

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive and Town Clerk

to

Audit Committee

on

13 January 2011

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Managing the Business

Annual Performance Assessments Progress Report

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To provide an update on the implementation of recommendations arising from the Annual Governance Statement for 2009/10 and the annual performance assessments of internal audit and the audit committee.

2. Recommendation

- 2.1 **The Audit Committee satisfies itself that sufficient progress has been made to strengthen its business management arrangements by addressing the recommendations arising from:**

- **the 2009/10 Annual Governance Statement; and**
- **the 2009/10 annual performance reviews of Internal Audit and the Audit Committee.**

3. Annual Governance Statement 2009/10 Action Plan, Progress Report

- 3.1 The Annual Governance Statement 2009/10 contained an action plan that outlined opportunities identified to further strengthen the Council's business management arrangements.
- 3.2 Management are reporting that good progress has been made in improving these processes as outlined in **Appendix 1** although further work is required to fully implement all of the recommendations. However to some extent, the original work identified has been overtaken by external developments in national policy and legislation e.g. the localism bill has important implications for local authority arrangements for community engagement and governance. Such changes will need to be taken into account whilst ensuring that the Council's business management arrangements remain fit for purpose.

4. Internal Audit Annual Compliance Assessment Action Plan, Progress Report

4.1 Internal Audit's annual assessment against CIPFA: Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. In summary, the main areas of work still to be completed are:

- finalising the service level agreements (SLAs) with Castle Point Borough Council for the pooling of audit staff and provision of Head of Internal Audit services now that a further three year arrangement has been agreed. These will be signed off by 31 March 2011 (substantially complete);
- finalising updated job profiles for all staff and the draft career development scheme (substantially complete); and
- clarifying the links between the audit approach and corporate / service risk registers and how to assess whether services are delivering value for money.

4.2 The future of the Cross Partner Internal Audit Working Group will be reviewed once there is more certainty regarding the environment in which it will be working.

5. Audit Committee Annual Report Action Plan, Progress Report

5.1 Internal Audit continues to provide support to the Audit Committee. The only action arising from its annual assessment of compliance with good practice (as contained within CIPFA: Audit Committee Practical Guidance for Local Authorities), relates to ensuring that Financial Procedure Rules reflect the requirements of the CIPFA: Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code).

5.2 A new Code has recently been published entitled, The Role of the Head of Internal Audit in Public Services Organisations 2010. A local government specific version is currently being developed to replace the CIPFA Code of Practice for Internal Audit in Local Government in the UK (2006).

5.3 The requirements of these documents will be taken into account in addressing this outstanding action. It is intended to have this in place by the start of the new financial year (April 2011).

6. Corporate Implications

6.1 Contribution to Council's Aims and Priorities

Operating good business management arrangements helps ensure that all Council's Aims and Priorities will be delivered.

6.2 Financial Implications

None.

6.3 Legal Implications

Accounts and Audit Regulations 2003 paragraph 4(2) states that:

"...The relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with proper practices..."

The supporting supplement to this framework serves to define "proper practice" in this context.

Section 4 of the Accounts and Audit (Amendment) (England) Regulations 2006 require:

"...The findings of the review of the systems of internal control shall be considered by a committee of the relevant body, or by the members of the relevant body meeting as a whole, and following that consideration, shall approve a statement on internal control, prepared in accordance with proper practices in relation to internal control..."

For this purpose, proper practice is considered to be the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.

6.4 People and Property Implications

None.

6.5 Consultation

None.

6.6 Equalities Impact Assessment

None.

6.7 Risk Assessment

Failure to operate robust business management arrangements can potentially lead to poor management, performance, stewardship of public money, public engagement and ultimately, poor outcomes for citizens and service users. It increases the risk that corporate priorities won't be delivered.

6.8 Value for Money

None.

6.9 Community Safety Implications and Environmental Impact

None.

7 Background Papers

- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.

- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Guidance Note for English Authorities.
- The CIPFA Finance Advisory Network, The Annual Governance Statement, meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulation 2006, Rough Guide for Practitioners.
- Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code). (An updated Code is due to be published before Christmas 2010).
- Audit Committee Practical Guidance for Local Authorities
- A toolkit for Local Authority Audit Committee

8 Appendices

Appendix 1: Annual Governance Statement 2009/10 Action Plan Progress Report

Appendix 2: Internal Audit Performance Assessment 2009/10: Progress Report