



Performance and Audit Scrutiny Committee 27 September 2010

Audit Commission presentation of 2009/10 ISA 260 Annual Governance Report to those charged with governance

SUMMARY

The attached report presents the results of the Audit Commission's work to date for 2009/10, and sets out the key issues which Members are asked to consider before the audit is completed, which are identified as bullet points in the letter which appears on Page 3 of the document.

PURPOSE OF THE REPORT

The Committee is asked to take the following actions:

For noting

- To note that the financial statements presented for audit were free from material misstatement;
- To note that a number of non-trivial errors have been adjusted for;
- To note that one non-trivial error has not been adjusted for, as set out in Appendix 2 of the report, and agree that the reason for not amending this error is as follows: "the sum involved is not considered to be material in relation to total capital spend during 2009/10 of £15.4m and has not therefore been adjusted in the accounts";
- To take note of the proposed VFM Conclusion set out in the report at Appendix 4.

For consideration and discussion

- To consider the matters raised in the report to date regarding the financial statements (pages 4 to 10).

For approval

- To approve the letter of representation on behalf of the Council before the District Auditor issues his opinion and conclusion (Appendix 3); and
- To agree the Chief Finance Officer's response to the proposed Action Plan at Appendix 5.

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Annual Governance Report

St Edmundsbury Borough Council

Audit 2009/10

September 2010

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Ladies and Gentlemen

2009/10 Annual Governance Report

I am pleased to present my report on the results of my 2009/10 audit work.

I discussed and agreed a draft of the report with the Chief Executive and Chief Financial Officer during September 2010.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 4 to 10);
- agree to adjust the error in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the error; (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the action plan (Appendix 5).

Yours faithfully

Neil Harris
District Auditor

27th September 2010

Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from material error	Yes	7
Adequate internal control environment	Yes	8
Value for money	Results	Page
Adequate arrangements to secure value for money	Yes	10

Audit opinion

- 1 My audit on the Council's 2009/10 financial statements is now substantially complete. We are concluding work on fixed assets, my final file review and checking the amended financial statements. Subject to the satisfactory completion of outstanding work, I plan to issue my unqualified financial statements opinion, unqualified value for money conclusion, and audit closure certificate on 30 September 2010. Appendix 1 contains a copy of my auditor's report.

Financial statements

- 2 The financial statements presented for audit were free from material misstatement. Your officers have adjusted the draft financial statements for a number of non-trivial errors. However, there is one non-trivial error which officers have not amended and therefore requires consideration by Members. Details of this error are set out in Appendix 2.

Value for money

- 3 I assess your value for money arrangements. I do this using Audit Commission specified criteria. As a result of my assessment I intend to issue an unqualified value for money conclusion stating that the Council has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Key messages

Audit fees

- 4 In July 2010, my External Opinion Audit Plan set out my planned fees for 2009/10 audit work. I have revisited this throughout the audit. I am not anticipating any additional audit fees to reflect the work necessary to complete the 2009/10 audit.
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Independence

- 5 I have carried out my audit in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

6 I ask the Statement of Accounts Committee to:

- consider the matters raised in the report regarding the financial statements (pages 4 to 10);
- agree to adjust the error in the financial statements I have identified that management has declined to amend or set out the reasons for not amending the error (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the action plan (Appendix 5).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 7** My audit of the Council's 2009/10 financial statements is now substantially complete. We are concluding work on fixed assets, which includes technical consideration of a specific issue highlighted in paragraph 8 below. I then need to complete my final review and check the amended financial statements. Subject to the satisfactory completion of this work I plan to issue an audit report including an unqualified opinion on the financial statements on 30th September 2010. Appendix 1 contains a copy of my draft audit report.
- 8** We have a specific fixed asset issue on the valuation of the surface car park at The Arc shopping development. We are working with officers on the technical accounting treatment and will report the final position to members on 27 September. Valued at £1.199million, the surface car park has been completed and brought into use. However, this is currently categorised as an asset under construction. The Statement of Recommended Practice (SoRP) states that once assets are ready for operational use they may need a valuation and impairment review if there is evidence that historical cost is not a reliable figure. The Council has not yet completed a valuation and impairment review as this is informed by costs and receipts over a 3 year period. Since the Arc shopping centre opened, there have been changes to the car park which means the Council has not yet been able to determine a stable income position.

