

Cabinet



Title of Report:	Report of the Performance and Audit Scrutiny Committee: 30 May 2019	
Report No:	CAB/WS/19/005	
Report to and date:	Cabinet	25 June 2019
Portfolio holder:	Councillor Sarah Broughton Portfolio Holder for Resources and Performance Tel: 01284 787327 Email: sarah.broughton@westsuffolk.gov.uk	
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Lead Officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	On 31 May 2019, the Performance and Audit Scrutiny Committee considered the following items: (1) 2018-2019 Performance Report – Year End Outturn; (2) West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2019; (3) Internal Audit Annual Report (2018-2019); (4) Internal Audit Charter; (5) Internal Audit Plan (2019-2020); (6) Ernst and Young – 2019-2020 Indicative Fees; (7) Work Programme Update. (8) Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee.	

Recommendation:	It is RECOMMENDED that Report No: CAB/WS/19/005, 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:		
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? <i>If yes, please give details</i>		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:		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 2018-2019 Performance Report – Year End Outturn (Report No: PAS/WS/19/001)

1.1.1 The Committee received and **noted** the above report, which set out 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 the West Suffolk Council only.

1.1.2 The report showed the performance indicators for the year end, as set out in the following appendices attached to the report:

- 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.

1.1.3 Assistant Directors 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.

1.1.4 Discussions were held on capital and reserves; car parking income; external funding received for infrastructure (LEP); the council owning housing stock and income from the solar farm. In particular detailed discussions were held on the following:

Appendix A – (Number of households in temporary accommodation)

Appendix C – (Number of flytipping incidents recorded in West Suffolk)

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

Appendix J – (Parish Council S106 Grants)

1.2 West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2019 (Report No: PAS/WS/19/002)

1.2.1 The Committee received and **noted** the fourth quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register for 2018-2019.

1.2.2 Some individual controls or actions have been updated and those that were not ongoing and had been completed by December 2018 have been removed from the register. One risk (**WS22**) relating to the closure of the Mildenhall Air Base has been removed given the current date for departure has been pushed back to 2027.

Two new risks had been added as risk number WS25 and WS26 representing:

- **WS25:** Risk of failing to address the concern and challenges posed by environmental change; and
 - **WS26:** Risk of increasing personal debt and demand on services as a result of benefit changes.
- 1.2.3 In response to a question raised regarding the removal of risk (**WS22**) "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 closely monitored through risk (**WS12**), "loss of a key employer or industry".
- 1.2.4 No issues were required to be brought to the attention of Cabinet.
- 1.3 **Internal Audit Annual Report (2018-2019) (Report No: PAS/WS/19/003)**
- 1.3.1 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.
- 1.3.2 The council also recognised that fraud, theft and corruption was an ever present threat to the resources available in the public sector. Appendix B 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.
- 1.3.3 Relevant issues were brought to member's attention, in particular the details of the three limited assurance audits as set out on pages 101 – 102 of the report.
- 1.3.4 The Committee considered the report and in particular wished to thank the Service Manager (Internal Audit) on the layout, traffic light system and how the report had been written to make it clear and concise to understand.
- 1.3.5 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.
- 1.4 **Internal Audit Charter (Report No: PAS/WS/19/004)**
- 1.4.1 The above report sought approval of the Internal Audit Charter (Appendix A), which defined how the internal audit team operated.
- 1.4.2 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).

- 1.4.3 The Service Manager (Internal Audit) drew relevant issues to members' attention.
- 1.4.4 The Committee considered the report, and **approved** the Internal Audit Charter.
- 1.5 **Internal Audit Plan (2019-2020) (Report No: PAS/WS/19/005)**
- 1.5.1 This report provided details on the proposed 2019-2020 Audit Plan. The proposed Audit Plan, attached at Appendix B to the report was a risk based plan of work for the internal audit team, which took into account the need to produce an annual internal audit opinion for the council which concludes on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control.
- 1.5.2 The Committee considered the report, and **approved** the Internal Audit Plan for 2019-2020.
- 1.6 **Ernst and young – 2019-2020 Indicative Fees (Report No: PAS/WS/19/006)**
- 16.1 The Committee received and **noted** a report from the Council's external auditor, Ernst and Young (EY) which provided the basis to review EY's indicative fees for the 2019-2020 audit as set out in the letter attached at Appendix A to the report.
- 1.6.2 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 Council for 2019-2020 was reported 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.
- 1.6.3 The Committee scrutinised the indicative fees and asked questions. In particular discussions were held on whether it was normal practice to pay for audit fees upfront; in what circumstances would auditors seek additional fees; and how long were external auditors appointed for.
- 1.7 **Work Programme Update (Report No: PAS/WS/19/007)**
- 1.7.1 The Committee received Report No: PAS/WS/19/007, which provided information on the current status of its forward work programme for 2019-2020.
- 1.7.2 The Committee **noted** the contents of its forward work programme for 2019-2020.

1.8 **Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee (Report No: PAS/WS/19/008)**

1.8.1 The Committee received the above report, which sought appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee.

1.8.2 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.

1.8.3 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.

1.8.4 The Committee **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.

1.8.5 **NOTE:** 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.

2. Background Papers

2.1.1 Report No: [PAS/WS/19/001](#) to the Performance and Audit Scrutiny Committee: 2018-2019 Performance Report – Year End Outturn

2.1.2 Report No: [PAS/WS/19/002](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: West Suffolk Strategic Risk Register Quarterly Monitoring Report – March 2019

- 2.1.3 Report No: [PAS/WS/19/003](#), [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: Internal Audit Annual Report (2018-2019)
- 2.1.4 Report No: [PAS/WS/19/004](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Internal Audit Charter
- 2.1.5 Report No: [PAS/WS/19/005](#), [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: Internal Audit Plan (2019-2020)
- 2.1.6 Report No: [PAS/WS/19/006](#) and [Appendix A](#) to the Performance and Audit Scrutiny Committee: Ernst and Young 2019-2020 Indicative Fees
- 2.1.7 Report No: [PAS/WS/19/007](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Work Programme Update
- 2.1.8 Report No: [PAS/WS/19/008](#), [Appendix 1](#) and [Appendix 2](#) to the Performance and Audit Scrutiny Committee: Appointments to the Financial Resilience Sub-Committee and the Health and Safety Sub-Committee