

ANNUAL REPORT BY AUDIT COMMITTEE 2010 – 2011 - DRAFT

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 and appendix are noted and approved by the Audit Committee for submission to the Council.

3. DETAILS

3.1 The Audit Committee has evolved and agreed a framework of reporting which now allows appropriate assessment of the Council's progress in addressing identified issues of governance, risk management and internal control. With a solid base established in this regard, the Committee is now moving to a more pro-active posture on the Council's operations. The terms of reference which guide the activities of the Audit Committee are soundly based and are being reviewed and revised as necessary on an annual basis.

3.2 In 2010 – 2011, recommendations made by Grant Thornton UK LLP, at the Away Day has enabled the Audit Committee to identify a framework for performance improvement which has allowed it to formally audit and carry out a self assessment of its own efficacy. 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.

3.3 The evolution of the wider performance environment of the Single Outcome Agreement, and the move to Best Value Phase 2 places an increasing emphasis on self assessment, and the increasing assessment role being performed by Policy and Performance Groups (PPGs), clearly identifies the importance of the Audit Committee as a resource for addressing new challenges.

3.4 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 2011.

- 3.5 The Audit Committee membership has changed over the financial year but has maintained its focus. The Audit Committee is looking to the future and its independent role in the review of performance, risk, control and governance issues.

4. CONCLUSIONS

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).

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