

Performance and Audit Scrutiny Committee

Minutes of a meeting of the **Performance and Audit Scrutiny Committee** held via **MS TeamsLive** remote meeting platform on **Thursday 28 May 2020 at 5.00 pm**

Present: **Councillors**

Chair Ian Houlder
Vice Chair Karen Richardson

John Augustine
Trevor Beckwith
Mary Evans
Victor Lukaniuk
Elaine McManus

Andy Neal
Robert Nobbs
John Smith
Peter Thompson
Cliff Waterman

In attendance:
Sarah Broughton, Cabinet Member for Resources and Performance

1. **Welcome**

The Chair formally commenced the meeting and welcomed all present and those externally viewing the first remotely held West Suffolk Performance and Audit Scrutiny Committee.

A number of housekeeping matters and remote meeting guidance were highlighted to all by the Chair.

2. **Substitutes**

No substitutions were declared.

3. **Apologies for Absence**

No apologies for absence were received.

Following which, the Democratic Services Officer verbally outlined all Members of the Committee who were present, together with any attending Councillors and the names of External Auditors from Ernst and Young and Officers supporting the meeting.

4. **Minutes**

The minutes of the meeting held on 30 January 2020 were confirmed as a correct record by the Chair.

5. **Public Participation**

There were no members of the public in attendance on this occasion.

6. **Ernst and Young - Presentation of External Audit Plan and Fees 2019-2020**

The Committees received Report No: PAS/WS/20/007, from EY, the Council's appointed external auditors, who were required to provide an audit plan, attached at Appendix A, which covered the work they planned to perform in order to provide the Council with:

- An opinion on whether the financial statements of the Council gave a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- A conclusion on the Council's arrangements to secure economy, efficiency and effectiveness (value for money).

Mark Hodgson, Associate Partner from EY presented the 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. Officers would be working with EY over the coming months to ensure that these risks were managed and where possible to come to an agreement over their treatment prior to issuing of the Annual Results Report, and Audit Opinion.

He drew Members' attention to the summary of audit risks set out on pages 5 – 6; risks relating to property, plant and equipment and pensions, set out on page 15; value for money risk over the term of the Council's medium-term financial strategy and the financial impact of Covid-19; and the planned and scale fees set by the Public Sector Audit Appointments Ltd for carrying out the work for 2019/2020, as set out on page 37 of the Audit Plan (Appendix A). EY were currently in discussions with management to agree the planned fee for the year end.

It was reported that the Accounts and Audit Regulations 2015 had introduced revised statutory deadlines, with draft accounts needing to be prepared by 31 May and the publication of the accounts by 31 July. However, these deadlines had been relaxed for the 2019-2020 accounts due to the impact of the Covid-19 pandemic, with draft accounts now needing to be completed by 31 August, and audited accounts to be published by 30 November.

Due to the resourcing issues throughout the sector as well as the increased complexity around local authority accounts work, EY would not be in a position to issue the Audit Results Report by the end of July, as in previous years. Instead, EY had set out a provisional phasing plan to ensure that they were able to deliver both the 2019-2020 statement of accounts work and the housing benefits subsidy work which EY were responsible for. That phasing plan would take audit work for the 2019-2020 statement of accounts right up to September/October 2020, and it was expected that the Audit Results Report would be presented to the Performance and Audit Scrutiny Committee in September 2020.

The Committee considered the report in detail and asked questions to which responses were provided. Discussions were held on the valuation of the solar farm; the procedure around setting and negotiating audit fees and whether these would go down in 2020-2021 following the creation of West Suffolk Council; and the pensions deficit and where monies were invested.

In response to a question raised regarding the pensions deficit Mark Hodgson explained the pension liability sat within the West Suffolk Council balance sheet. The pension scheme was 99% funded, with a 1% shortfall. Suffolk County Council managed the pensions fund, which had a Pensions Committee. Each District/Borough Council was represented on the Committee and a Pensions Strategy was in place.

In response to a questions raised as to when the revised new valuation on the solar farm would be made available, officers explained that the council was still working through the draft accounts for 2019-2020, which would be published next month and would include the solar farm valuation.

There being no decision required, the Committee **noted** the External Audit Plan and Fees for 2019-2020, attached at Appendix A to Report No: PAS/WS/20/007

7. **Internal Audit Annual Report (2019-2020)**

The Service Manager (Internal Audit) presented Report No: PAS/WS/20/008 which provided members with an overview of the work carried out by Internal Audit for the year ending 31 March 2020.

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 area as well as the direction of travel.

The council recognised that fraud, theft and corruption were an ever-present threat to the resources available in the public sector. Appendix B attached to the report demonstrated West Suffolk's progress in developing and maintaining an anti-fraud and anti-corruption culture and publicised the action taken where fraud or misconduct had been identified.

The Service Manager (Internal Audit) then drew relevant issues to Members' attention, in particular that audit opinions given to individual audits were all either good assurance or reasonable assurance as set out on pages 65 – 66 of Appendix A.

The Committee considered the report and asked questions to which responses were provided.

Discussions were held on the single person discount fraud and why there had been a sudden rise in 2019-2020. This was due to the council's efforts to match data with the electoral roll ensure the single person discount was correctly awarded on Council Tax bills.

Discussions were also held on business rate fraud and the fraud corruption tracker. It was confirmed the council would be looking to identify fraud hotspot areas, as any fraud was unacceptable.

The Chair, on behalf of the Committee, thanked the Internal Audit Team for all its hard work over the past year.

