

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Report of the Performance and Audit Scrutiny Committee: 25 May 2016	
Report No:	CAB/SE/16/027	
Report to and date:	Cabinet	14 June 2016
Portfolio Holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
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Purpose of report:	<p>On 25 May 2016, the Performance and Audit Scrutiny Committee held an informal joint meeting with Members of Forest Heath's Performance and Audit Scrutiny Committee, and <u>considered the first four items jointly:</u></p> <ol style="list-style-type: none">(1) Internal Audit Annual Report (2015-2016) and Outline Internal Audit Plan (2016-2017);(2) Balanced Scorecards and Quarter 4 Performance Report 2015-2016(3) West Suffolk Strategic Risk Register Quarterly Report – March 2016;(4) Work Programme Update;	

	<p>(5) Financial Outturn Report (Revenue and Capital) 2015-2016;</p> <p>(6) Ernst and Young – Certification of Claims and Returns Annual Report (2014-2015); and</p> <p>(7) Ernst and Young – Presentation of External Audit Plan and Fees 2015-2016 and 2016-2017 Indicative Fees.</p>
Recommendation:	The Cabinet is requested to <u>NOTE</u> the contents of Report CAB/SE/16/027, being the report of the Performance and Audit Scrutiny Committee.
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p> <p>Report for information only.</p>
Consultation:	<ul style="list-style-type: none"> • See reports listed in Section 2 below.
Alternative option(s):	<ul style="list-style-type: none"> • See reports listed in Section 2 below
Implications:	
Are there any financial implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers
Are there any legal and/or policy implications?	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Are there any equality implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Risk/opportunity assessment:	Please see background papers.
Ward(s) affected:	Please see background papers.
Background papers:	Please see background papers, which are listed at the end of the report.
Documents attached:	None

1. Key issues and reasons for recommendation

1.1 Internal Audit Annual Report (2015-2016) and Outline Internal Audit Plan (2016-2017) (Report No: PAS/SE/16/006)

1.1.1 This report summarised the work undertaken by Internal Audit during the year and provided details of the Outline Internal Audit Plan for 2016-2017. It also showed progress made during the year in developing and maintaining an anti-fraud and anti-corruption culture and actions taken where fraud or misconduct had been identified. Finally, the report showed the work undertaken to fulfil the requirement for an annual review of the effectiveness of internal audit.

1.1.2 The Committee considered the report, and endorsed the conclusion drawn in respect of the annual review of the effectiveness of internal audit. Finally, Members approved the Internal Audit Plan for 2016-2017, and noted the content of the Annual Internal Audit Report for 2015-2016 and the Managing the Risk of Fraud, Theft and Corruption Report.

1.2 Balanced Scorecard and Quarter 4 Performance Report 2015-2016 (Report No: PAS/SE/16/007)

1.2.1 The Committee received and noted Report No: PAS/SE/16/007, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2015-2016 and an overview of performance against those indicators for the fourth quarter of 2015-2016. The six current balanced scorecards (attached at Appendices A to F to Report No: PAS/SE/16/001) were linked to the Heads of Service areas, which presented Quarter 4 2015-2016 performance.

1.2.2 Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.

1.2.3 Across all service balanced scorecards, there were indicators measuring the performance of the transactional finance functions. These were "% of non-disputed invoices paid within 30 days" and "% debt over 90 days old". In the first and second quarters of the year, against these indicators, almost all service areas had failed to meet the targets of more than 95% of non-disputed invoice paid within 30 days and less than 10% of debt over 90 days old.

1.2.4 The finance and performance team had been working with service areas to try and improve performance against both of these measures. As a result of this, four service areas were now achieving over 90% performance on invoices paid within 30 days.

1.2.5 No issues were required to be brought to the attention of Cabinet.

1.3 **West Suffolk Strategic Risk Register Quarterly Report – March 2016 (Report No: PAS/SE/16/0008)**

- 1.3.1 The Committee received and noted 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 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).

