



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Monday, 6 June 2016.

PRESENT

Mr. J. Clarke CC - Warwickshire County Council
Mr. G. A. Hart CC - Leicestershire County Council
Mr. R. Hickford CC – Cambridgeshire County Council
Mr. I. Monson CC – Norfolk County Council
Mrs. S. Rawlins CC - Lincolnshire County Council
Mr. D. Seaton CC – Peterborough City Council

1. Election of Chairman for the municipal year ending May 2017.

It was moved and seconded that Dr. K. Feltham CC be elected Chairman for the municipal year ending May 2017.

2. Election of Chairman for the duration of the meeting.

In the absence of the Chairman, Dr. K. Feltham CC, it was moved and seconded that Mr. I. Monson CC be elected Chairman for the duration of the meeting.

MR. I. MONSON CC IN THE CHAIR

3. Change to the order of business.

The Chairman sought and obtained the consent of the Subcommittee to change the order of business to that set out on the agenda.

4. To advise of any other items which the Chairman has decided to take as urgent.

The Chairman, having decided it was of an urgent nature, agreed to take an urgent update on a key project taking place at ESPO.

5. 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 urgent item of business entitled 'Key Project Update' 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.'

6. Key Project Update.

The Subcommittee received an update from ESPO officers on a key project which provided an opportunity for financial growth at ESPO.

The update was considered exempt as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

The Director reported that the details of the project now reported would be sent by letter to all constituent authorities so that they were fully aware of the proposals, the potential benefits and associated risks. The Subcommittee was advised that delivery of this project would significantly improve the ability of ESPO to deliver the challenging financial targets requested of it by its members.

RESOLVED:

- a) That the update on a key project being undertaken by ESPO be noted;
- b) That the actions required by ESPO to continue with the project be supported by the Subcommittee.

THE MEETING WAS RESUMED IN PUBLIC SESSION

7. Minutes of the meeting held on 22 February 2016.

The minutes of the meeting held on 22 February 2016 were taken as read, confirmed and signed.

8. Declarations of interest.

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.

9. Annual Governance Statement 2015/16.

The Subcommittee considered a report of the Consortium Treasurer outlining the draft Annual Governance Statement for 2015/16. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

The Subcommittee was advised that since the agenda and report had been sent out, it had been necessary to make amendments to the Annual Governance Statement. A new copy of the Statement was circulated to the members.

IT Governance continued to be an important issue in the Annual Governance Statement, which had been further reaffirmed by the recent cyber-attack on Lincolnshire County Council. ESPO had reminded staff on how to spot fraudulent emails, and the processes to follow if they thought they had opened a suspicious email. To counter-act the growing risk to cyber security in the future, ESPO would be using multi-layers of anti-virus software rather than a single software package.

RESOLVED:

That the contents of the Annual Governance Statement 2015/16 be noted.

10. 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 'Draft Outturn 2015/16' 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.'

11. Draft Outturn 2015/16.

The Subcommittee considered an exempt report of the Consortium Treasurer outlining the draft Outturn for 2015/16. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

RESOLVED:

That the draft outturn for 2015/16, and requested allocations from the operating surplus as outlined in the report, be recommended for approval at the next meeting of the Management Committee.

THE MEETING RESUMED IN PUBLIC SESSION

12. Quarterly Progress Against the Internal Audit Plan.

The Subcommittee received a report of the Consortium Treasurer outlining the quarterly progress against the 2015/16 Internal Audit Plan. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

Members were advised that since the publication of the report, a number of the draft reports on completed audits had been issued as final.

RESOLVED:

That the contents of the report outlining the quarterly progress against the Internal Audit Plan be noted.

13. Internal Audit Service Annual Report 2015/16

The Subcommittee received a report of the Consortium Treasurer outlining the Internal Audit Service Annual Report 2015/16. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

Arising from discussion the following points were raised:-

- (i). As a result of the audits completed during the 2015/16 financial year, the overall opinion of the Internal Audit Service was that ESPO was operating in a robust,

controlled environment, and as such there were no serious concerns from the Service;

- (ii). The Subcommittee was advised that officers in the Internal Audit Service were constantly learning from the senior leadership team about the structure and market which ESPO operates in to carry out an effective internal audit. To understand the market and the risks, officers felt that ESPO was transparent and open with its risk register. Similarly, ESPO officers found the results of audits extremely valuable, having recently invited the Internal Audit Service to assess the supply chain at ESPO to prevent loss in rebate income;
- (iii). Arising from queries from members, officers reported that the Internal Audit Service included a specialist IT expert to oversee audits related to that area;
- (iv). Staff expenses claims were audited using a random sample of expense claims. It was felt that there was sufficient control over right up to the senior leadership team to prevent fraudulent claims.

RESOLVED:

That the contents of the Internal Audit Service Annual Report 2015/16 be noted.

14. Annual Internal Audit Plan for 2016/17.

The Subcommittee received a report of the Consortium Treasurer outlining the Internal Audit Plan for 2016/17. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

Despite the decision in 2015 to reduce the number of Subcommittee meetings to two per annum, members were assured that quarterly progress monitoring against the Plan would continue.

RESOLVED:

That the contents of the Internal Audit Plan for 2016/17 be noted.

15. Date of next meeting.

RESOLVED:

It was noted that the next meetings of the Subcommittee would take place in early 2017.