

ST EDMUNDSBURY BOROUGH COUNCIL

PERFORMANCE AND AUDIT SCRUTINY COMMITTEE

**Minutes of a meeting held on Wednesday 20 September 2011 at 4.30 pm
in Room GFR14, West Suffolk House, Western Way, Bury St Edmunds**

PRESENT: Councillor C J E Spicer (Vice Chairman)
Councillors Mrs Broughton, Cox, Farmer, Mrs Hind,
Mrs R Hopfensperger, Redhead and Mrs Richardson

BY INVITATION: Councillor Ray, Portfolio Holder for Performance and
Organisational Development and Mr Neil Harris and Ms Melanie
Richardson, Audit Commission

16. Apologies for Absence

An apology for absence was received from Councillor Hale.

17. Substitutions

No substitutions were declared.

18. Minutes

The minutes of the meeting held on 27 July 2011 were confirmed as a correct record and signed by the Chairman.

The Deputy Chief Finance Officer clarified that under minute 5, Councillor Cox had queried the projected base rate figure increase. The Committee was advised of the correct increases.

19. Declarations of Interest

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

20. Audit Commission Presentation of 2010/2011 ISA260 Annual Governance Report to those charged with Governance

(With the agreement of the Chairman, Report C140 was considered as a matter of urgency prior to agenda item 5, in accordance with S100B(4) of the Local Government Act 1972, as the report was required to be considered by the Committee prior to consideration of the 2010/2011 Statement of Accounts.)

The Committee considered Report C140 (previously circulated) which sought approval of the letter of representation, which would be presented to the Audit Commission on behalf of the Council, in advance of the District Auditor issuing his opinion and conclusions in relation to the audit of the Council's accounts for 2010/2011.

Report C140 summarised the findings of the Audit Commission's work to date on the audit for 2010/2011 and identified key issues for the Committee to consider before completion of the audit. The draft Independent Auditor's Report was attached as Appendix 1 and the amendments to the Draft Financial Statement attached as Appendix 2 to the Annual Governance Report. A copy of the draft letter of representation to be sent on behalf of the Council to the Audit Commission was also attached to the report.

Mr Neil Harris, District Auditor, drew relevant issues to the attention of the Committee. He informed Members that the Audit had been substantially completed and that he envisaged issuing an unqualified audit opinion and an unqualified value for money conclusion. He added that the accounts presented for audit had been IFRS compliant and of good quality. 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 weaknesses listed on pages 10 and 11; namely, the Benefits System Reconciliation, the Benefits System Daily Reconciliation to the Council Tax System and the Journal Authorisation. The Committee noted the concerns raised on page 12 regarding the quality of the accounts and supporting working papers and, following discussion with the Chief Finance Officer, agreed that they would address the concerns. The Committee acknowledged that it had been useful to know what was required of the auditors in the new IFRS Standards.

Attached to Report C140 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.

Mr Harris congratulated the Council on another good performance and thanked the Financial Services Team's officers for their co-operation and assistance, 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 the letter of representation, attached to Report C140, be approved before the District Auditor issues his opinion and conclusion.

21. Statement of Accounts: 2010/2011

The Committee considered Report C138 (previously circulated) which sought a recommendation that full Council approve the Statement of Accounts for 2010/2011.

The Performance and Audit Scrutiny Committee had responsibility for receiving and scrutinising the Statement of Accounts, prior to its approval by full Council, and for the Committee to raise any concerns arising from the scrutiny of the Financial Statements with the Council. The Committee noted that full Council would consider the Statement of Accounts on 27 September 2011.

As reported to the Committee on 26 April 2011, changes had been made to the statutory requirements for the reporting and approval of the Council's Annual Financial Statements. In previous years, in accordance with the 2003 Accounts and Audit Regulations, Members of the Committee were required to scrutinise and recommend approval of the draft Annual Accounts prior to their submission to the Council's external auditor by 30 June each year. Requirements for the approval of the accounts had been changed by the Accounts and Audit Regulations 2011. The Council was still required to submit draft accounts for external audit by June each year but Member approval was not now required until the audit had been concluded.

The net revenue budget for 2010/2011 of £13.895m was underspent by £0.847m. Analysis of the major variances was included within the Statement of Accounts. The original budgeted capital spend of £16.894m was revised upwards to £17.498m towards the end of the financial year. The upwards revision was primarily made as a result of a supplementary increase in the budget for The Apex. The actual capital spending during 2010/2011 amounted to £7.651m. Details of the major variances on the capital programme were included within the Statement of Accounts. A full commentary on the financial performance of the Council was included within the Statement of Accounts.

The Chief Finance Officer and her team drew relevant issues to the attention of the Committee and duly responded to questions raised. The Committee was informed that:-

- (1) the increases in the Collection Fund related to Suffolk County Council and Suffolk Police Authority as the Borough Council had frozen its Council Tax for 2010/2011;
- (2) the monies received for other agencies were transferred on a monthly schedule;
- (3) there were no outstanding issues regarding the VAT Reserve Account; and
- (4) the impact of the accounting standards regarding heritage assets was unknown and further guidance was being sought.

No changes to the accounts were suggested by the Committee. The Committee expressed its thanks to all members of the Financial Services Team for the preparation of the Statement of Accounts 2010/2011 to IFRS Standard.



RECOMMENDED:- That

- (1) the 2010/2011 Statement of Accounts, as attached to Report C138, be approved, subject to any material changes that may need to be made as a result of the audit being finalised;***
- (2) the transfer of £0.643m underspend to the general fund be approved; and***
- (3) the Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Efficiency, be given delegated authority to make any presentational and non-material changes that may be required up to the date of publication.***

The meeting concluded at 5.35 pm.

**J R HALE
CHAIRMAN**