Errors in the financial statements

The financial statements presented for audit were free from material misstatement. Your officers have adjusted the draft financial statements for a number of non-trivial errors. However, there is one non-trivial error which officers have not amended and therefore requires consideration by Members (details set out in Appendix 3):

- A creditor was raised for £156k for seating at the APEX, including a £62.4k deposit. Although goods were ordered during the 2009/10 financial year, these had only been partially received into 2010/11. Since there was no debt outstanding at the year end or goods or services received, this transaction does not constitute a creditor. Creditors are therefore overstated by £93.6k.

Recommendation

R1 Members should consider whether to adjust the financial statements for the error that I have identified through my audit. Currently management has declined to amend the financial statements for this error. If your considerations lead you to agree with management, I need detail of your rationale for not amending the error to be set out in your letter of representation.

Important weaknesses in internal control

- 9** I do not provide a comprehensive statement of all weaknesses which may exist in internal control, nor of all improvements which officers may make. I report only on those matters which have come to my attention because of the audit procedures I have performed.
- 10** During 2009/10 we identified miscoding of prior year capital expenditure on two projects:
- £420k for the cattlemarket redevelopment underground car park in Bury St Edmunds
 - £709k for the Multiplex Cinema complex in Haverhill
- 11** These costs should have been allocated to related schemes, such as the cattlemarket redevelopment surface car park and the cinema car park asset. As both assets were revalued in 2008/09 these amendments resulted in adjustments to the revaluation reserve and to the previous year's impairment. Time was the main type of cost miscoded and our review of timesheets confirmed that there was not sufficient detail to determine whether this cost should be against the original assets or not.

Recommendation

R2 Ensure that capital expenditure is correctly allocated to the relevant capital scheme, supported where appropriate by detailed time records.

Letter of representation

- 12** Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation.

Key areas of judgement and audit risk

- 13** I identified specific risks and areas of judgement that I have considered as part of my audit. Table 1 sets out my findings against each specific issue or risk.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
<p>Changes to the 2009 Statement of Recommended Practice (SoRP)</p> <p>There have been some key changes to the CIPFA's Code of Practice on Local Authority Accounting for the United Kingdom 2009, the Statement of Recommended Practice (SORP).</p>	<p>Our testing addressed any material issues arising from the impact of the SORP changes on the financial statements. There are no issues to bring to your attention.</p>
<p>Collection Fund</p> <p>The SoRP 2009 changes to the way Authority's element of the debtor and creditor is reported in the financial statements.</p> <p>2008/09 accounts to be restated.</p>	<p>We reviewed the 2009/10 and 2008/09 restated disclosures for compliance with the SoRP. There are no issues to bring to your attention.</p>

Accounting practice and financial reporting

14 I consider the qualitative aspects of your financial reporting. Table 2 contains the issue I want to raise with you.

Table 2

Issue or risk	Finding
<p>Non Adjusting Post Balance Sheet Event (PBSE)</p>	<p>Additional disclosure to reflect that the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) will be the basis for future public sector pension increases, with effect from April 2010. This is likely to reduce the Council's pension liability in the future since historically the CPI has usually been lower than the RPI.</p>
<p>There are new statutory requirements for disclosures relating to the remuneration of senior officers.</p>	<p>We have audited the disclosures in the financial statements relating to the remuneration of senior officers. Our work identified minor errors which have been amended by officers.</p>

Value for money

I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. I have based my conclusion on my work on the scored use of resources judgement.

Value for money conclusion

- 15 I assess your value for money arrangements. I do this using criteria specified by the Audit Commission. I have shown my conclusions on each of the areas in Appendix 5.
- 16 I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains my draft report.

