



## **Cabinet** **21 October 2009**

### **Report of the Performance and Audit Scrutiny Committee: 28 September 2009**

- 1. Audit Commission presentation on 2008/2009 International Standard on Auditing (ISA) 260 Annual Governance Report to those charged with governance**
- 1.1 The purpose of the Committee's meeting in September of each year is to enable the Audit Commission to formally present its Annual Governance Report to Members. The results of the Commission's work to date for the 2008/2009 Audit were duly submitted to the Committee. The report included the results of work undertaken to assess how well the Council used and managed its resources to deliver Value for Money and better and sustainable outcomes for local people. The report also set out the key issues which Members were asked to consider before the Audit was completed.
- 1.2 Neil Harris, the District Auditor, drew Members attention to the main points in the report, as follows:-
  - (i) the first element of the Governance Report, Audit of the Council's Financial Statements, was now complete, and there were no further matters to report to Members. The Commission was satisfied that the Council's income and expenditure was presented fairly in its Financial Statements, and therefore it was proposed to issue an unqualified opinion to this effect on 30 September 2009;
  - (ii) the second element of the report, comprising the scored judgements on Use of Resources by the Council, was also complete and was detailed in a separate appendix in the report. The District Auditor was satisfied that no areas of concern had been identified, and he proposed to issue an unqualified Value for Money (VFM) conclusion. He was also pleased to report that the Council had achieved an overall score of Level 3, which was a very good achievement. He was also pleased to report that in the area of Managing Resources, effectively how the organisation manages its staff, the Council had scored the highest possible score of 4, which put it in the category of 'performing excellently'; and
  - (iii) finally, the District Auditor advised that it had been possible to carry out the audit in an efficient manner, and he thanked the Council's Finance staff for their co-operation and assistance. He confirmed that there would be no additional fees necessary over the originally proposed audit fee, and was

happy to close the 2008/2009 Audit, and issue his opinion on the Financial Statements conclusion, Value for Money and the Audit Closure Certificate.

1.3 The Committee considered the matters raised in the report and noted the adjustments to the Financial Statements set out. Members congratulated the Chief Finance Officer and her team on achieving an unqualified opinion on the Financial Statements, and in particular for achieving Level 3 in the Use of Resources, which they were aware was subject to a much harder test than in previous years. The proposed VFM conclusion was also noted.

1.4 As required, the Committee approved the letter of representation on behalf of the Council, and agreed the Chief Finance Officer's response to the proposed Action Plan set out in the report, which also appeared under the next item on the agenda.

**2. Response of the Chief Finance Officer to the 2008/2009 International Standard on Auditing (ISA) 260 Annual Governance Report to those charged with governance**

2.1 The Committee considered the response of the Chief Finance Officer (CFO) to the 2008/2009 Annual Governance Report. This noted the very positive results of the Audit of the Financial Statements and the high Use of Resources score, which she believed would set St Edmundsbury Borough Council amongst the top performing districts in the country.

2.2 The report summarised where changes had been made to the Statement of Accounts to reflect the auditor's findings, none of which were material, and these were further clarified and accepted by the Committee during the meeting. The CFO also confirmed that action, as recommended by the Auditor, would take place with respect to the review of accounting policies.

2.3 The CFO had also circulated copies of the revised Statement of Accounts to Members with the agenda, and the Committee took the opportunity to ask questions on these revised accounts which were answered.

2.4 The Chairman of the Committee signed the District Auditor's draft letter of representation, as attached at Appendix 3 to his report.

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