

**ST EDMUNDSBURY BOROUGH COUNCIL**

**PERFORMANCE AND AUDIT SCRUTINY COMMITTEE**

**Minutes of a meeting held on Monday 27 September 2010 at 4.00 pm  
in the Conference Chamber West, F1R09, West Suffolk House, Western Way,  
Bury St Edmunds**

PRESENT: Councillor J R Hale (Chairman)  
Councillors Cox, Houlder, Redhead, Mrs Richardson, Spicer and  
Mrs P A Warby

BY INVITATION: Councillor Ray, Portfolio Holder for Performance and  
Organisational Development

Representatives of the Audit Commission  
Neil Harris, District Auditor  
Sophie Harcombe, Team Leader

**22. Apologies for Absence**

Apologies for absence were received from Councillors Rout and F J Warby.

**23. Substitutions**

No substitutions were declared.

**24. Minutes**

Councillor Mrs Richardson wished to ensure her apologies for absence were recorded in the minutes of the previous meeting, which was accepted by the Committee.

Subject to the above amendment, the minutes of the meeting held on 26 July 2010 were confirmed as a correct record and signed by the Chairman.

**25. Declarations of Interest**

Members' declarations of interest are recorded under the item to which the declaration relates.

**26. Audit Commission Presentation on 2009/2010 International Standard  
on Auditing (ISA) 260 Annual Governance Report to those Charged with  
Governance**

The Committee considered Report B231 (previously circulated), which contained the Annual Governance Report of the Audit Commission for the 2009/2010 financial year. Approval was sought for the letter of representation, which would be sent to the Audit Commission on behalf of the Council, in advance of the District Auditor issuing his opinion and conclusion in relation to the audit of the Council's Accounts for 2009/2010. Approval was also sought for the Chief Finance Officer's response to the Audit Commission's proposed Action Plan.

Report B231 summarised the findings of the Audit Commission's work to date on the audit for the 2009/2010 financial year and identified key issues for the Committee to

consider before completion of the audit. The following appendices were attached to the Annual Governance Report:-

Appendix 1: the draft Independent Auditor's Report;

Appendix 2: unadjusted mis-statements in the accounts;

Appendix 3: the draft letter of representation to be sent on behalf of the Council to the Audit Commission;

Appendix 4: the key findings and conclusions in respect of whether the Council met the Value for Money (VfM) criteria; and

Appendix 5: the proposed Action Plan.

Mr Neil Harris, District Auditor, drew relevant issues to the attention of the Committee. He informed Members that the audit was substantially completed and that subject to the satisfactory completion of the outstanding work, he planned to issue an unqualified opinion on the financial statements by 30 September 2010. There were no additional matters he wished to refer to other than those already included in his report.

The Committee considered the report in detail and noted the financial statements did not contain any material errors, but adjustments had been made to a number of non-trivial errors by the Council's officers. However, there was one non-trivial error which the officers had not amended and this required consideration by Members. Details of this error were provided in Appendix 2 of the Annual Governance Report. The officers had provided a reason for not amending this error as, *'the sum involved is not considered to be material in relation to total capital spend during 2009/2010 of £15.4 million and has not therefore been adjusted in the accounts.'* In response to a question, the Committee was informed that the reason given was acceptable to the District Auditor and would not affect his final opinion. The Committee was also satisfied that the reason was acceptable.

The Committee noted that the Council's VfM arrangements had been assessed using new criteria specified by the Audit Commission, and as a result, Mr Harris stated that he intended to issue an unqualified VfM conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. Members were informed that as the Comprehensive Area Assessment had been abolished, the Council was no longer assessed under the previous regime which had awarded score judgements in four categories on a scale of 1 to 4, with 4 being the highest. In 2008/2009, the Council had scored highly with three categories scoring 3, and one category, Managing Resources, achieving a score of 4. As this scoring method had now been withdrawn, Mr Harris stated that it was regrettable that he was unable to inform the Committee of scores for 2009/2010, and whilst he had reported that 'adequate' arrangements were in place under the remit of the revised criteria, he had expressed the strength of the Council's VfM performance in the narrative of his report.

Attached as Appendix 3 to the Annual Governance Report was the draft letter of representation written on behalf of the Council and which was required before the District Auditor issued his opinion and conclusion. The Committee considered that the letter was acceptable.

Attached as Appendix 5 to the report was the proposed Action Plan, which detailed one area that required action by the Chief Finance Officer, which was *'to ensure that capital expenditure is correctly allocated to the relevant capital scheme, supported where appropriate by detailed time records'*. The Chief Finance Officer had agreed to this proposal, which was endorsed by the Committee.

Mr Harris congratulated the Council on another good performance and thanked the Finance Section's officers for their co-operation and assistance in enabling the audit to be undertaken in an efficient manner. The Committee acknowledged that this was due to the commendable work of the Chief Finance Officer and her team.

RESOLVED:- That,

- (1) the letter of representation, as outlined in Appendix 3 to Report B231, be approved before the District Auditor issues his opinion and conclusion; and
- (2) the Chief Finance Officer's response to the proposed Action Plan, as detailed in Appendix 5 to Report B231, be approved.

The meeting concluded at 4.37 pm.

**J R HALE  
CHAIRMAN**