Glossary

Annual governance statement

17 A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

18 A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

Audit opinion

19 On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
 - whether they have been prepared properly, following the relevant accounting rules; and
 - for local probation boards and trusts, on the regularity of their spending and income.
-

Qualified

20 The auditor has some reservations or concerns.

Unqualified

21 The auditor does not have any reservations.

Value for money conclusion

22 The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Appendix 1 – Independent auditor’s report to Members of St Edmundsbury Borough Council

Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of St Edmundsbury Borough Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of St Edmundsbury Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the section 151 officer and auditor

The section 151 officer’s responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements.

I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, St Edmundsbury Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil A Harris
Officer of the Audit Commission

Crown House, Crown Street, Ipswich, Suffolk IP13 3HS

Xx September 2010

Appendix 2 – Unadjusted misstatements in the accounts

I identified the following misstatement during my audit which officers have decided not adjust in the financial statements. I bring it to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please document the reasons why in the representation letter. If you believe the affect of the uncorrected error is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected error to the representation letter.

Table 3

Description of misstatement	Accounts affected	Value of misstatement £000s
A creditor was raised for £156k for seating at the APEX which included a £62.4k deposit. Although goods were ordered during the 2009/10 financial year, these had only been partially received into 2010/11. Since there was no debt outstanding at the year end or goods or services received, this transaction does not constitute a creditor. Creditors are therefore overstated by £93.6k.	Creditors	£93.6

Appendix 3 – Draft letter of representation

To: Neil A Harris
Officer of the Audit Commission
Crown House
Crown Street
Ipswich
IP1 3HS

St Edmundsbury Borough Council – Audit for the year ended 31 March 2010

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of the Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which give a true and fair view of the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Member meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or

- communications from regulatory agencies concerning non-compliance with or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For assumptions around the valuation of tangible fixed assets, current investments and the pension scheme's assets and liabilities, I confirm:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events [require/do not require] adjustment to the fair value measurement.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events/events after the reporting period that have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Specific representations

Uncorrected misstatement

I confirm that I believe that the effect of the uncorrected financial statements misstatement listed in the attached schedule is not material to the financial statements, either individually or in aggregate. This misstatement has been discussed with those charged with governance within the Council and the reasons for not correcting this item is as follows:

- Creditor relating to the seating at the Apex is overstated by £93.6k. The sum involved is not considered to be material in relation to total capital spend during 2009/10 of £15.4m, and has not therefore been adjusted within the accounts.

Assets

In the event that a valuation had been carried out on the surface car park we confirm that there would be no material impact on the carrying value of this asset.

There have been no other miscodings of capital expenditure that would have a material impact on the financial statements.

Capital commitments

There are no other amounts relating to capital commitments other than those which have been properly recorded and disclosed in the financial statements.

Leases

The Council has no material leases where it is the lessee.

Pension Fund move from Retail Price Index to Consumer Price Index for future public sector pension increases.

Confirmation that the profile for St Edmundsbury's membership of the Pension Fund is not inconsistent with the overall pension fund member profile giving rise to the estimated reduction of Employers FRS 17 liabilities (6-8%).

Signed on behalf of St Edmundsbury Borough Council

I confirm that the this letter has been discussed and agreed by the Council on [date]

Signed

Name

Position

Date

Appendix 4 – Value for money criteria

KLOE	Met	Theme assessment
Managing finances		
Planning for financial health	Yes	<p>The Council's financial planning is an integrated process, linked to strategic/corporate planning, financial/service performance monitoring and risk management. There is a consistent record of delivering strategic objectives whilst maintaining a track record of overall under-spending on the total budget set. Resources are allocated to priority areas, following effective engagement with key stakeholders and service users. The draft 2010/11 Medium Term Financial Strategy (MTFS) modelling has been considered in light of the economic climate with different types of costs and income streams now having individual incremental assumptions applied.</p> <p>The Council uses a number of different methods of engagement depending on the issue and stakeholders involved. A new Community Engagement Strategy was approved in the year and the Council can demonstrate that views of local people are taken into account when determining future developments.</p> <p>The Council's financial standing is sound and it has a track record of performing within budget. The Council continues to reinforce the importance of financial planning.</p> <p>The Council can evidence a good understanding of its costs and continues to use this to challenge vfm. Efficiency targets are ambitious,</p>
Understanding costs and achieving efficiencies	Yes	
Financial reporting	Yes	

