



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield on Wednesday, 14 February 2024.

PRESENT

Cllr D. Jones – Peterborough City Council (in the Chair)
 Mrs M. Wright CC – Leicestershire County Council
 Cllr S. Rawlins – Lincolnshire County Council
 Cllr P. Butlin – Warwickshire County Council

Apologies

Cllr. A. Jamieson – Norfolk County Council

In attendance

ESPO

Mr. K. Smith - Director
 Mr. D. Goodacre – Commercial Financial Controller
 Gary Tapp – Head of Strategic Finance

Leicestershire County Council

Simon Hines – on behalf of the Consortium Secretary
 Neil Jones – Head of Internal Audit
 Matt Davis – Audit Manager
 Anna Poole - Democratic Services

Attended Virtually

Cllr. N. Shailer – Cambridgeshire County Council

149. Minutes of the previous meeting.

The minutes of the meeting held on 11 October 2023 were taken as read, confirmed and signed.

150. 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.

151. Urgent items.

There were no urgent items for consideration.

152. Internal Audit Service - Progress against the 2023-24 Internal Audit Plan.

The Committee considered a report of the Consortium Treasurer concerning progress made against the Internal Audit Plan 2023-24. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Arising from the discussion the following points were made:

- i. The report presented a positive picture with no high importance recommendations. It was inevitable that work in progress would cross two financial years and so be included in two Audit Plans. Work was on track to deliver the 2023/4 Audit Plan.
- ii. Regarding the audits that were classed as 'work in progress' detailed in paragraph 11 of the report, the two audits required to be undertaken in the final quarter due to sample size requirements were now almost 90% complete and were well on track for completion.
- iii. The arrangement to have a 'critical friend' on the Project Board for the warehouse build was working well. Leicestershire County Council's Internal Audit Manager sat on the Project Board from a high-level governance perspective, and an operational auditor was also included to consider the detailed work. The arrangement would continue into the next financial year as ESPO officers had found the challenge from an external organisation to be beneficial.
- iv. Regarding the duplication of payments totalling £2.3k, Members were assured that the error rate was less than 0.002%. The issue concerned refunds to some schools and a confusion with whether the refund went to the school or the MAT head office. Officers had reviewed and tightened processes to prevent this happening again.
- v. Regarding potential cyber security threats experienced by the wider public sector, officers assured members this was recognised as a risk, that specific staff training had been developed and audits were conducted to identify any issues. The High Importance recommendation related to cyber security detailed 12 months previously had been cleared and the issue of a potential threat was included as a major risk on Risk Register.
- vi. The legacy system referred to in the report was an HR system from a local authority, rather than a commercial system.

It was moved by Cllr Jones and seconded by Cllr Butlin that the progress update received for the 2023-24 Plan be approved and it be noted that there are no high importance recommendations within the Committee's domain.

RESOLVED

That the progress update received for the 2023-24 Audit Plan be approved and it be noted that there are no high importance recommendations within the Committee's domain.

153. Annual Internal Audit Plan 2024-25, External Quality Assessment and Internal Audit Charter.

The Committee considered a report of the Consortium Treasurer which sought approval for ESPO Annual Audit Plan 2024-25 and the revised ESPO Internal Audit Charter. The report also provided details of an independent external quality assessment of Leicestershire County Council's Internal Audit Service. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

In response to a question, Members were informed that, although the methodology used for the external quality assessment was the same as that used five years ago, the

assessor would be different, and a different focus to the audit was expected. The approach to the audit was a more economic option than a full assessment route delivered by one of the accounting organisations such as CIPFA.

The Chair welcomed Cllr Shailer to the meeting (joined online) at 10.51am.

It was moved by Cllr Jones and seconded by Cllr Rawlins that the

- a) ESPO Internal Audit Plan 2024-25 be approved;
- b) requirement for LCCIAS to have an independent external quality assessment be noted; and
- c) revised ESPO Internal Audit Charter, be approved.

RESOLVED:

That the

- a) ESPO Internal Audit Plan 2024-25 be approved;
- b) requirement for LCCIAS to have an independent external quality assessment be noted; and
- c) revised ESPO Internal Audit Charter, be approved.

154. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Committee would be held on Wednesday 9 October 2024 at 10.30am.

155. 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.

156. Financial Performance Update - Nine Months to December 2023.

The Committee considered an exempt joint report of the Director and the Consortium Treasurer concerning the financial performance of ESPO for the nine months to December 2023. A copy of the report, marked 'Agenda Item 9', 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 discussion, Members asked questions on the following:

- i. the impact of world events on the supply chain;
- ii. the impact of local authorities' financial challenges on ESPO performance; and
- iii. the challenges faced by the nursery sector.

It was moved by Cllr Jones and seconded by Mrs Wright CC that the update provided on the financial performance of ESPO for the nine months to December 2023 be noted.

RESOLVED:

That the update provided on the financial performance of ESPO for the nine months to December 2023 be noted.

157. Budget 2024/25.

The Committee considered an exempt joint report and presentation of the Director and the Consortium Treasurer which presented the budget 2024/25 and sought approval for its submission to the Management Committee for approval. A copy of the report and presentation, marked 'Agenda Item 10', 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 discussion, Members asked questions on the following:

- i. Market pressures from 2024/25 onwards;
- ii. Stock management processes;
- iii. Impact of world events;
- iv. The warehouse extension;
- v. Staffing, recruitment and retention, and the National Minimum Wage;
- vi. Business Rates;
- vii. Use of catalogue and sales;
- viii. Use of AI; and
- ix. Delivery methods.

It was moved by Cllr Jones and seconded by Cllr Rawlins that the budget 2024/25 be approved for submission to the Management Committee for approval.

RESOLVED:

That the budget 2024/25 be approved for submission to the Management Committee for approval.

158. Risk Review

The Committee considered an exempt joint report of the Director and the Consortium Treasurer which provided an update on ESPO's Risk Register and risk landscape. A copy of the report, marked 'Agenda Item 11', 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 discussion, Members asked questions on the following:

- i. Fleet insurance, use of dashcams; and
- ii. Department for Education proposals to change the way in which schools purchased supplies;

It was moved by Cllr Jones and seconded by Cllr Butlin that update provided on ESPO's Risk Register and risk landscape, be noted.

RESOLVED:

That the update provided on ESPO's Risk Register and risk landscape be noted.

10.30 am - 12.20 pm
14 February 2024

CHAIRMAN

This page is intentionally left blank