

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Chief Executive and Town Clerk  
to  
**Audit Committee**  
on  
**22 June 2011**

Report prepared by: Linda Everard, Head of Internal Audit

---

## Audit Committee Annual Report 2010/11

---

### *A Part 1 Public Agenda Item*

---

#### **1. Purpose of Report**

- 1.1 To present a draft Audit Committee Annual Report for 2010/11 for Members' to discuss.

#### **2. Recommendation**

##### **2.1 The Audit Committee:**

- **approves the Annual Report 2010/11 and proposed work programme for 2011/12; and**
- **forwards the report to Council for consideration.**

#### **3. Background**

- 3.1 Good practice guidance recommends that the Audit Committee should prepare and submit an annual report to full Council that sets out the Committee's work and performance during the year, including how it has met its terms of reference.

- 3.2 The report should include as a minimum confirmation that:

- the system of risk management in the Council is adequate in identifying risks, allowing it to understand the appropriate management of those risks; and
- there are no areas of significant duplication or omission in the systems of governance in the Council that have come to the Committee's attention that have not been adequately resolved.

- 3.3 In addition, the report should highlight to full Council the main areas that the Committee has reviewed and any particular concerns or issues that it has addressed. These could include:

- the financial position and financial reporting systems of the Council;

- any major break-down in internal control that has led to a significant loss in one form or another; and
- any major weakness in the governance systems that has exposed or continues to expose the Council to an unacceptable risk.

3.4 From time to time the Audit Committee should also undertake a formal review of its effectiveness and should include this in the annual report.

3.5 Attached is a draft Annual Report for 2010/11 and proposed work programme for 2011/12 for members to consider.

#### **4. Corporate Implications**

##### 4.1 Contribution to Council's Aims, Priorities and Outcomes

This work contributes to the delivery of all of the Council's Aims, Priorities and Outcomes

##### 4.2 Financial Implications:

None.

##### 4.3 Legal Implications

There is no statutory requirement to have an Audit Committee however this is now considered to be good practice by CIPFA and the Audit Commission. This includes a requirement for the Committee to produce an annual report and undertake an assessment of performance periodically.

However the Account and Audit (Amendment) (England) Regulations 2006 require Council's to:

- at least once a year, conduct a review of the effectiveness of its systems of internal control; and
- present the findings of this review to the relevant committee to consider.

This is the role that has been delegated to the Audit Committee by Council.

##### 4.4 People and Property Implications:

None

##### 4.5 Consultation

The annual self assessment was undertaken and agreed by Audit Committee members with the support of the Head of Internal Audit.

##### 4.6 Equalities Impact Assessment:

None

##### 4.7 Risk Assessment / Value for Money

Without an effective Audit Committee, the Council is at risk of not obtaining assurance that it has sufficiently robust business management and governance arrangements in place to deliver the Sustainable Community Strategy, the Corporate Plan including routine statutory services.

It may also adversely effect the Council's Use of Resources assessment.

#### 4.8 Community Safety Implications and Environmental Impact:

None

### 5 Background Papers

- CIPFA: Audit Committee Practical Guidance for Local Authorities
- CIPFA: A toolkit for Local Authority Audit Committees
- Code of Practice for Internal Audit in Local Government in the UK (2006) published by the Chartered Institute of Public Finance and Accountancy

### 6 Attached

- Audit Committee Annual Report 2010/11