

Minutes of the Audit Committee Meeting held on Thursday 28 January 2016 at 10:00 am in the Rose Room, Endeavour House, Ipswich.

Present: Councillors Michael Bond (Chairman), Jenny Antill (Vice-Chairman), David Busby, Len Jacklin, Bert Poole, Chris Punt and Andrew Reid.

Also present: Councillor Matthew Hicks and Councillor Robert Whiting

Supporting officers present: Louise Aynsley, Chief Accountant (Strategy and Accounts)  
Katherine Bailey, Democratic Services Officer  
Peter Frost, Head of Audit Services

Tina Meyer, Ernst & Young (Agenda Items 1 to 8)

Rob Murray, Ernst & Young (Agenda Items 1 to 8)

For Agenda Item 5:

Mark Hardingham, Chief Fire Officer

Mark Sanderson, Deputy Chief Fire Officer

For Agenda Item 6

Chris Bally, Assistant Director, IT and Business Development

Peter Knight, Interim Head of Performance and Information Management

For Agenda Item 8

Laura Fuller, Lead Auditor

For Agenda Item 9:

Nadine Coleman, Senior Manager, Client Support, Resource Management

Duncan Johnson, Assistant Director of Corporate Property

Linda Pattle, Democratic Services Officer

Brian Prettyman Senior Manager, Property Strategy.

### **31. Public Participation Session**

There were no requests to speak in the public participation session.

### **32. Apologies for Absence and Substitutions**

Apologies for absence were received from Councillor Peter Bellfield, who was substituted by Councillor Andrew Reid.

### **33. Declarations of Interest and Dispensations**

Declarations of interest in agenda item 9 were received from Councillor Jenny Antill as a Director of Suffolk Group Holdings (including Concertus), and from Councillor Len Jacklin as he had recently been appointed to the Property Board Advisory Group.

#### **34. Minutes of the Previous Meeting**

The minutes of the meeting held on 12 November 2016 were confirmed as a correct record and signed by the Chairman.

#### **35. Suffolk Fire and Rescue Service Annual Statement of Assurance (2014-15)**

At Agenda Item 5, Councillor Matthew Hicks, Cabinet Member for Environment and Public Protection, Mark Hardingham, Chief Fire Officer and Mark Sanderson, Deputy Chief Fire Officer presented the Suffolk Fire and Rescue Service Annual Statement of Assurance (2014-15) to the Committee. Members were reminded that the document had been produced because of the requirement for all Fire Authorities to publish a statement of assurance on an annual basis.

**Decision:** The Committee agreed the Suffolk Fire Authority Statement of Assurance for 2014-15.

The Committee recommended that the report for 2015-16 should include a summary of proposed future improvements (rather than a link to a website) and also data on the reasons for false alarms.

**Reason for decision:** The current Fire and Rescue National Framework required fire authorities to produce and publish an annual Statement of Assurance. The Council's Cabinet had determined that the Statement of Assurance should be annually agreed and published through the Audit Committee and Members were satisfied that this document provided the required information in an appropriate manner. Members heard that responsibility for Fire Services had recently changed from the Department for Communities and Local Government to the Home Office, which would possibly review inspection arrangements for Fire Services.

Members noted that the Fire Service was not achieving response standards (which had been locally agreed), and heard that the service was considering ways to improve availability of on-call firefighters, and also considering whether the targets were reasonable. The Public Protection Policy Development Panel had been considering this matter, and following its disbandment, a new body, involving members, would convene in the near future.

Members heard that there had been a considerable decrease in malicious call-outs because most calls were now traceable. There had also been a decrease in primary fires due to education, the rise in the use of smoke detectors and a generally safer society.

**Alternative options:** None considered.

**Declarations of interest:** None received.

**Dispensations:** None reported.

#### **36. Performance and Risk Management Annual Report 2015**

At Agenda Item 6 the Committee considered a report by the Director of Resource Management, providing the Committee with an update on the Council's performance and risk management arrangements and outcomes from inspection activity during 2015. Chris Bally, Assistant Director, IT and Business

Development, and Peter Knight, Interim Head of Performance and Information Management, presented the report and answered members' questions.

**Decision:** The Committee noted the content of the report at Agenda Item 6 and agreed that in general, satisfactory arrangements were in place for the effective management of performance and risk within the Council.

Members recommended that in future, update reports to the Committee should include a scoring system derived from the impact and likelihood for each risk.

**Reason for decision:** The Committee considered that the report described satisfactory arrangements for managing performance and risk in relation to those activities carried out directly by the Council.

Members were informed that the report with which the Committee had been provided was an extract from a database (the Corporate Risk Register) and requested that more detail be provided in future reports.

The Committee considered requesting a further report on the mechanisms for implementation of risk management in the authority, but heard that the Internal Audit Team was currently reviewing this matter, and so decided to delay this scrutiny until the Internal Audit review had been completed.

**Alternative options:** None considered.

**Declarations of interest:** None received.

**Dispensations:** None reported.

### **37. Audit Services Charter and Audit Plan Key Themes 2016/17**

At Agenda Item 7 the Committee considered a report by the Director of Resource Management, providing update information on the Audit Services Charter, as well as the Key Themes which it was proposed would be covered in the planning process and work of Audit Services in 2016/17. Peter Frost, Head of Audit Services, presented the report and answered members' questions on it.

**Decision:** The Committee approved the Internal Audit Charter for 2016/17 and the Key Themes for 2016/17.

The Committee also recommended to the Cabinet Member for Finance and the Director of Resource Management that the Audit Team should be strengthened.

