. In particular the Committee thanked the Service Manager (Internal Audit) on the layout, the traffic light system and how the report had been written to make it clear and concise.

There being no decision required, the Committee **noted** the Internal Audit Annual Report 2018-2019, attached at Appendix A and the Annual Fraud Report 2018-2019, attached at Appendix B to Report No: PAS/WS/19/003.

7. **Internal Audit Charter**

The Service Manager (Internal Audit) presented Report No: PAS/WS/19/004, which sought the approval of the Internal Audit Charter attached at Appendix A to the report. The Internal Audit Charter defined how the internal audit team operated, including:

- The purpose of, and requirement for, internal audit;
- The type of work of the team carries out;
- How the team interacts with others;
- Planning of internal audit work;
- Internal audit independence; and
- The principles and code of ethics that internal auditors must conform to.

The existing Charter, approved in 2017 had been revised to take into account minor recommendations arising from the 2018 mandatory external

assessment (undertaken every five years) of internal audit against the Public Sector Internal Audit Standards (PSIAS).

Final approval of the Internal Audit Charter was the responsibility of the Performance and Audit Scrutiny Committee.

The Service Manager (Internal Audit) drew relevant issues to Members' attention, and explained there had been a formatting error with Appendix A and circulated a revised version at the meeting.

The Committee considered the report and did not raise any specific questions.

Councillor Ian Houlder moved the recommendation, this was duly seconded by Councillor Trevor Beckwith, and with the vote being unanimous, it was:

RESOLVED:

That the Internal Audit Charter, attached at Appendix A to Report No: PAS/WS/19/004, be approved.

8. Internal Audit Plan (2019-2020)

The Service Manager (Internal Audit) presented Report No: PAS/WS/19/006, which provided members with a proposed 2019-2020 Audit Plan, attached at Appendix B. Attached at Appendix A to the report was the covering Internal Audit Plan Report.

The proposed Audit Plan was a risk based plan of work for the internal audit team, which took into account the need to produce an annual internal opinion for the council which concludes on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control.

The final approval of the Audit Plan was the responsibility of the Performance and Audit Scrutiny Committee.

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

The Committee considered the report and in particular welcomed the graphics throughout the documents.

Councillor Ian Houlder moved the recommendation, this was duly seconded by Councillor Victor Lukaniuk, and with the vote being unanimous, it was:

RESOLVED:

That the Internal Audit Plan for 2019-2020, attached at Appendix A and B to Report No: PAS/WS/19/005, be approved.

9. Ernst and Young - 2019-2020 Indicative Fees

The Assistant Director (Resources and Performance) presented Report No: PAS/WS/19/006, which provided members with a basis to review the

indicative fees for the 2019-2020 audit as set out in the audit letter attached as Appendix A.

For 2019-2020, the Public Sector Audit Appointments Limited (PSAA) had set the scale fee for each audited body that had opted into the national scheme. The letter attached at Appendix A set out what the fees were, what they covered and the assumptions underlying the fee levels.

At this stage the indicative fee for the West Suffolk Council for 2019-2020 was set at the scale fee of £66,925.

The indicative fees for the provision of housing benefit subsidy certification for the West Suffolk Council for 2019-2020 was as follows:

- A base fee of £6,180 for the certification of claim.
- An additional £2,195 in respect of extended testing wherever errors were found (per reportable cell).
- An annual uplift of the fee in line with RPI.

Adequate provision had been made in the councils' 2019-2020 budget to cover these fees.

The Committee scrutinised the indicative fees and asked questions to which responses were provided. In particular discussions were held on whether it was normal practice to pay for audit fees upfront; in what circumstances would auditors come back and seek additional fees; and how long were external auditors appointed for.

There being no decision required, the Committee **noted** the External Audit indicative fees for 2019-2020, attached as Appendix A to Report No: PAS/WS/19/006.

10. **Work Programme Update**

The Committee received Report No: PAS/WS/19/007, which updated Members on the current status of its rolling work programme of items for scrutiny during 2019-2020 (Appendix 1).

There being no decision required, the Committee **noted** the update.

11. **URGENT ITEM: Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee**

The Committee received Report No: PAS/WS/19/008, which sought appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee.

The Constitution now expected that the appointment of members to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee be undertaken at the first meeting of the Performance and Audit Scrutiny Committee, following Annual Council.

Attached at Appendix 1 and Appendix 2 to the report were the terms of reference for the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee. The Committee was asked to:

- 1) Appoint three members and one substitute member from the members of the Performance and Audit Scrutiny Committee to sit on the Financial Resilience Sub-Committee for 2019-2020; and
- 2) Appoint six members and two substitute members from the members of the Performance and Audit Scrutiny Committee to sit on the Health and Safety Sub-Committee for 2019-2020.

The Committee considered the report and the proposed seating allocations for each sub-committee, and in doing so reflecting on political balance as far as practically possible.

In considering the Conservative nominations for the Health and Safety Sub-Committee, the Chairman agreed to seek a third full member and one substitute member from the Committee following the meeting, with the Group Leader.

Councillor Karen Richardson moved the recommendation, this was duly seconded by Councillor Robert Nobbs, and with the vote being unanimous, it was:

RESOLVED: That

- 1) Councillors Ian Houlder (Conservative Group), Victor Lukaniuk (Spectrum Group), and Richard Alecock (Independent Group), be appointed as full members to the Financial Resilience Sub-Committee, and Councillor Robert Nobbs (Conservative Group) as the Substitute Member for 2019-2020.
- 2) Councillors Ian Houlder, Karen Richardson, and one vacancy (Conservative Group), Trevor Beckwith (Spectrum Group), John Smith (Independent Group), and Cliff Waterman (Labour Group) be appointed as the full members to the Health and Safety Sub-Committee, and Councillors Victor Lukaniuk (Spectrum Group) and one vacancy (Conservative Group) as the Substitute Members for 2019-2020.

The meeting concluded at 6.53pm

Signed by:

Chair
