

COUNCIL MEETING ON 15 JULY 2014 – ITEM 11 (C) (iii)

Annual Report of the Performance and Audit Committee

I am pleased to submit the annual report of the Performance & Audit Committee, setting out the main items of business undertaken by the Committee in the 2013/14 year.

Statement of Accounts

As part of its review of the draft 2012/13 Statement of Accounts the Committee was concerned to note a further increase in the Council's share of the Essex Pension Fund deficit. The Committee reluctantly accepted that the Council has little control over this figure and has little choice but to accept the actuarial valuation and pay into the Pension Fund the amounts levied by Essex County Council. The Committee also obtained an understanding of the Council's financial relationship with the North Essex Parking Partnership.

The Committee subsequently approved the audited 2012/13 Statement of Accounts, noting that no significant issues arose during the audit process and that the Council's outturn position and useable reserves were unchanged following the audit. The Auditor issued the Council with an unqualified audit opinion before the statutory deadline.

External Audit

This was the first year of the new audit contract with Ernst & Young (now EY). Continuity was achieved as the lead audit personnel had transferred from the Audit Commission. The new contract represented a 40% reduction in audit fees from the previous Audit Commission contract.

In addition to the unqualified accounts opinion referred to above, the Committee was pleased to note that the External Auditor issued an unqualified opinion on the Council's arrangements for ensuring value for money in 2012/13, which was the third year running. This represents an independent confirmation that the Council's financial planning, asset management, procurement and approach to financial management generally is sound and provides good value for money.

The Committee received the Auditor's Annual Governance Report for 2012/13, noting that no significant issues or concerns were identified. The Committee also received the Auditor's Annual Audit Letter for 2012/13 and assurances were given about the reliability of the Council's accounts and financial management. The Auditor concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

The formal completion of the 2012/13 audit was held up by approximately eight months while the Auditor considered an objection to the accounts that had been lodged by a local elector. The Auditor concluded that the complaints made had no foundation, and accordingly the objection was dismissed. The additional fee payable to the Auditor for considering this matter was £6,624.

The Auditors reported that the 2012/13 audit of Housing & Council Tax Benefits transactions had shown a higher error rate than had been reported in previous years. The Committee received explanations from officers attributing these results to a growing complexity of benefits claims and difficulties with accurately assessing income received by claimants who were self-employed. The Benefits service has enhanced its quality control procedures and more resources are being invested. The Committee will be closely monitoring performance in this area.

Internal Audit

During the course of the year the Committee has reviewed the work of Internal Audit. At its forthcoming meeting on 22 July 2014 the Committee will be receiving the Audit Manager's Annual Report and Opinion for 2013/14 and will be considering for approval the Annual Governance Statement for 2013/14, which complements the councils statement of accounts. In addition, the Committee has received and approved the proposed Internal Audit Programme of Work for 2013/14, the Internal Audit Strategy 2013/14 and the revised Internal Audit Charter.

At its meetings the Committee receives quarterly progress reports on day-to-day Internal Audit work and recommendations. During the year the Committee also received a report on the Internal Audit Anti-Fraud and Corruption Work. In addition members, working with the Internal Audit Manager, undertook a Self-assessment of Good Practice & Evaluation of the Performance & Audit Committee and a number of actions have been identified arising from this assessment.

Performance Monitoring

The Committee undertakes detailed quarterly monitoring of the Council's key performance indicators and a further basket of supporting performance indicators.

Last year there was particular focus on reported the performance of the Planning Department and the Committee has been pleased that the improvement in Planning indicators achieved in 2012/13 has largely been maintained. Other areas where the Committee has noted particularly good performance include void property re-let times and rent and council tax collection rates.

There has been some improvement in the indicator measuring missed bins. Whilst the Committee recognises that the target set for this is challenging, it will continue to monitor this area, particularly with regard to the introduction of in-cab technology, which it is hoped will enable instant reporting of issues on the rounds. The Committee hopes to see the indicator reach and maintain its target in 2014/15.

Other performance areas that the Committee has particularly focused on in 2013/14 have included the council's response to health and safety issues and the Committee has continued to closely monitor the accuracy with which the Housing Benefit and Council Tax Benefits are processed.

Risk Management

The Committee monitors the Council's Corporate Risk Register on a quarterly basis and pays particular attention to those risks for which scoring has changed between

quarters. The Committee continues to encourage senior management to view the Risk Register as a 'live' document.

To conclude, I would like to thank the officers and members who have continued to give their support and assistance to the Committee during the year. I would also like to thank all members of the Committee for their contributions to our discussions and debate. Mr Chairman, I present this Report for acceptance by the Council.

Cllr Simon Howell

Chairman, Performance & Audit Committee