**Reason for decision:** Members heard that the Charter was presented to the Committee every two years, and had last been reviewed on 29 January 2015. There had subsequently been some amendments, but the Committee decided that it was content that these were sufficiently minor for it to be satisfied that the Charter for 2016/17 could be approved.

The Committee was concerned that resource issues meant that the Audit Team was currently unable to operate to full capacity.

**Alternative options:** None considered.

**Declarations of interest:** None received.

**Dispensations:** None reported.

### **38. Anti-Fraud and Corruption**

At Agenda Item 8, the Committee considered a report by the Director of Resource Management, setting out the arrangements in place within the Council to develop a culture where fraud and corruption are unacceptable. The report also provided a summary of reactive and proactive fraud-related work undertaken by Audit Services during 2015 and an evaluation of the adequacy of the County Council's current counter-fraud arrangements. Peter Frost, Head of Audit Services, presented the report and was joined by Laura Fuller, Lead Auditor, to answer members' questions.

**Decision:** The Committee agreed that it was satisfied with the work that had taken place in 2015 to identify and eliminate fraud. However, it recommended to the Cabinet Member for Finance that consideration be given to increasing the staffing resource for fraud investigations, and invited his response.

**Reason for decision:** The Committee was pleased to hear that there were eight detected cases classified as fraudulent in 2014/15, with a total detected value of £73,947.

Members heard that the resources available to the Audit Team limited its capacity to investigate cases and carry out more proactive work, and heard that it was possible that the cost of employing another member of staff could be covered by the outcomes of being able to do further work. It invited the Cabinet Member for Finance to comment on this matter.

**Alternative options:** None considered

**Declarations of interest:** None received

**Dispensations:** None reported

The meeting adjourned at 11:45 am and reconvened at 1:30 pm

### **39. Corporate Property**

At Agenda Item 9, the Committee considered a report from the Director of Resource Management which provided information about the Corporate Property Service and the property portfolio. The report was introduced by Councillor Robert Whiting, who was joined by Duncan Johnson, Assistant Director of Corporate Property, Nadine Coleman, Senior Manager, Client Support, Resource Management and Brian Prettyman Senior Manager, Property Strategy, who answered members' questions.

**Decision:** The Committee recommended that the Director of Resource Management should:

- a) ensure that Councillors were routinely informed of the arrangements for disposal of assets in their locality very early in the process; and
- b) circulate the Council's policy on the below-value disposal of assets to all Councillors; and
- c) circulate the values of the County Farm estate and the rest of the Council's property to the Committee;

The Committee agreed that it would review the information that had been provided and consider the future direction of its scrutiny of Corporate Property.

**Reason for decision:** The Committee was concerned that discussions with constituents often took place before decisions had been made about the future of assets, and often members were provided very late in the process with information from officers about proposals for the disposal of assets. Members considered that access to the policy documents, and earlier information from officers, would provide them with the capability to have informed discussions with constituents early in the process.

The Committee was aware that property was held by the Council to support the service delivered, and not as an investment estate. Most assets were either in use to provide council services, were leased to third parties to deliver services on the council's behalf, or were surplus space for disposal. However, the County Farms, which had originally been bought to support ex-servicemen after the First World War, now amounted to an investment estate. The Committee noted that agriculture was traditionally low risk and low yield, and requested information on the value of the County Farm Estate so that it could ascertain whether the estate was being managed in a way which maximised returns. Members heard that legislation regarding tenancy agreements had changed, and that the farms were gradually being re-let under new legislation which provided a greater yield. They noted that potential cost savings in the management of the County Farms Estate were currently under consideration, and although Members were pleased that the Council was gradually unlocking the value of the County Farms Estate, they expressed concern that the Council may not be investing in the Estate sufficiently to realise its full value. The Committee agreed that it would consider these issues in more detail at a future meeting.

The Committee commented that the Housing Development Company had made a good start, which was purposefully modest and gradual, with the option to extend to other parts of Suffolk in the future. Members heard that the company would be capitalised by market value loans from Suffolk County Council and the District Councils, and its Business Plan was under development. Land transfers would be at housing market value and dividends would be split in accordance with shareholdings and be returned to the councils as capital receipts.

The Committee welcomed the general reductions in management costs which had been achieved through staff efficiencies, reductions in running costs following the rationalisation of buildings, and the increase in rents from third parties. It noted that a variety of ways of managing property had been considered and Concertus had been formed as a result of these discussions, as had the property management service offered to schools through Schools Choice. Members were informed that a proposal to transfer this service to Vertas would soon be considered by Cabinet, and would result in cost savings by the removal of duplication. However, Members were concerned about the length of time that property transactions sometimes took, about the costs of security and insurance during this time, and also about the continued presence of staff responsible for property in other Directorates. The Committee decided that it wished to consider these issues in more detail.

The Chairman expressed his appreciation of the high quality of the report, and the professional manner in which it had been presented.

**Alternative options:** None considered

**Declarations of interest:** Declarations of interest were received from Councillor Jenny Antill as a Director of Suffolk Group Holdings (including Concertus) and from Councillor Len Jacklin as he had recently been appointed to the Property Board Advisory Group.

**Dispensations:** None reported

**40. Forward Work Programme**

The Committee approved the Forward Work Programme at Agenda Item 10.

**41. Urgent Business**

There was no urgent business.

*The meeting closed at 3:20 pm.*

Chairman