



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Wednesday, 20 May 2020.

PRESENT

Cllr. M. Howell – Cambridgeshire County Council (in the Chair)

Cllr. P. S. Birdi
Dr. K. Feltham CC
Cllr. S. Rawlins
Cllr. D. Seaton

Warwickshire County Council
Leicestershire County Council
Lincolnshire County Council
Peterborough City Council

Apologies

Apologies were received from Cllr S. Clancy on behalf of Norfolk County Council.

In Attendance:

ESPO

Mr. K. Smith – Director
Mr. C. Pitt – Assistant Director
Mr. D. Godsell – Assistant Director
Mr. M. Campbell – Assistant Director
Mr. M. Selwyn-Smith – Assistant Director

Leicestershire County Council

Mr. D. Keegan – Assistant Director, Strategic Finance and Property on behalf of the Consortium Treasurer
Mr. M. Seedat – Head of Democratic Services
Mr. N. Jones – Head of Internal Audit Service
Mr. M. Davis – Audit Manager
Ms. C. Tuohy – Democratic Services Officer

82. Minutes.

The minutes of the meeting held on 12 February 2020 were taken as read, confirmed and signed.

83. 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.

84. Urgent Items..

There were no urgent items for consideration.

85. Internal Audit Service Annual Report 2019-20.

The Subcommittee received a report of the Consortium Treasurer outlining the Internal Audit Service Annual Report 2019-20. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Arising from the discussion the following points were noted:-

- i) The Head of Internal Audit Service (HoIAS) for Leicestershire County Council informed members that despite Covid-19 only two of the planned audits had not been completed. Members were pleased to note the completed audits gave positive opinions on all three components of the 'control environment' i.e. the framework of governance, risk management and control.
- ii) The Annual Governance Statement would be reviewed by a 'governance group' comprising the Director of ESPO, Assistant Director (Finance), the Consortium Secretary, Consortium Treasurer and Leicestershire County Council's Democratic Services Officers and HoIAS before it is presented to the Management Committee in September. The Statement would also take into account potential impacts of Covid-19.
- iii) Members were pleased to note that all nine 'assurance' audits undertaken returned with 'substantial assurance', the top rating possible. In view of this members queried why, despite the high ratings, ESPO's was rated overall as only having 'reasonable assurance'. The HoIAS advised that whilst it was possible to provide 'substantial assurance' for individual audits as there were clear measures to review against, it was much harder to do so for ESPO as a whole unless another 30 to 40 audits were undertaken, which would require significant additional resources. The HoIAS agreed to expand on the rationale for the overall opinion in the report to the Management Committee.
- iv) There were no high importance recommendations to report to Members.

RESOLVED:

- a) That the Internal Audit Service Annual report be noted;
- b) That the HoIAS be asked report to the Management Committee on the rationale for the decision to give an overall rating of 'reasonable assurance'.

86. Close Down of 2019-20 and Progress Against the 2020-21 Internal Audit Plans.

The Subcommittee received a report of the Consortium Treasurer outlining the close down of the 2019-20 and progress against the 2020-21 Internal Audit Plans. A copy of the report, marked 'Agenda Item 5' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i) No outstanding high importance audits from the 2019-20 audits or previous years had been identified.
- ii) During 2019-20 ESPO voluntarily submitted payroll and creditor data into the 'National Fraud Initiative'. No instances of fraudulent activity were noted. Members

were assured that no financial controls had been relaxed as a result of Covid-19 and that financial standards continued to be maintained.

- iii) Members were pleased to note that despite Covid-19 the Internal Audit Team had completed a significant portion of the 2019/20 work through remote working and thanked them for their work.

RESOLVED:

That the progress against the Internal Audit Plan be noted.

87. Date of next meeting.

It was noted that the next meeting of the Subcommittee would take place in early 2020.

88. Exclusion of the Press and Public.

RESOLVED:

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

89. Draft Outturn 2019/20.

The Subcommittee considered an exempt report of the Director and Consortium Treasurer outlining the draft Outturn for 2019-20. A copy of the report, marked 'Agenda Item 8', 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).

The Director updated the Subcommittee regarding the impact of Covid-19 on ESPO and its draft outturn. ESPO were anticipating and experience changing demand across its customer base and were looking at how they could continue to supply them appropriately. ESPO were working closely with Leicestershire County Council in regard to staffing and health and safety of its workers.

Arising from the discussion the following points were noted:-

- i) ESPO had been featured on BBC East Midlands in regards to the key work it undertook to support local PPE distribution.
- ii) The proposal that £400,000 would be allocated to building reserves was a yearly occurrence and was intended for future building replacements at end of life.
- iii) Members considered the timing of the dividend payment for 2019/20 to the Member Authorities. Following a detailed discussion, the Subcommittee agreed

that it be discussed in further detail at the ESPO Management Committee on 24th June 2020.

RESOLVED:

That the 2019/20 forecast outturn be noted and that the Management Committee be recommended to:-

- a) Agree the £400k allocation to Building Reserves in line with previous years.
- b) Note the capital programme update.
- c) Consider timing the payment of the dividend for 2019/20 in terms of cash later in the year.

10.30-11.57
20 May 2020

CHAIRMAN