There being no decision required, the Committee **noted** the Internal Audit Annual Report 2019-2020, attached at Appendix A and the Annual Fraud Report 2019-2020, attached at Appendix B to Report No: PAS/WS/20/008

8. **Internal Audit Plan (2020-2021)**

The Service Manager (Internal Audit) presented Report No: PAS/WS/20/009, which provided members with a proposed 2020-2021 Audit Plan, attached at Appendix B. Attached at Appendix A to the report was the covering Internal Audit Plan Report.

The proposed Audit Plan was a risk based plan of work for the internal audit team, which took into account the need to produce an annual internal opinion for the council which concludes on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control.

The ongoing challenges for the council resulting from the Covid-19 pandemic had been taken into account in producing the draft audit plan. Because of these challenges it was more important than ever that the audit plan was flexible and could adapt as circumstances changed and that audit resources were used where they added maximum value, whether by directly supporting the council's response to Covid-19 or providing assurance to the council in the usual way.

The final approval of the Audit Plan was the responsibility of the Performance and Audit Scrutiny Committee.

The Service Manager (Internal Audit) drew relevant issues to Members' attention.

The Committee considered the report in detail and discussed whether references should be made to any furloughed staff (Appendix B), under payroll, and what the effects might be to the Council once the United Kingdom had left the European Union, to which comprehensive responses were provided.

The Chair, on behalf of the Committee, thanked the Internal Audit Team for its work in producing a clear and comprehensive internal audit plan.

Councillor Elaine McManus moved the recommendation, this was duly seconded by Councillor Mary Evans, and with the vote being unanimous, it was:

RESOLVED:

That the Internal Audit Plan for 2020-2021, attached at Appendix A and B to Report No: PAS/WS/20/009, be approved.

9. 2019-2020 Performance Report - Year End Outturn

The Service Manager (Finance and Resources) presented Report No: PAS/WS/20/010, which showed the final performance and financial outturn position for West Suffolk Council for the year 2018-2019. Attached to the report were a number of appendices, as follows:

- Appendix A: Performance Indicators – Commentary
- Appendix B: Performance Indicators – Growth
- Appendix C: Performance Indicators – Families and Communities
- Appendix D: Performance Indicators – Housing
- Appendix E: Performance Indicators – Day to Day
- Appendix F: Income and Expenditure Report
- Appendix G: Capital Programme
- Appendix H: Earmarked Reserves
- Appendix I: Strategic Risk Register

Since the outbreak of Covid-19 in the UK, a number of events had occurred which had had a significant impact on West Suffolk Council's financial position. Some of these had been restrictions imposed by Government that had affected West Suffolk Council's investments and services; and others had been announcements of Government financial support. This report presented performance for the financial year 2019-2020 up to 31 March 2020. Therefore, only 8 days of the impact of the lock-down announced on 23 March 2020 were included in the report. The financial impact of Covid-19 had been separated out where possible to provide context to the outturn position.

Funding had been received from central government in 2020-2021 to contribute towards the costs borne as a result of Covid-19. Therefore, the deficit driven by Covid-19 in 2019-2020 would be funded through the Strategic Priority and Medium-Term Financial Strategy reserve at year end and would be restored by the funding in 2020-2021. The underlying deficit would be funded from the General Fund.

Members considered the report and asked questions of the Assistant Directors on their indicators, to which comprehensive responses were provided. Discussions were held on households in temporary accommodation and debt over 90 days, and whether this would worsen due to Covid-19.

In particular, detailed discussions were held on:

Appendix C: (Number of fly-tipping incidents recorded in West Suffolk and Number of actions to combat fly-tipping West Suffolk)

Members noted that the figure had slightly gone up but wished to congratulate and thank officers with the amount of action they were doing to tackle the issues through the various preventative initiatives carried out over the year.

Appendix E: (% response rate to annual canvass of electors) – Members questioned whether the target should be higher as members felt we should always be pushing to do even better.

Members were informed, that due to the general election being called the Council was unable to complete its canvass activities. The Council usually performs well in excess of the target, usually around 97-98%.

Moving forward the Council would be going into a period of canvass reform and will therefore be approaching canvassing in a very different way, with the intention of ensuring the electoral register was as complete and up to date as possible.

Appendix E: (% collection of Council Tax and Business Rates) – Members noted that both targets were green, reporting over 100% achieved, and asked how the targets were set.

Members were informed that the targets were set by the Anglia Revenues Partnership (ARP) and were based on what the Council set out in cash terms in its general fund budget in order to deliver the service. Any monies collected from prior years was also included in the target, which meant you could end up with more cash collection than was needed due to a multiple year collection. In year collection was on target.

Appendix E: (Car park income) – Members noted that car park income had dropped due to Covid-19 and asked whether fees from Civil Parking Enforcement (CPE) would be included in future reporting of car parking income.

Members were informed that the reporting on CPE figures, which came into effect on 1 April 2020 would be reported separately to the car park income indicator for 2020-2021 onwards.

There being no decision required, the Committee **noted** the 2019-2020 Performance Report – Year End Outturn.

10. **Work Programme Update**

The Committee received Report No: PAS/WS/20/011, which updated Members on the current status of its rolling work programme of items for scrutiny during 2020-2021 (Appendix 1).

The Committee considered the report, and there being no decision required, **noted** the update.

11. **Conclusion**

On conclusion of the meeting the Chair thanked all present and welcomed feedback on the conduct of the first remotely held Performance and Audit Scrutiny Committee.

The meeting concluded at 6.25 pm

Signed by:

Chair
