

Joint Executive (Cabinet) Committee



Forest Heath
District Council

Title of Report:	Report of the Performance and Audit Scrutiny Committee: 25 July 2018	
Report No:	CAB/JT/18/023	
Report to and date:	Joint Executive (Cabinet) Committee	4 September 2018
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: Stephen.edwards@forest-heath.gov.uk	
Chairman of the Committee:	Councillor Louis Busuttil Chairman of the Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttil@forest-heath.gov.uk	
Lead Officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	On 25 July 2018, the Performance and Audit Scrutiny Committee considered the following items: (1) Ernst and Young – Presentation of 2017-2018 ISA 260 Annual Results Report to those Charged with Governance; (2) West Suffolk Annual Governance Statement 2017-2018; (3) 2017-2018 Statement of Accounts; (4) Annual Treasury Management Report 2017-2018 and Investment Activity (April – June 2018)	

	A separate report is included on this Joint Executive (Cabinet) Committee agenda for Item (4) above.
Recommendation:	It is <u>RECOMMENDED</u> that Report No: CAB/JT/18/023, being the report of the Performance and Audit Scrutiny Committee, be noted.
Key Decision:	No, it is not a Key Decision - <input checked="" type="checkbox"/> Report for information only.
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:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any equality implications? 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:	All Wards
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 **Ernst and Young – Presentation of 2017-2018 ISA 260 Annual Results Report to those Charged with Governance (Report No: PAS/FH/18/025)**

1.1.1 Prior to the consideration of the 2017-2018 Statement of Accounts, the Committee received a presentation from Mark Hodgson (Associate Partner) and Mark Russell (Manager) from Ernst and Young (EY) on the results of EY's work to date. A copy of the Audit Results Report was attached as Appendix A. Attached at Appendix B, was a Letter of Representation on behalf of the Council in connection with the audit and financial statement for the year ended 31 March 2018.

1.1.2 Mr Hodgson confirmed that all work on the audit of the Council's 2017-2018 financial statements had been concluded and no further errors had been identified. EY issued an unqualified opinion and certificate on 25 July 2018, stating the Council had proper arrangements in securing economy, efficiency and effectiveness in its use of resources. He thanked the Assistant Director (Resources and Performance) and her team who had been instrumental in making this a very smooth audit for EY, as this was the first year of the accelerated closure of accounts.

1.1.3 He drew the Committee's attention to a couple of key areas contained within Appendix A. Members then asked questions in relation to the report to which Mr Hodgson duly responded.

1.1.4 The Committee **noted** the unqualified opinion of the Financial Statements for 2017-2018, and the Value for Money Conclusions, stating that the Council had proper arrangements in securing economy, efficiency and effectiveness in the use of resources (Appendix A), issued by the Auditor.

1.1.5 Following the resolution of the Committee, the Letter of Representation (Appendix B) on behalf of the Council was **approved**, before the Audit Director (EY) issued his opinion and conclusion, and the Chief Finance Officer in consultation with the Chairman of the Performance and Audit Scrutiny Committee, was given delegated authority to conclude the signing of the accounts.

1.2 **West Suffolk Annual Governance Statement 2017-2018 (Report No: PAS/FH/18/026)**

1.2.1 The Committee received Report No PAS/FH/18/026, which sought members' approval of the draft West Suffolk Annual Governance Statement (AGS) 2017-2018, attached as Appendix A, which was produced following completion of the annual review of the council's governance arrangements.

1.2.2 The AGS is designed to provide stakeholders of the Council with the assurance that the Council, has operated within the law and the Council has met the requirements of the Accounts and Audit Regulations 2015.

- 1.2.3 The AGS was 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.
- 1.2.4 The Committee was informed that the report format of the AGS had slightly changed from previous years and was more streamlined.
- 1.2.5 The Committee considered the report and the AGS, and did not raise any issues.
- 1.2.6 Following the resolution, the AGS for 2017-2018, attached as Appendix A to Report No: PAS/FH/18/026 was **approved** for signing by the Chief Executive and the Leader of the Council.

1.3 **2017-2018 Statement of Accounts (Report No: PAS/FH/18/027)**

- 1.3.1 The Committee scrutinised the 2017-2018 Statement of Accounts as contained within Report No: PAS/FH/18/027. Approval was sought for the accounts attached as Appendix A, in accordance with the powers delegated to it under the Council's Constitution.
- 1.3.2 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 of distribution.
- 1.3.3 The covering report summarised financial highlights 2017-2018; revenue and expenditure; capital expenditure; usable reserves; pensions fund; annual governance statement; and conclusions. The Assistant Director (Resources and Performance) then drew the Committee's attention to a couple of key areas set out in Appendix A.
- 1.3.4 The Committee scrutinised the draft accounts and asked questions on the CDCM maximum investment in overseas banks, and whether under "future assumptions" whether Barley Homes Group Limited should be included, to which officers duly responded. The Committee then **resolved**: That
 - 1) The 2017-2018 Statement of Accounts, attached as Appendix A to Report No: PAS/FH/18/027 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 accordance 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.

2. Background Papers

- 2.1.1 Report No: [PAS/FH/18/025](#) and [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – Presentation of 2017-2018 ISA 260 Annual Governance Report to those Charged with Governance
- 2.1.2 Report No: [PAS/FH/18/026](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: West Suffolk Annual Governance Statement 2017-2018
- 2.1.3 Report No: [PAS/FH/18/027](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: 2017-2018 Statement of Accounts