

# Informal Joint Performance and Audit Scrutiny Committee



## **Notes of Informal Discussions held on Thursday 31 May 2018 at 5.00pm in the Council Chamber, College Heath Road, Mildenhall**

PRESENT: St Edmundsbury Borough Council (SEBC)

Councillor Sarah Broughton  
(Chairman of the informal discussions)

Councillors Susan Glossop, Andrew Smith and Patricia Warby.

Forest Heath District Council (FHDC)

Councillors John Bloodworth, Louis Busuttil, Christine Mason, Colin Noble and Peter Ridgwell

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

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

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

- (1) External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards;
- (2) Internal Audit Annual Report 2017-2018
- (3) Outline Internal Audit Plan 2018-2019;
- (4) Balanced Scorecards and Quarter 4 Performance Report 2016-2017
- (5) 2018-2019 Draft Performance Indicators and Targets;
- (6) West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2018;
- (7) Financial Outturn Report (Revenue and Capital) 2017-2018
- (8) Ernst and Young – 2018-2019 Indicative Fees;
- (9) Work Programme Update.

All Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee had been invited to attend the District Offices, Mildenhall to enable joint informal discussions on the above reports to take place between the two authorities.

The Chairman of Forest Heath's Performance and Audit Scrutiny Committee welcomed all those present to the District Offices, Mildenhall 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 St Edmundsbury'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 – 9 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. **External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards**

The Service Manager (Internal Audit) presented the report, which informed Members of the outcome of the recent assessment of the internal audit function by Tilia Solutions. Attached at Appendix A to the report was the full report issued by the assessor. The Standards required that in order to independently assess conformance with the Standards, an external assessment of the internal audit function must be conducted at least once every five years, and the first such assessment must be completed by April 2018.

The main conclusion from the assessor which was set out on page 2, paragraph 3 of Appendix A stated that "*no areas of non-compliance with the Standards were identified that would affect the overall scope or operation of the internal audit activity*" and that "*Council officers clearly value audit's input, requesting reviews, support and advice*".

However, the report had raised a number of recommendations and suggestions which had been agreed by the Internal Audit Service Manager, which were contained within the action plan included in the assessor's report as Appendix 1, and progress against the action plan would be reported to the Committee in due course.

Members scrutinised the report, in particular the Action Plan attached as Appendix 1 to the assessors report (Appendix A), and asked questions to which officers responded.

In response to a question raised the Service Manager (Internal Audit) explained that the external assessment had helped to confirm that the work carried out by Internal Audit was operating in accordance with the Standards.

Both Chairmen on behalf of the Committees wished to congratulate the Internal Audit Team on their work.

2. **Internal Audit Annual Report 2017-2018**

*[Councillor Ian Houlder, Portfolio Holder for Resources and Performance arrived at 5.15pm, during the consideration of this item].*

The Service Manager (Internal Audit) presented the report which provided members with an overview of the work carried out by Internal Audit for the year ending 31 March 2018.

Attached at Appendix A to the report was the Internal Audit Annual Report, and summaries of the audit work carried out during the year across West Suffolk was attached as Appendix B.

The report also included information which demonstrated the councils' 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 C).

The Committee scrutinised the report and asked a number of questions to which officers responded. In particular discussions were held on cash handling checks and the processes which had been put in place to improve cash handling; improvements which had been made since the previous audit creditors; and contract extensions.

In response to a question raised regarding Non Domestic Rates (NDR) and the five points set out in paragraphs 8.4 to 8.8 of the report, regarding key areas where improvements were required, officers agreed to provide a written response on how the council was addressing the issues.

### **3. Outline Internal Audit Plan 2018-2019**

The Service Manager (Internal Audit) presented the report which provided members with the proposed Outline Internal Audit Plan for 2018-2019.

The proposed 2018-2019 Audit Plan presented in a new format, attached at Appendix A to the report was a risk based plan of work for the Internal Audit team which provided a framework for ensuring that audit resources were focused on activities that would make the most difference to supporting West Suffolk priorities.

The draft Internal Audit Plan included two categories of work, which supported the annual internal audit opinion (assurance work) and other (non-assurance work). The intention was that as far as possible the audits would be undertaken in priority order and as many of the audits completed as possible within the available resources.

Members considered the report and did not raise any issues.

### **4. Balanced Scorecards Quarter 4 Performance Report 2017-2018**

*[Councillor John Bloodworth left the meeting at 5.40pm, during the consideration of this item].*

The Assistant Director (Resources and Performance) presented the report, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2017-2018 and an overview of performance against those indicators for the final quarter of 2017-2018. The five balanced scorecards

(attached at Appendices A to E) 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.

