

Cabinet



Title of Report:	Report of the Performance and Audit Scrutiny Committee: 25 July 2019	
Report No:	CAB/WS/19/020	
Report to and date:	Cabinet	10 September 2019
Portfolio holder:	Councillor Sarah Broughton Portfolio Holder for Resources and Performance Tel: 01284 787327 Email: sarah.broughton@westsuffolk.gov.uk	
Chair of the Committee:	Councillor Ian Houlder Performance and Audit Scrutiny Committee Tel: 07597 961069 Email: ian.houlder@westsuffolk.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 2019, the Performance and Audit Scrutiny Committee considered the following items: (1) Ernst and Young – 2018-2019 Annual Results Report to those charged with Governance (FHDC and SEBC); (2) 2018-2019 Statement of Accounts (FHDC and SEBC); (3) Annual Treasury Management Report 2018-2019 (FHDC); (4) Annual Treasury Management Report 2018-2019 (SEBC); (5) Treasury Management Report (June 2019); (6) 2019-2020 Performance Report (Quarter 1); (7) Work Programme Update 2019-2020.	
	Separate reports are included on this Cabinet agenda for Items (3) , (4) and (5) above.	

Recommendation:	It is <u>RECOMMENDED</u> that Report No: CAB/WS/19/020, 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 **Ernst and Young - 2018-2019 Annual Results Report to those Charged with Governance (Report No: PAS/WS/19/008)**

1.1.1 Prior to the consideration of the 2018-2019 Statement of Accounts, the Committee received the above report 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 (FHDC) and Appendix B (SEBC). Attached at Appendix C and D were Letters of Representation on behalf of the Council in connection with the audit and financial statements for the year ended 31 March 2019.

1.1.2 Mr Hodgson presented the report and explained that Forest Heath had the most audit risks, which related to the solar farm asset. He explained that Forest Heath's overall materiality assessment was £0.755m and St Edmundsbury was £1.401m. He then drew the Committee's attention to a couple of key areas contained within the appendices.

1.1.3 Mr Hodgson then informed the Committee that EY still had a number of outstanding items to be completed on the audit of the Statement of Accounts. EY would be working on these to ensure they were completed by the statutory deadline of 31 July 2019. He confirmed that there were no audit adjustments and there were no unadjusted audit errors. However, he reiterated that EY was on track, and subject to the satisfactory completion of the outstanding items, EY expected to be able to issue an unqualified opinion on the financial statements and the value for money conclusions next week.

1.1.4 The Committee then asked questions in relation to the reports, to which Mr Hodgson duly responded. In particular discussions were held on the revaluation of the solar farm and whether provision for the pension fund was robust enough, to which comprehensive responses were provided.

1.1.5 The Committee then **resolved**: That

- 1) The External Auditors opinion, as of today (25 July 2019) on the Finance Statements for Forest Heath District Council (Appendix A) and St Edmundsbury Borough Council (Appendix B) for 2018-2019 attached to Report No: PAS/WS/18/008, be noted.
- 2) The External Auditors value for Money conclusion, as of today (25 July 2019) stating that Forest Heath District Council (Appendix A) and St Edmundsbury Borough Council (Appendix B) had proper arrangements to secure economy, efficiency and effectiveness in its use of resources, issued by the Auditor, be noted.
- 3) The Letter of Representation on behalf of Forest Heath District Council (Appendix C) and St Edmundsbury Borough Council (Appendix D), attached to Report No: PAS/WS/19/008, be approved, before the Ernst and Young Associate Partner issues his opinion and conclusion.

- 4) The Chief Finance Officer, in consultation with the Chair of the Performance and Audit Scrutiny Committee be given delegated authority to conclude the signing of the accounts.