KLOE	Met	Theme assessment
		<p>clearly assessed and set, then taken out of base budgets. Efficiencies are achieved whilst maintaining quality of service delivery.</p> <p>The Council has sound arrangements in place for financial reporting. Performance information is used to explain budget variances, with budget monitoring reports being presented to the Performance & Audit Scrutiny Committee and robustly challenged by Members. The Council can clearly demonstrate that the performance of significant partnerships is monitored and scrutinised.</p>
Governing the business		Theme assessment
Commissioning and procurement	Yes	<p>The Council has continued to develop a range of collaborative arrangements for procurement with other councils and partners. Partnership arrangements have brought improved value for money, for example a shared waste procurement has led to lower costs and work with Suffolk CC at West Suffolk House has enabled the council to rationalise services and share contract costs, e.g. for facilities management.</p> <p>The Council has a robust framework for data quality in place which includes a governance framework, performance and audit scrutiny, internal audit and data quality policy. Data sharing protocols are in place and a Suffolk Intelligence Network, set up in 2009, bring together key partner agencies secure effective data and information exchange in support of statutory needs analysis and strategic assessment activity. The Council has a disaster recovery plan in place which was successfully tested in August 2009. This included the full recovery of key systems from off-site backups to new servers provided by our disaster recovery service provider. Business continuity and disaster recovery</p>
Use of information	Yes	
Good governance	Yes	
Risk management and internal control	Yes	

Appendix 4 – Value for money criteria

KLOE	Met	Theme assessment
		<p>plans and security policies are in place and available via the Council website.</p> <p>The Council promotes and demonstrates the principles and values of good governance, including governance arrangements over partnerships. There are constructive and well defined roles between officers and Portfolio Holders. Member training arrangements are of a high standard, with job descriptions and development plans in place. The council has updated its constitution this year and revised the anti-fraud and anti-corruption strategy</p> <p>The council has an up to date risk strategy and robust monitoring procedures. The council revised its risk strategy in October 2009. The Performance and Audit Scrutiny Committee provides assurance of the effectiveness of the corporate risk assessment process and monitors the effective development and operation of risk management policies in the council, specifically including monitoring of the risk management strategy and the corporate risk register. Our interim audit work confirmed that an effective internal control environment is in place.</p>

Managing resources		Theme assessment
Natural resources	Yes	<p>St Edmundsbury is performing very well on natural resources and has a very good understanding through 1990's baselines and good monitoring systems across a full range of resources. A long established environmental management system is linked to a strong strategic approach and corporate systems embedded into the council's culture. It has a good track record of partnership working to reduce impacts and has made major progress on reducing its own carbon footprint.</p> <p>The Council understands its use of natural resources. It was the first local authority in Suffolk, and one of the first in the region to review climate change impact and energy dependency. It has established baselines across the full range of natural resources e.g. use of peat-free planting; energy use; transport; overall CO2 emissions; office waste and recycling. It has challenging targets across all areas.</p> <p>Capital projects consider energy efficiency and climate change adaptation routinely. Benchmarking against other organisations in the region shows the council to be the best public sector performer in the region on reducing the impact of climate change.</p>
Strategic asset management	Not assessed	
Workforce	Not reassessed	

Appendix 5 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	Annual Governance Report 2009/10 - Recommendations					
8	R2 Ensure that capital expenditure is correctly allocated to the relevant capital scheme, supported where appropriate by detailed time records.	2	Chief Finance Officer	Yes		17/9/10

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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