



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Monday, 3 June 2013.

PRESENT

Cambridgeshire County Council

Cllr. J. Reynolds

Leicestershire County Council

Dr. R.K.A. Feltham CC

Lincolnshire County Council

Cllr. S. Rawlins

Leicester City Council

Cllr. J. Thomas

1. Election of Chairman for the municipal year 2013/14.

It was moved by Dr Feltham CC, seconded by Cllr Thomas and carried:-

“That Cllr J Reynolds be elected as Chairman of the Finance and Audit Subcommittee for the municipal year 2013/14.”

Cllr J Reynolds - in the Chair

1. Minutes of the meeting held on 18 February 2013.

The minutes of the meeting held on 18 February 2013, having previously been circulated, were agreed as a correct record and signed.

3. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.

There were no urgent items for consideration.

4. Declarations of interests in respect of items on this agenda.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

5. Change to the Order of Business.

The Chairman sought and obtained the consent of the Subcommittee to vary the order of business from that set out in the agenda.

6. Draft Outturn 2012/13.

The Subcommittee received a joint report of the Director and Consortium Treasurer setting out the Draft Outturn for 2012/13. A copy of the report marked 'Item 5' is filed with these minutes.

Arising from discussion the following points were made:

- (i) ESPO had experienced an improvement in store sales. This improvement was considered to be, in part, due to the development of ESPO's marketing activities;
- (ii) Given that ESPO had a large number of customers which were schools, significant change in the education sector was considered to be a key strategic risk, although recent changes in the sector had not adversely impacted on the Organisation;
- (iii) ESPO had put in place a process by which it could monitor how many schools had converted to academy status in each local authority area in which it operated;
- (iv) It was important for ESPO to continue to offer value for money products and services to schools as they would continue to require resources regardless of whether they had converted to academy status;
- (v) Full-time equivalent staffing levels had reduced; however, this reduction was masked because the costs for agency staff had increased. These costs were expected to decrease over the coming months;
- (vi) ESPO's consulting services were considered to be a core service which provided particular value to Consortium Authorities. There was a need to further develop this area of business;
- (vii) ESPO's Energy Governance Group monitored and set parameters for the organisation's activity in the energy sector. The Group comprised representatives from each Consortium Authority. The Subcommittee considered that it would be useful to incorporate information on ESPO's assurance procedures for energy within the report to be considered by the Management Committee;
- (viii) With regard to the General Fund, at present there was no reason to believe that informal borrowing arrangements with Leicestershire County Council would need to be enacted.

RESOLVED:

- (a) That the report be noted;

- (b) That officers be requested to incorporate information on ESPO's assurance procedures for energy within the report to be considered by the Management Committee;
- (c) That the Subcommittee recommends to the Management Committee for approval:-
 - (i) the draft out turn for 2012-13;
 - (ii) allocations from the operating surplus for 2012-13 as outlined in paragraphs 23 and 24 of the report;
 - (iii) payment of the dividend subject to approval of the accounts and confirmation of the basis for distribution as outlined in paragraphs 25 and 26 of the report.

7. Exclusion of the Public.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following item of business entitled:

'Supplementary Information Informing the Draft Outturn 2012/13' as defined in paragraphs 3 and 10 of Schedule 12A of the Act; and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

8. Supplementary Report Informing Draft Outturn 2012/13.

The Subcommittee considered a joint exempt report of the Consortium Treasurer and Director which set out information regarding ESPO's Draft Outturn which contained details of a commercially sensitive nature. A copy of the exempt report, marked 'Item 12', is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

That the information contained within the report be noted.

[The meeting then reconvened into public session.]

9. Progress against Internal Audit Annual Plan 2012/13.

The Subcommittee received a report of the Consortium Treasurer the purpose of which was to give a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work and highlight audits where high importance recommendations had been made. A copy of the report marked 'Item 6' is filed

with these minutes.

Arising from discussion the following points were noted:

- (i) A review of Business Continuity was undertaken as part of the 2012/13 Audit Plan. This was to give assurances that arrangements were in place to ensure acceptable continuation of critical functions in the event of system failures or emergencies. ESPO had responded quickly to recommendations arising from the review. Members commented that the outcome of the review should be reported to the Management Committee;
- (ii) Guidance on the Public Sector Internal Audit Standards had been produced and was being evaluated by the LCCIAS. A further report providing information on this matter would be submitted to a future meeting of the Subcommittee;
- (iii) The Subcommittee was advised that there was a minor whistleblowing investigation nearing completion. The Head of Internal Audit Service would report to members the outcome of the investigation at the earliest opportunity;
- (iv) Audit work in respect of energy had been postponed to take place during 2013/14 at ESPO's request.

RESOLVED:

That the contents of the report be noted.

10. Internal Audit Annual Members' Report 2012/13.

The Subcommittee received a report of the Consortium Treasurer presenting the Internal Audit Service Annual Report for 2012-13. A copy of the report marked 'Item 7' is filed with these minutes.

RESOLVED:

That the Internal Audit Service Annual Report for 2012-13 be noted.

11. Internal Audit Plan 2013/14.

The Subcommittee received a report of the Consortium Treasurer presenting the Annual Internal Audit Plan 2013-14. A copy of the report marked 'Item 8' is filed with these minutes.

Arising from discussion the following points were noted:

- (i) The Subcommittee noted the importance of monitoring new and emerging risks from professional and industry sources;
- (ii) A review of ESPO's fleet operations was expected in the near future. Strategic changes to ESPO's fleet services would need approval by the Management Committee;

- (iii) Costs associated with the work of the Leicestershire County Council's Internal Audit Service were comparable with other local government internal audit services.

RESOLVED:

- (a) That the methodology used as a basis for developing the Internal Audit Plan be supported;
- (b) That the ESPO Internal Audit Plan for 2013-14 be noted.

12. Mitigation of the Risk of Fraud.

The Subcommittee considered a report of the Director outlining ESPO's management of the mitigation of the risk of fraud. A copy of the report marked 'Item 9' is filed with these minutes.

RESOLVED:

That the contents of the report be noted.

13. Date of next meeting- Tuesday 3 September 2013.

It was noted that the next meeting would be held on 3 September 2013.

14. Exclusion of the Public.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following item of business entitled:

'Update from ESPO on reducing stock levels' as defined in paragraphs 3 and 10 of Schedule 12A of the Act; and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15. Update from ESPO on reducing stock levels.

The Subcommittee considered an exempt report of the Director which provided an update on progress made on stock management procedures. A copy of the exempt report, marked 'Item 11', is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

- (a) That the information contained within the report be noted;

- (b) That officers be asked to inform members of the value of stock held by ESPO which had become obsolete;
- (c) That officers be requested to provide a further progress update on stock management procedures in six months' time.

10.30 am - 12.30 pm
03 June 2013

CHAIRMAN