1.2 **2018-2019 Statement of Accounts (Report No: PAS/WS/19/009)**

- 1.2.1 The Committee scrutinised the 2018-2019 Statement of Accounts as contained within Report No: PAS/WS/19/009. Approval was sought for the accounts attached at Appendix A (FHDC) and Appendix B (SEBC), in accordance with the powers delegated to it under the Council's Constitution.
- 1.2.2 The Statement of Accounts (Appendix A and B) had been amended, as appropriate to take on board issues raised by the audit process up to the date of distribution.
- 1.2.3 EY had confirmed on 25 July 2019, that the audit for both Forest Heath District Council and St Edmundsbury Borough Council had not been concluded and they were therefore unable to issue an opinion on the financial statements and value for money conclusion that both councils had made the appropriate arrangements to secure economy, efficiency and effectiveness in the councils use of resources until next week, once all audit work had been completed. This meant the Committee was not in a position to sign off the 2018-2019 Statement of Accounts at its meeting on 25 July 2019. It was proposed that to take account of this, the recommendation be amended, so that the Committee delegates the approval of the accounts to the Chief Finance Officer in consultation with the Chair of the Performance and Audit Scrutiny Committee, in accordance with powers delegated to it under the Council's Constitution.
- 1.2.4 The covering report summarised financial highlights in 2018-2019; revenue and expenditure; capital expenditure; usable reserves; pensions fund; annual governance statement; payments to councillors and conclusions. The Service Manager (Finance and Resources) then drew the Committee's attention to a couple of key areas as set out in the report and both Appendices.
- 1.2.5 The Committee scrutinised the draft accounts and asked questions on audit fees; the loan relating to the Newmarket Leisure Centre; arrears (sundry debtors) and whether these were accumulating; grants and contributions and the performance of properties purchased at 113 High Street and 3 The Avenue, Newmarket, to which responses were provided.

The Committee then **resolved**: That

- 1) The Chief Finance Officer, in consultation with the Chair of the Performance and Audit Scrutiny Committee, be delegated to approve the 2018-2019 Statement of Accounts for Forest Heath District Council (Appendix A) and St Edmundsbury Borough Council (Appendix B), attached to Report No: PAS/WS/19/009, in accordance with the powers delegated to it under the Council's Constitution.

- 2) Subject to (1) above, the Chair of the Performance and Audit Scrutiny Committee signs the certification for both of the 2018-2019 Statement of Accounts on behalf of the Committee.
- 3) The Chief Finance Officer, in consultation with the Cabinet Member for Resources and Performance be given delegated authority to make any further changes that may be required up to the date of publication, in consultation with the Chair of the Performance and Audit Scrutiny Committee.

1.3 **2019-2020 Performance Report (Report No: PAS/WS/19/010)**

1.3.1 The Committee received and **noted** the above report, which set out the performance for the first quarter and the forecasted financial outturn position for 2019-2020.

1.3.2 The report showed the current Performance Indicators for the first quarter of 2019-2020, as set out in the following appendices, attached to the report:

Appendix A: 2019-2020 Performance Indicators, Commentary;
Appendices C to E: Performance Indicators by Strategic Priority;
Appendix F: Income and Expenditure
Appendix G: Capital Programme;
Appendix H: Earmarked Reserves.

1.3.3 The Committee considered the report in detail and asked questions of the Assistant Directors on their indicators, to which comprehensive responses were provided. In particular discussions were held on the following indicators:

Appendix C – (F3: Number of households in temporary accommodation)

Appendix C – (F4: Number of households prevented from being homeless)

Appendix C – (F8: Number of flytipping incidents recorded in West Suffolk)

Appendix D – (H4: Number of long term empty homes brought back into use per annum)

1.4 **Work Programme Update (Report No: PAS/WS/19/011)**

1.4.1 The Committee received Report No: PAS/WS/19/011, which provided information on the current status of its forward work programme for 2019-2020.

1.4.2 The Committee **noted** the contents of its forward work programme for 2019-2020.

2. Background Papers

- 2.1.1 Report No: [PAS/WS/19/008](#), [Appendix A](#), [Appendix B](#), [Appendix C](#) and [Appendix D](#) to the Performance and Audit Scrutiny Committee: Ernst and Young – 2018-2019 Annual Results Report to those Charged with Governance
- 2.1.2 Report No: [PAS/WS/19/009](#), [Appendix A](#) and [Appendix B](#) to the Performance and Audit Scrutiny Committee: 2018-2019 Annual Statement of Accounts
- 2.1.3 Report No: [PAS/WS/19/010](#) to the Performance and Audit Scrutiny Committee: 2019-2020 Performance Report – Quarter 1
- 2.1.4 Report No: [PAS/WS/19/011](#) and [Appendix 1](#) to the Performance and Audit Scrutiny Committee: Work Programme 2019-2020