It was reported that within Resources and Performance, the "*% of non-disputed invoices paid within 30 days*" corporate indicator across both councils showed we had achieved positive results in the fourth quarter, reporting 93.54% of invoices paid within 30 days. However, the finance and performance team would continue to work with the service areas to try and improve performance against this indicator to achieve the 95% target, with monthly business intelligence reports being sent out with details of all invoices processed.

Each Assistant Director then presented their individual Balanced Scorecard and highlighted key areas for the Committees attention.

Members considered the report in detail and asked a number of questions on each of the Balanced Scorecards. In particular discussions were held on:

- **Appendix B** - Families and Communities Balanced Scorecard: "housing options – numbers in Bands A and B" - Member felt the Committee should be seeing all the figures and not just Bands A and B.

In response officers confirmed that data was collated on all bandings. It was agreed that the Assistant Director (Families and Communities) would liaise with both Chairs to identify the information which would be most useful to the Committees.

- **Appendix C** – HR, Legal and Democratic Services Balanced Scorecard: "HR – time taken to complete recruitment process – advert to offer (days)".

Councillor Andrew Smith questioned the value used in monitoring this indicator. He stated that over the last year the highest average reported to members was 26.25 days to complete the recruitment process and the target set was 35 days, which meant the council was exceeding the target. However, there seemed to be a confliction over the qualitative feedback reported to members regarding difficulties being faced in recruiting staff.

In response the Assistant Director (Resources and Performance) would ask the Assistant Director (HR, Legal and Democratic Services) to look into this as the figures reported might not be showing the complete picture.

- **Appendix D** – Planning and Regulatory: A general discussion was held on the life expectancy of solar panels; what happened to the redundant solar panels, and the 5-star food rating and the imminent changes being made to the criteria by the Food Standards Agency.
- **Appendix E** - Operations Balanced Scorecard: "Number of flytipping incidents recorded in West Suffolk" - Members noted the green indicator, but were keen to see in future reporting more flytipping data, such as

public/private split; trend data on reported incidents; and the cost involved in clearing away.

Councillor Ridgwell informed the Committee that Household Waste Recycling Centres (HWRCs) in Norfolk were charging for the disposal of rubble etc. which he felt was pushing flytipping into the Forest Heath area.

In response the Assistant Director (Operations) advised that he did not believe there was any evidence that this was the case. He went on to explain that Suffolk County Council also made certain charges at their tips (HWRCs) for the disposal of rubble and white goods. The Suffolk Waste Partnership was discussing various policy decisions, in particular flytipping.

## 5. **2018-2019 Draft Performance Indicators and Targets**

The Service Manager (Resources and Performance) presented the report, which provided members with the opportunity to discuss and review the principles, metrics and format proposed to be used for performance management for 2018-2019. West Suffolk Councils had a clear set of Strategic Priorities that set out what the councils were aiming to achieve from 2018 to 2020.

Throughout 2017-2018 the Committee had reviewed each quarter a set of 97 Key Performance Indicators (KPIs) split across five service based balanced scorecards, and had been in use in various formats since April 2015.

The proposed KPIs for 2018-2019 had been categorised to match up against the Strategic Priorities (inclusive growth; families and communities; housing) or day-to-day service delivery creating four scorecards, which were attached as Appendix A to the report as examples on how they would look. It was proposed that the primary report to the Committee would be a summary of the key financial indicators, the key KPIs relevant to that period's performance and a commentary that used these KPIs (and any additional information) to highlight the key areas for discussion and decision making. This would be supported by the full set of KPIs split by Strategic Priority (plus Day-to-Day service monitoring) and the detailed Budget Monitoring reports, rather than a separate report to the Committee. It was envisaged that the new format would continue to evolve during 2018/19 taking into account feedback from Cabinet and this Committee.

Members were asked to scrutinise the proposed balanced scorecard indicators and targets for 2018-2019, and identify any further information required for their use commencing in Quarter 1, which would be presented to the Committee in July 2018.

Members considered the report and noted that the Committee would be able to add commentary during the year as the proposed KPIs for 2018-2019 evolved. However, members sought reassurance that KPIs beyond the councils strategic priorities would also continue to be scrutinised, such as homelessness, planning and flytipping which were also important.

In response to a question raised on the proposed inclusive growth balanced scorecard, members were advised that annual information would be sourced from the Office of National Statistics, along with locally sourced data.

6. **West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2018**

The Service Manager (Finance 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 March 2018 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 2018 had been removed from the Register. There had been no major amendments made to current risks during the reporting period and no existing risks had been closed since the Strategic Risk Register was last reported to the Committee.

