



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield on Wednesday, 8 May 2019.

PRESENT

Cllr. S. Rawlins - Lincolnshire County Council (in the Chair)

Dr. K. Feltham	Leicestershire County Council
Cllr. M. Howell (On-Line)	Cambridgeshire County Council
Cllr. D. Seaton (On-Line)	Peterborough City Council

64. Minutes.

The minutes of the meeting held on 6th February 2019 were taken as read, confirmed and signed.

65. 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.

66. Urgent Items.

There were no urgent items for consideration.

67. Exclusion of the public.

RESOLVED:

That under Section 100(A) 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 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:-

- i) Draft Outturn 2018/19
- ii) Internal Audit Service – Progress Against the 2018-19 Internal Audit Plan
- iii) Internal Audit Service Annual Report 2018/19
- iv) Annual Internal Audit Plan 2019-20

68. Draft Outturn 2018/19

Members considered an exempt report of the Director and Consortium Treasurer outlining the draft Outturn for 2018/19. A copy of the report, marked 'Agenda Item 5', 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The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

Arising from the discussion the following points were noted:-

- i) Members were pleased to note the strong position ESPO were in after another record year having already reached the 2020 target of a five million pound surplus.
- ii) The surplus target for 2019/20 was set at five million pounds, it was intended to review this target after the peak trading period.
- iii) The increase in staff costs compared to the prior year reflected both the increasing staff numbers and the Local Government Pay Offer increase of 1%. It was expected that the next year's pay review would cost ESPO a further £700,000.
- iv) The £400,000 set aside yearly for Building Reserves was intended for future replacements for buildings at end of life. Officers were aware of the national issue regarding improvement in premises and the subsequent increase in business rates.
- v) Seven forklift trucks and eight Large Good Vehicles (LGV's) had been purchased as part of the Capital Programme. The old forklifts had been taken away for free as they had no scrap value whereas the LGV's were sold in auction and ESPO would receive the market value
- vi) Total Rebates were £800,000 ahead of budget due to the strong performance of ESPO's Frameworks and the introduction of an IT Database which enabled more effective enforcement of supplier payment.

RESOLVED:

- a) That the draft outturn for 2018/19 be noted and that £400,000 be allocated to Building Reserves in line with previous years.
- b) That the Management Committee be recommended to allow £300,000 from the surplus to support the development of the ESPO Website Project.
- c) That the Capital Programme expenditure be noted.

69. Internal Audit Service - Progress Against The 2018-19 Internal Audit Plan

Members received a report of the Consortium Treasurer outlining the progress against the 2018/19 Internal Audit Plan. A copy of the report, marked 'Agenda Item 6' is filed with these minutes.

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

Members noted that the 2017/18 high importance recommendations which related to a data protection audit and the MStar contract both now had a substantial level of

assurance and had been closed. To date no high importance audits from the 2018/19 audits had been identified.

Members recognised the transparency and flexibility of the Leadership team with the Internal Audit service.

RESOLVED:

The Subcommittee noted the contents of the report outlining the progress against the Internal Audit Plan.

70. Internal Audit Service Annual Report 2018/19.

Members received a report of the Consortium Treasurer outlining the Internal Audit Service Annual Report 2018/19. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

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

Members were pleased to note the positive opinions given on all three components of the 'control environment' i.e. the framework of governance, risk management and control and that LCCIAS 'generally conforms to the public sector internal audit standards' which was considered the top rating.

A paper would be received at the next Management Committee on Future Growth and would detail a pipeline of ideas to grow the business and set out the risk and reward of each option.

RESOLVED:

That the Internal Audit Service Annual report be noted and the Management Committee be advised accordingly.

71. Annual Internal Audit Plan 2019-20.

The Subcommittee received a report of the Consortium Treasurer outlining the Internal Audit Plan for 2019/20. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

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

Arising from the discussion the following points were noted:-

- a) It was important that the Head of the Internal Audit Service attended the Management Committee and Finance and Audit Subcommittee meetings in order to gauge the challenge provided by Members.
- b) The IT rolling programme covered Website Development and other IT developments. The yearly plan was risk assessed by Internal Audit and a programme of work would subsequently be agreed with ESPO's Head of IT. There was some flexibility to undertake additional work in year.

RESOLVED:

That the contents of the Internal Audit Plan for 2019/20 be approved and the Management Committee advised accordingly.

72. Date of next meeting.

RESOLVED:

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

CHAIRMAN

08 May 2019