

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Chief Executive and Town Clerk

to

**Audit Committee**

on

12 January 2011

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**2010/11 Governance Statement, Audit Committee and Internal Audit Action Plans**

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***A Part 1 Public Agenda Item***

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## **1. Purpose of Report**

- 1.1 To provide an update on the implementation of recommendations arising from the Annual Governance Statement and the annual performance assessments of Internal Audit and the Audit Committee for 2010/11.

## **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 2010/11 Annual Governance Statement; and**
- **the 2010/11 annual performance reviews of Internal Audit and the Audit Committee.**

## **3. Annual Governance Statement Action Plan 2010/11**

- 3.1 The Annual Governance Statement 2010/11 contained an action plan that outlined opportunities identified to further strengthen the Council's business management arrangements.
- 3.2 The action plan for 2010/11 took into account changes to national policy (for example, a lighter touch external assessment regime) and issues arising from the review of Managers Assurance Statements. These included the need to update the Business Continuity Plan (and clarifying services role in implementing the plan) and improving procurement arrangements for items of spend under the EU threshold.
- 3.3 Management are reporting that good progress has been made in improving these processes as outlined in **Appendix 1** with further work planned to fully implement all of the recommendations.

#### **4. Audit Committee Performance Assessment Action Plan 2010/11**

- 4.1 The action plan arising from the Audit Committee's performance assessment covering 2010/11 is attached at **Appendix 2**.
- 4.2 Good progress is being made in addressing the actions arising from the annual performance assessment.
- 4.3 Members views are requested on two points outlined under the section headed Compliance with the Law and Regulations.

#### **5. Internal Audit Performance Assessment Action Plan 2010/11**

- 5.1 The 2010/11 action plan setting out the progress made in addressing recommendations arising from Internal Audit's last performance assessment is contained at **Appendix 3**.
- 5.2 Many of the actions listed with March 2012 implementation dates will be dealt with when the Terms of Reference and Strategy are updated in the new year and presented to the March 2012 Audit Committee.
- 5.3 Work on updating the audit risk assessment approach and developing Internal Audit's interaction with service risk registers will be complete by the end of February, also as part of the planning process.

#### **6. Corporate Implications**

- 6.1 Contribution to Council's Aims, Priorities and Outcomes

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

- 6.2 Financial Implications

The Council's business management arrangements are designed to be fit for purpose but proportionate to its needs.

- 6.3 Legal Implications

Accounts and Audit (England) Regulations 2011 section 4 states that:

"...The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

The findings of the review must be considered by the members of the body meeting as a whole or by a committee.

Following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

The relevant body must ensure the statement accompanies any statement of accounts it is obliged to prepare..."

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.

The Council's arrangements have been designed to meet these statutory obligations.

#### 6.4 People and Property Implications

None.

#### 6.5 Consultation

None.

#### 6.6 Equalities and Diversity Implications

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).
- CIPFA: Audit Committee Practical Guidance for Local Authorities

- CIPFA: A toolkit for Local Authority Audit Committee

## **8 Appendices**

Appendix 1: Annual Governance Statement Action Plan 2010/11

Appendix 2: Audit Committee Performance Assessment Action Plan 2010/11

Appendix 3: Internal Audit Performance Assessment Action Plan 2010/11