

Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Tuesday, 9 June 2015.

PRESENT

(in the Chair)

Mr. J. Clarke CC  
Dr. R. K. A. Feltham CC

Mr. I. Monson CC  
Mrs. S. Rawlins CC

1. Election of Chairperson for the municipal year 2015/16.

Mr. I. Monson CC (Norfolk County Council) was elected Chair for the municipal year ending 2015/16.

(Mr. I. Monson CC in the Chair)

2. Minutes of the meeting held on 23 February 2015.

The minutes of the meeting held on 23 February 2015 were taken as read, confirmed and signed.

3. 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.

4. Urgent items.

There was one urgent item for consideration entitled 'Quarterly Progress Against the Internal Audit Plan'.

5. Draft Outturn 2014/15.

The Subcommittee received a report of the Consortium Treasurer outlining the Draft Outturn for 2014/15. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

Arising from discussion the following points were raised:-

- (i). The overall surplus for 2014/15 would be £2.2m as had been forecast. The rebate income had been very strong due to the increased use of framework contracts, a number of one off rebates such as wheelie bin procurement, and changes to the processes for collecting rebate income;
- (ii). The budget for the next financial year for stores margin had been increased owing to the recently agreed price increase for top lines. This was in accordance with the agreed strategy;

- (iii). Growth had been principally driven outside of core member areas particularly in Wales and the M5 corridor. However the Director advised that core member areas had also seen an increase in growth;
- (iv). The budget for 2015/16 had not anticipated the same expenditure on agency staff in the warehouse as had been experienced during 2014/15. This was due to changes in warehouse processes and the use of a seasonal relief warehouse during the peak period.

RESOLVED:-

- (a) That the Subcommittee approve the draft outturn for 2014/15;
- (b) That the allocations from the operating surplus for 2014/15 be approved;
- (c) That the payment of the proposed dividend as outlined be approved subject to the approval of the final accounts in September 2015.

6. Change to the order of business.

RESOLVED:

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

7. Supplementary Information Informing the Draft Outturn.

The Subcommittee received an exempt report of the Consortium Treasurer providing more detailed information regarding the Draft Outturn 2014/15. A copy of the report, marked 'Agenda Item 10', is filed with these minutes. The report was deemed exempt under Section 100(A) of the Local Government Act 1972 due to containing commercially sensitive information.

RESOLVED:-

That the report be noted.

8. Change to the order of business.

RESOLVED:

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

9. Quarterly Progress Against the Internal Audit Plan.

The Subcommittee received a supplementary report outlining the quarter 4 progress against the Internal Audit Plan. A copy of the report, marked 'Agenda Item 6a', is filed with these minutes. The Subcommittee considered the matter, the Chair having decided it was of an urgent nature due to the requirement stipulated in the Terms of Reference of the Subcommittee to consider quarterly audit updates.

Members were informed that ESPO had volunteered to share its payroll and accounts payable data as part of the National Fraud Initiative which was a nationwide bi-annual data sharing exercise to attempt to identify fraud. Any potential matches would be passed on to the Assistant Director (Finance) to further investigate.

The remaining audits for completion would be signed off within the deadlines that had been set. There had been no high recommendations as a result of any audits.

RESOLVED:

That the Quarterly Progress Against the Internal Audit Plan be noted.

10. Internal Audit Service Annual Report 2014/15.

The Subcommittee received a report of the Consortium Treasurer outlining the Internal Audit Service Annual Report for 2014/15. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

Arising from discussion the following points were raised:-

- (i). The issues raised in the annual report reflected changes over the previous two years which subsequently increased the amount of areas needing to be covered by the annual report. Members were advised that owing to these changes, the new rigorous auditing standards had not been fully complied with but would be in the future;
- (ii). The report would be used to inform the Annual Governance Statement which would be sent to the Management Committee in June 2015;
- (iii). Members were advised of errors on the table showing overall performance against the 2014-15 internal audit plan. The total number of unplanned audits was three, raising the total number of audits to 32. The number of audits completed by the 22 May was 26, and not 27 as written in the report. Members were advised that paragraph 22 should read that HoIAS could provide assurance of rigorous monitoring of due professional care and quality.

RESOLVED:

That the Internal Audit Service Annual Report 2014/15 be noted.

11. Internal Audit Plan 2015/16.

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

Arising from discussion the following points were raised:-

- (i). Due to changes in the regulations there would be one month less to undertake the internal audits in line with Council Annual Meetings. It was clarified by officers that although ESPO was not bound under the new regulations, it would still have to finish audits a month early to take into account member authority requirements;

- (ii). Members expressed their support for the audit of the Servicing Authority on the same level as the member authorities. The Plan included continued improvement to the governance of ESPO and how risk was managed;
- (iii). It was clarified that the transparency of competitors was a comparative approach whereby auditors compared the information available on ESPO's website to the websites of its competitors.

RESOLVED:

That the Internal Audit Plan 2015/16 be noted.

12. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Subcommittee would be held on Tuesday 8<sup>th</sup> September at 10.30am.

10.35 - 11.35 am  
09 June 2015

CHAIRMAN