

**ANNUAL REPORT BY AUDIT COMMITTEE 2011 - 2012**

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**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 from the Chairman and Deputy 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 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 on an annual basis.

3.2 In 2011 – 2012, the Audit Committee identified a framework for performance improvement which has allowed it to formally audit and undertake a self assessment of its own efficacy. Audit Committee performance has been aided through the expertise available from its members, which has been enhanced through training.

3.3 The evolution of the wider performance environment of the Single Outcome Agreement clearly identifies the importance of the Audit Committee as a resource for addressing new challenges. The Audit Committee is supported by an annual Away Day that allows focus and planning to address current and future role 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 2012.

3.5 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 at the September meeting.

**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). 21 May 2012