However one new action had been added to risk number "WS14 (Service failure through unplanned events – *Adoption of lessons learnt from Carillion and Capital issues. Revise procurement and contract management policies to include learning*".

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.

Members considered the report and did not raise any issues.

7. **Financial Outturn Report (Revenue and Capital) 2017-2018**

The Service Manager (Resources and Performance) presented the report, which set out the financial performance and final outturn position for both councils for the year 2017-2018.

Attached to the report at Appendix A to E (overall year end position 2017-2018; revenue outturn position for 2017-2018; analysis of revenue variances for 2017-2018; capital outturn position for 2017-2018; and earmarked reserves for 2017-2018) was Forest Heath District Council's financial outturn report for 2017-2018.

Attached from Appendix F to J (overall year end position 2017-2018; revenue outturn position for 2017-2018; analysis of revenue variances for 2017-2018; capital outturn position for 2017-2018; and earmarked reserves for 2017-2018) was St Edmundsbury Borough Council's financial outturn report.

Forest Heath's revenue year end position showed a break-even against budget (Appendix A), and its capital financial year end position showed expenditure of £2,486,880 (Appendix D).

St Edmundsbury's revenue year end position showed an underspend of £35,523 (Appendix F), and in accordance with recommendations made by Council on 20 February 2018, the underspend would be transferred to the council's Invest to Save reserve (Appendix J). St Edmundsbury's capital financial position for the year end showed expenditure of £14,712,450.

The Committee considered the report and did not raise any issues.

## 8. **Ernst and Young – 2018-2019 Indicative Fees**

The Assistant Director (Resources and Performance) presented this report, which provided members with a basis to review the indicative fees for the 2018-2019 audit as set out in the audit letters for both councils at Appendix A (St Edmundsbury) and Appendix B (Forest Heath).

For 2018-2019, the Public Sector Audit Appointments Limited (PSAA) had set the scale fee for each audited body that had opted into the national scheme. The letters set out what the fees were, what they covered and the assumptions underlying the fee levels.

The indicative fees, (set out below) represented a reduction of 23% from the planned fees for 2017/18. Adequate provision had been made in the councils' budgets to cover these fees:

<b>Audit Scale Fee</b>	<b>Planned Fee 2017-2018 £</b>	<b>Indicative Fee 2018-2019 £</b>
St Edmundsbury BC	43,767	33,701
Forest Heath DC	47,059	36,235

The indicative fees will be reviewed and updated as necessary following the completion of the 2017/18 audit. They do not include the certification of the councils' 2018/19 housing benefit subsidy claims, which are dealt with below.

It was reported that the provision of Housing Benefit subsidy certification audit services fell outside of the PSA remit of appointing auditors. Therefore, they needed to be appointed by each participating council. In order to keep consistency of approach across each partner council that made up the Anglia Revenue Partnership, it was proposed to continue to use EY to deliver the Housing Benefit subsidy certification service for 2018-2019.

The indicative fees (as set out below) and detailed in Appendix C (St Edmundsbury) and Appendix B (Forest Heath) represented a reduction of 1.6% from the fees for 2017-2018. Adequate provision had been made in the councils' budgets to cover these fees:

<b>Audit Scale Fee</b>	<b>Fee 2017-2018 £</b>	<b>Indicative Fee 2018-2019 £</b>
St Edmundsbury BC	15,203	14,960
Forest Heath DC	15,203	14,960

The Committee scrutinised each other's indicative fees and asked questions to which responses were provided.

In response to a question raised regarding indicative fees for 2019-2020, the Assistant Director (Resources and Performance) advised that assumptions had been made, and she was hopeful that there would be further reductions.

The Committee was pleased to see that the indicative fees were decreasing, which meant EY had confidence in the councils' processes.

## 9. **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 2018-2019.

The Assistant Director informed members that both councils Overview and Scrutiny Committees on 6 and 7 June 2018 would be considering a report to establish a West Suffolk Joint Task and Finish Group to Review the Garden Waste Collection Service. The Group would be made up of eight members (four from each council), with one from each council being a member of the Performance and Audit Scrutiny Committee. Members were requested to inform the Democratic Services Officer (Scrutiny) by Tuesday 5 June 2018 if they were interested in sitting on the Joint Task and Finish Group as the Performance and Audit Scrutiny representative for Forest Heath District Council / St Edmundsbury Borough Council.

