



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Tuesday, 10 June 2014.

PRESENT

Dr. R. K. A. Feltham CC
Cllr. S. Rawlins
Cllr. J. Reynolds

Leicestershire County Council
Lincolnshire County Council
Cambridgeshire County Council

37. ELECTION OF CHAIRMAN FOR THE MUNICIPAL YEAR ENDING MAY 2015.

RESOLVED:

That Cllr J Clarke be elected Chairman for the period until the end of the municipal year ending May 2015.

38. ELECTION OF CHAIRMAN FOR THE MEETING.

In the absence of Cllr Clarke, it was moved and seconded that Cllr Reynolds be elected Chairman for the meeting.

Cllr Reynolds – in the chair.

39. MINUTES.

The minutes of the meeting held on 17 February 2014 were taken as read, confirmed and signed.

40. 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.

41. URGENT ITEMS.

There were no urgent items for consideration.

42. DRAFT OUTTURN 2013/14.

The Subcommittee received a joint report of the Director and Consortium Treasurer setting out the Draft Outturn for 2013/14. A copy of the report marked 'Item 5' is filed with these minutes.

Arising from discussion, the following principal points were noted:-

- i) That officers should be congratulated on another record year of stores growth;
- ii) That the £0.4 m allocated to building provision was part of an ongoing fund to provide provision for a new ESPO warehouse at the end of its current projected 25 year lifespan. This was a separate allocation to the mortgage repayments for that of the existing building.

RESOLVED:

That the Management Committee be recommended to:-

- (a) approve of the draft out turn for 2013/14;
- (b) approve the allocations from the operating surplus for 2013/14 as outlined in paragraphs 23 and 24 of this report;
- (c) approve payment of the dividend, subject to approval of the accounts in September 2014, as outlined in paragraphs 25 and 26 of this report.

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:

‘Supplementary Information Informing the Draft Outturn 2013/14’ 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. SUPPLEMENTARY INFORMATION INFORMING THE DRAFT OUTTURN 2013/14.

The Subcommittee considered an exempt report of the Consortium Treasurer which set out information regarding ESPO’s Draft Outturn 2013/14 containing details of a commercially sensitive nature. A copy of the exempt report, marked ‘Item 10’, 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.

RESOLVED:

That the information contained within the report be noted.

(THE MEETING THEN RECONVENED INTO PUBLIC SESSION)45. PROGRESS AGAINST THE INTERNAL AUDIT ANNUAL PLAN 2013/14.

The Subcommittee received a report of the Consortium Treasurer, the purpose of which was to give a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work regarding ESPO and to highlight audits where high importance recommendations had been made. A copy of the report marked 'Item 6' is filed with these minutes.

Arising from discussion the following points were noted:

- i) Of the five outstanding jobs listed in Appendix 1 to the report, two were confirmed as now complete (IT General controls and Rebates Income), with the remaining three reports, for which findings didn't pose significant risk to ESPO (Anti-fraud and corruption; Stock Management and Energy), were now close to being signed off;
- ii) As part of the adoption of the Public Service Internal Audit Standards (2013), it was noted that ESPO would need to formally adopt an internal audit charter (the Charter), defining the purpose, authority and responsibility of its internal audit activity;
- iii) With the Servicing Authority currently reviewing a draft form of the charter, members supported the view that an adapted version for ESPO should be developed by the Consortium's Treasurer and Secretary and the Director of ESPO. It was noted the Charter would then be presented to the Subcommittee for its consideration and comment before final approval being sought by the Management Committee, as the governing body charged with the responsibility to direct and/or oversee the activities and management of ESPO.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That a draft Internal Audit Charter be considered at the September 2014 meeting of the Subcommittee.

46. INTERNAL AUDIT ANNUAL MEMBERS' REPORT 2013/14.

The Subcommittee received a report of the Consortium Treasurer presenting the Internal Audit Service Annual Report for 2013/14. A copy of the report marked 'Item 7' is filed with these minutes.

In noting there was continuing improvement with ESPO's governance, risk management and internal controls, members queried whether there would come a time when internal audit resource was reduced to reflect the improvements made.

The Head of Internal Audit Service, Director of ESPO and Consortium Treasurer responded to confirm they were comfortable that the level of internal audit resource was sufficient to be able to provide a rounded overall opinion on the adequacy and effectiveness of ESPO's control environment.

Whilst there was evidence of more stability, the nature and scale of ESPO's business (reflected in its corporate risk register and the recent agreement by Management Committee of a new Business Strategy covering 2014-18) required adequate internal audit resource. Nevertheless, a small reduction of 15 days is planned for 2014-15.

RESOLVED:

That the Internal Audit Service Annual Report for 2013/14 be noted.

47. INTERNAL AUDIT ANNUAL PLAN 2014/15.

The Subcommittee received a report of the Consortium Treasurer presenting the Annual Internal Audit Plan 2014/15. A copy of the report marked 'Item 8' is filed with these minutes.

Arising from discussion the following points were noted:

- (i) The responsibility to determine risk lay with the Director and his senior management team, with the escalation of significant matters to the Chief Officer Group and Management Committee as necessary, within ESPO's framework of governance, risk management and control;
- (ii) The audit plan for 2014/15 showed that a broad spectrum of ESPO's key risks would be audited. Members were comfortable with this approach.

RESOLVED:

- (a) That the methodology used as a basis for developing the Internal Audit Plan be supported;
- (b) That the ESPO Internal Audit Plan for 2014/15 be noted.

48. DATE OF NEXT MEETING.

RESOLVED:

It was noted that the next meeting of the Committee would be held on 9 September 2014 at 10.30 am.

11.00 - 11.55 am
10 June 2014

CHAIRMAN