

Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Monday, 18 February 2013.

PRESENT

Cambridgeshire County Council

Cllr. J. Reynolds (in the Chair)

Leicestershire County Council

Mr. M.B. Page CC

Lincolnshire County Council

Cllr. S. Rawlins

Peterborough City Council

Cllr. D. Seaton

39. Minutes.

The minutes of the meeting held on 20 November 2012, having previously been circulated, were agreed as a correct record and signed.

40. Urgent Items.

There were no urgent items for consideration.

41. 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.

42. Change to the Order of Business.

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

43. 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:

'Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17' (Paper 'E') 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.

44. Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17.

The Subcommittee received an exempt joint report of the Consortium Treasurer and Director which presented the Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17. A copy of the exempt report, marked 'E', is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs, 3 and 10 of Section 12A of the Local Government Act 1972.

Arising from discussion the following points were noted:

- (i) The Subcommittee indicated its satisfaction at the level of information provided in the report and in particular the detailed scenario analysis which had been prepared;
- (ii) The Subcommittee was pleased to note the projected performance summarised within the forecast outturn 2012/13;
- (iii) Building knowledge and awareness of the market was a key part of the role of ESPO's Director. He had made recent visits to each of the Consortium Authorities with the exception of Leicester City Council and Lincolnshire County Council, but would be visiting these Consortium Authorities shortly;
- (iv) Competition would be a key challenge for ESPO over the coming years and there was a need for the Organisation to develop its approach in this regard;
- (v) In the future ESPO would need to develop its marketing practices, and would undertake reviews of its category management to ensure that customer requirements continued to be met;
- (vi) It was intended for provision to be made for ESPO to react more quickly to customer requests, e.g. utilizing e-communications. This was to support ESPO's growing number of customers;
- (vii) The Indigo warehouse project had been put on hold because further training on the new system for staff was required. Adjustments to the software to improve its accessibility by users were also being discussed with the developer. Re-implementation of the Indigo system was expected prior to the end of the current financial year, at an appropriate time at which demand for ESPO services was at a lull;
- (viii) The Servicing Authority's Internal Audit Service, as part of its remit, would review ESPO's existing warehouse processes;

- (ix) In respect of consulting services offered by ESPO a more robust time capture cost recovery system needed to be developed. It was suggested that it was important for client contracts to clearly state all charging arrangements.

RESOLVED:

- (a) That the forecast outturn for 2012/13, and draft four year medium term financial strategy 2013/14-2016/17, be noted;
- (b) That the Management Committee be recommended to note the forecast outturn and approve the draft MTFFS 2013/14-2016/17, on 7 March 2013.

45. External Audit Plan 2012/13 - Mitigation of Risk of Fraud.

The Subcommittee received a report of the Consortium Treasurer in respect of the External Audit Plan 2012/13 and the mitigation of risk of fraud. A copy of the report marked 'B' is filed with these minutes.

Arising from discussion the following points were made:

- (i) ESPO worked within the fraud risk mitigation procedures of the Servicing Authority;
- (ii) It was suggested that whistleblowing occurrences ought to be brought to members' attention at the earliest opportunity. The Subcommittee was advised that, should whistleblowing cases arise, their outcome would be reported to the Subcommittee within the Consortium Treasurer's regular reports on the progress of the Internal Audit Service.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That officers be requested to report further on ESPO's framework for the mitigation of fraud risk to the next meeting of the Subcommittee.

46. Effectiveness of the System of Internal Audit.

The Subcommittee received a report of the Consortium Treasurer the purpose of which was to provide an assessment of the system of internal audit for ESPO. A copy of the report marked 'C' is filed with these minutes.

RESOLVED:

That the report be noted.

47. Progress against the Internal Audit Annual Plan.

The Subcommittee received a report of the Consortium Treasurer giving a summary of progress against the Audit Plan 2012-13. A copy of the report marked 'D' is filed with these minutes.

Arising from discussion the following points were made:

- (i) The Subcommittee was pleased to note the progress by ESPO to improve the monitoring of rebates and verification of suppliers;
- (ii) Market intelligence was considered to be of high importance to ESPO;
- (iii) The cost of the Internal Audit Service was incorporated within the cost charged to ESPO by the Administering Authority.

RESOLVED:

That the report be noted.

48. Project Controls.

The Subcommittee received a presentation of the Director providing a summary of ESPO's approach to controlling projects. A copy of the presentation is filed with these minutes.

Arising from discussion the following points were noted:

- (i) There was a need for ESPO's performance management processes to become more robust and transparent. ESPO was developing this through a pipeline management process to ensure that this was addressed;
- (ii) The Subcommittee was assured that projects would continue to be reviewed and that where they did not represent value for money or address members' broader procurement challenges, that they would be discontinued.

RESOLVED:

That the presentation be noted.

10.30 am - 12.15 pm
18 February 2013

CHAIRMAN