Since the last assessment report presented to the Committee on 28 January 2016, there had been no new risks or amendments made to any existing risks and no existing risks had been closed. Some individual controls and actions had been updated and those which were not ongoing and had been completed by March 2016 had been removed from the Register.

- 1.3.2 Members scrutinised the report and there were no issues to be brought to the attention of Cabinet.

1.4 **Work Programme Update (Report No: PAS/SE/16/009)**

- 1.4.1 The Committee received and noted its Work Programme which provided items scheduled to be presented to the Committee during 2016-2017.

1.5 **Financial Outturn Report (Revenue and Capital) 2015-2016 (Report No: PAS/SE/16/0010)**

- 1.5.1 The Committee received the financial outturn report, which updated Members on the outturn revenue and capital position for 2015-2016.

- 1.5.2 Attached at Appendix A to the report was the revenue outturn position as at 31 March 2016, which showed an overall under spend of £36,000. A summary by Head of Service area was provided at Appendix A, including an analysis of the variances at Appendix B.

The Council's capital outturn position for 2015-2016 was attached at Appendix C. The Council had spent £3,696,812 of its capital budget of £6,006,790 as at 31 March 2016, which showed a net underspend of £2,309,978. Appendix D to the report summarised the earmarked reserves for the year 2015-2016.

- 1.5.3 The Committee scrutinised the report in detail and asked a number of questions to which officers duly responded.
- 1.5.4 There being no decision required, the Committee noted the 2015-2016 outturn revenue and capital outturn positions as set out in Appendices A and C to Report No: PAS/SE/16/010.

1.6 **Ernst and Young – Certification of Claims and Returns Annual Report (2014-2015) (Report No: PAS/SE/16/0011)**

- 1.6.1 The Committee received and noted a report from the Council's external auditor, Ernst and Young (EY), which updated Members on the outcome of the

annual audit of grant claims, as detailed in their Annual Certification Report for 2014/2015.

1.6.2 Mark Hodgson (External Director) from EY attended the meeting and presented this report, which summarised the results of the certification work which had been undertaken as part of the annual audit of grant claims to government departments. He drew relevant details from the report to Members' attention and explained the one claim relating to the Housing Benefits Subsidy Claim.

1.7 **Ernst and Young – Presentation of External Audit Plan and Fees 2015-2016 and 2016-2017 Indicative Fees (Report No: PAS/SE/16/012)**

1.7.1 The Committee received and noted a further report from EY, which provided the basis to review EY's proposed audit approach and scope for the 2015/2016 audit, along with the planned fees to complete the work.

1.7.2 Mark Hodgson from EY presented this 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. EY aimed to issue its audit opinion to Members by September 2016. He also drew Members' attention to the indicative audit fee for 2016/2017 and how the scale fee was based.

2. Background Papers

2.1.1 [Report PAS/SE/16/006](#) to the Performance and Audit Scrutiny Committee: Internal Audit Annual Report (2015-2016) and Outline Internal Audit Plan (2016-2017)

2.1.2 [Report PAS/SE/16/007](#) to the Performance and Audit Scrutiny Committee: Balanced Scorecards and Quarter 4 Performance Report 2015-2016

2.1.3 [Report PAS/SE/16/008](#) to the Performance and Audit Scrutiny Committee: West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2016

2.1.4 [Report PAS/SE/16/009](#) to the Performance and Audit Scrutiny Committee: Work Programme Update

2.1.5 [Report PAS/SE/16/010](#) to the Performance and Audit Scrutiny Committee: Financial Outturn Report (Revenue and Capital) 2015-2016

2.1.6 [Report PAS/SE/16/011](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Certifications of Claims and Returns Annual Report (2014-2015)

2.1.7 [Report PAS/SE/16/012](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Presentation of External Audit Plan and Fees 2015-2016 and 2016-2017 Indicative Fees