She then advised the Committee on some changes to the July and September 2018 work programme items. It was proposed that the first quarter monitoring reports currently scheduled for 27 September 2018 be brought forward to an additional Informal Joint meeting to be held on 25 July 2018, commencing at 5.30pm at St Edmundsbury Borough Council. Therefore, on 25 July 2018 there would be three meetings:

- 5pm: St Edmundsbury's Performance and Audit Scrutiny Committee (Approval of Accounts)
- 5.30pm: Informal Joint Performance and Audit Scrutiny
- 6pm: Forest Heath's Performance and Audit Scrutiny Committee (Approval of Accounts)

Finally, it was proposed that an additional item also be included on its work programme for 27 September 2018 on "Delivering a Sustainable Medium Term Financial Strategy".

Members considered its work programme for 2018-2019, and agreed to the proposed changes to its forward work programme and the additional informal joint meeting on 25 July 2018.

On the conclusion of the informal joint discussions at 6.28pm, all Members remained in the Council Chamber to then hold their individual formal meetings.

In the presence of St Edmundsbury's Performance and Audit Scrutiny members, the Chairman then formally opened the Forest Heath District Council Performance and Audit Scrutiny Committee in the Council Chamber at 6.35pm.



# Performance and Audit Scrutiny Committee



**Forest Heath**  
District Council

**Minutes** of a meeting of the **Performance and Audit Scrutiny Committee** held on **Thursday 31 May 2018** at **6.35pm** at the **Council Chamber, District Offices**, College Heath Road, Mildenhall IP28 7EY

Present: **Councillors**

**Chairman** Louis Busuttil  
**Vice Chairman** Colin Noble

John Bloodworth  
Christine Mason

Peter Ridgwell

**By Invitation:**

Stephen Edwards, Cabinet Member for Resources and Performance

**205. Substitutes**

There were no substitutions declared.

**206. Apologies for Absence**

Apologies for absence were received from Councillors Michael Anderson, Chris Barker, Rona Burt, Simon Cole and Reg Silvester.

**207. Minutes**

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

**208. Public Participation**

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

**209. External Quality Assessment of Internal Audit Outcomes**

Further to the informal joint 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/18/011.

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

With there being no decision required, the Committee **noted** the contents of the External Quality Assessment of Internal Audit.

**210. Internal Audit Annual Report (2017-2018)**

Further to the informal joint 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/18/012.

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

Councillor Colin Noble moved the recommendation, this was duly seconded by Councillor Peter Ridgwell, and with the vote being unanimous, it was:

**RESOLVED:**

That:

- (1) The contents of the Annual Internal Audit Report 2017-2018 and the Managing the Risk of Fraud, Theft and Corruption Report, as set out in Appendices A and C to Report No: PAS/FH/18/012, be noted.
- (2) The conclusion drawn in respect of the annual review of the effectiveness of internal audit, be endorsed.

**211. Outline Internal Audit Plan (2018-2019)**

Further to the informal joint 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/18/013.

Members had considered the report then Councillor Christine Mason moved the recommendation, this was duly seconded by Councillor Colin Noble, and with the vote being unanimous, it was:

**RESOLVED:**

That the Internal Audit Plan for 2018-2019 attached as Appendix A to Report No: PAS/FH/18/013, be approved.

**212. Balanced Scorecards Quarter Four Performance (2017-2018)**

Further to the informal joint 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/18/014.

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

With there being no decision required, the Committee **noted** the Council's performance using the Balanced Scorecards for the final quarter of 2017-2018.

**213. 2018-2019 Draft Performance Indicators and Targets**

Further to the informal joint 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/18/015.

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

With there being no decision required, the Committee **noted** the Council's performance indicators to be used in 2018-2019.

**214. West Suffolk Strategic Risk Register Quarterly Monitoring Report - March 2018**

Further to the informal joint 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/18/016.

Members had considered the report and with there being no decision required, the Committee **noted** the contents of the Quarter 4 West Suffolk Strategic Risk Register Monitoring Report 2017-2018.

**215. Financial Outturn Report (Revenue and Capital) (2017-2018)**

Further to the informal joint 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/18/017.

Members had considered the report and with there being no decision required, the Committee **noted** the 2017-2018 outturn revenue and capital positions, attached as Appendices B and D to Report No: PAS/FH/18/017.

**216. Ernst and Young - 2018-2019 Indicative Fees**

Further to the informal joint 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/18/018.

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

With there being no decision required, the Committee **noted** the External Audit indicative fees for 2018-2019, attached as Appendix B to Report No: PAS/FH/18/018.

## 217. **Work Programme Update**

Further to the informal joint 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/18/019.

Members had scrutinised the report and the verbal changes made to the work programme for its July 2018 meeting.

With there being no decision required, the Committee **noted** the contents of its forward work programme for 2018-2019 and changes made by officers to its July 2018 meeting.

The Meeting concluded at 6.38 pm

**Signed by:**

**Chairman**

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