



COMMITTEE: **OVERVIEW AND SCRUTINY (STEWARDSHIP)**

VENUE: **Council Chamber, Council Offices, Corks Lane, Hadleigh**

DATE/TIME: **Tuesday, 12 July 2011 at 9.00 a.m.**

Members

Mr S Barrett
Mr D M Busby
Mr J R B Cave

Mr D G Grutchfield
Mr R E Kemp
Miss D Kendall

Mr J Nunn
Mr B Riley
Mr C A Roberts

PLEASE NOTE COMMENCEMENT TIME OF MEETING

A G E N D A

ITEM

BUSINESS

PART I

1 **SUBSTITUTES AND APOLOGIES**

Any Member attending as an approved substitute to report giving his/her name and the name of the Member being substituted.

To receive apologies for absence.

2 **DECLARATION OF INTERESTS**

Members to declare any interests as appropriate in respect of items to be considered at this meeting.

3 **MINUTES**

To confirm and sign the Minutes of the meeting held on [14 June 2011](#) as a correct record.

4 **PETITIONS**

The Director of Corporate Services to report, in accordance with Council Procedure Rule No. 13, the receipt of any petitions submitted to the Chief Executive.

5 **QUESTIONS FROM MEMBERS**

The Chairman to answer any questions on any matters in relation to which the Council has powers or duties which affect the District and which fall within the terms of reference of the Committee of which due notice has been given in accordance with Council Procedure Rule No. 15.4 – (a) and (b).

6 EXTERNAL AUDIT FEE

Paper
[L45](#)

The Director of Finance to report that the attached letters have been received from the Council's external auditors (PKF) setting out Babergh's proposed audit fee for 2011/12, which will cover the Statement of Accounts, Value for Money conclusion and the Whole of Government Accounts. Richard Bint, Senior Partner from PKF will be at the meeting to advise Members further on the proposed fee and answer questions.

The proposed fee for 2011/12 (excluding grant claims work) represents, as stipulated by the Audit Commission, a 5% reduction on the previous year. The Audit Commission has indicated that it will also (subject to affordability) make additional rebates of up to £7.2m to audited bodies in total in 2011/12, which is not reflected in the proposed PKF fee. We will be notified of the amount due as a rebate later in the summer and Members of the Committee will be informed of the additional rebate once the Council has been notified.

Early in 2011 the Audit Commission consulted audited bodies on its proposed approach to the work programme and scale of fees for 2011/12. Mid Suffolk and Babergh submitted a joint response outlining that the proposed reduction of 5% did not go far enough because it did not reflect the reduction in work associated with the cancellation of the Comprehensive Area Assessment. We also questioned why district councils received a lower rebate than unitary and county councils. Unfortunately, no changes were made to the proposals following receipt of our comments.

Discussions have taken place between PKF and the Director of Finance on the fee and that this is higher than some other Councils in Suffolk, particularly Mid Suffolk (whose fee for 2011/12, excluding grant claims is £95,000). Babergh's proposed fee is, therefore, almost £12,000 or around 12.6% higher. As will be seen from PKF's letter dated the 28 June, they do not feel that their proposed fee can be reduced. They have suggested, however, that internal audit could do grant claims work if that was agreed and such an approach would reduce fees/costs overall. Officers will discuss this further with PKF.

In terms of risks and audit work at Babergh and Mid Suffolk, the Director of Finance is of the opinion that these are the same and that the audit fees should be similar. Members may wish to ascertain the reasons why Babergh's fee cannot be reduced to the same or similar level to Mid Suffolk.

Members are asked to consider the attached audit fee letter (and the additional letter from PKF dated 28 June 2011) and whether they are happy to agree to the proposed fee for 2011/12 of £106,970.

7 REVIEW OF COUNCIL PROCEDURE RULE FOR SUBSTITUTES AT STRATEGY AND OVERVIEW AND SCRUTINY COMMITTEES

Paper
[L46](#)

Report by the Director of Corporate Services attached.

ITEM	BUSINESS
8	<u>ANNUAL REPORT ON THE COUNCIL'S PROCUREMENT STRATEGY ACTION PLAN (2008 – 2011)</u>
Paper L47	Report by the Head of Contract and Asset Management attached.
9	<u>STATEMENT OF ACCOUNTS 2010/11</u>
Paper L48	Report by the Director of Finance attached.
10	<u>2010/11 ANNUAL GOVERNANCE STATEMENT</u>
Paper L49	Report by the Director of Finance attached.
11	<u>WORK PLAN</u>
Paper L50	Report by the Director of Corporate Services attached.

For further information on any of the Part 1 items listed above, please contact Steve Ellwood on (01473) 825876 or via email at committee.services@babergh.gov.uk