

ANNUAL REPORT BY AUDIT COMMITTEE 2009 - 2010

1. SUMMARY

In compliance with the CIPFA Code of Practice for Internal Audit in Local Government (the Code) a draft annual Audit Committee report has been prepared. The report summarises the work of the Audit Committee during the year and outlines its view of the Council's internal control framework, risk management and governance arrangements. The draft annual report is attached in Appendix 1.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and approved by the Audit Committee for submission to the Council.

3. DETAILS

3.1 The Audit Committee annual report notes that the committee is striving to effectively discharge their function in accordance with the CIPFA guidance of 2004 entitled "Audit Committee principles in local authorities in Scotland: a guidance note".

3.2 During 2009 – 2010 and following a workshop facilitated by KPMG UK LLP, the Audit Committee has followed the agreed work plan receiving reports on key issues quarterly throughout the financial year. The annual self assessment exercise is a stand alone exercise outwith the Audit Committee cycle of meetings. This year's exercise will be undertaken once a Vice-Chair is appointed with a report to the Audit Committee in September 2010.

3.3 Having now established a mechanism for post completion audits on capital projects, the Audit Committee has been involved in the selection of projects to be reviewed and has received reports from Internal Audit. The Audit Committee has also requested and received reports from services and a report on performance management within the Council for which they received a report from internal Audit.

3.4 The Audit Committee continues to meet quarterly i.e. March, June, September, and December; and is normally attended by the Head of Governance and Law, the Head of Strategic Finance, the Internal Audit Manager and Grant Thornton, the Council's external auditors together with council officers requested to attend by the Audit Committee.

3.5 The Audit Committee Terms of Reference was approved by Council on 22 May 2009, and is included as Appendix 1 to the attached report. These Terms of Reference are reviewed annually by the Audit Committee.

- 3.6 Based on reports received throughout the financial year, it is the opinion of the Audit Committee that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's governance and internal control system in the year to 31 March 2010.

4. CONCLUSIONS

Audit Committee performance has been aided through the expertise available from its members, which will be further enhanced through the development of individual training programmes. The Committee is in good heart and relishing its role and contribution. The Draft Annual Audit Committee Report is attached in Appendix 1 with a copy of the committee's Terms of Reference for approval.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216).

12mayfinalreport12may 12th May 2010