

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Corporate Director Support Services  
to  
**Audit Committee**  
on  
**26 September 2012**

Report prepared by: Linda Everard, Head of Internal Audit

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**Audit Committee Annual Report 2011/12**

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**Executive Councillor – Councillor Moring**

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

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**1. Purpose of Report**

- 1.1 To present the Audit Committee's Annual Report for 2011/12 for Members' consideration.

**2. Recommendation**

**2.1 The Audit Committee:**

- **agrees Annual Report for 2011/12 reflects its performance for the year**
- **accepts the proposed Terms of Reference and work programme for 2012/13**
- **notes the Governance Statement.**

**3. Background**

- 3.1 Good practice guidance recommends that the Audit Committee should produce an annual report that sets out:

- whether it has operated in accordance with good practice guidance as reflected in its Terms of Reference
- its view on whether the Council's Annual Governance Statement accurately reflects the organisations governance arrangements and the manner in which they have operated throughout the year.

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

- the Council's system of risk management is adequate in both identifying risks and allowing it to appropriately manage those risks
- no significant concerns have arisen during the year regarding the Council's systems of governance or internal control that have come to the Audit Committee's attention and not been adequately resolved.

- 3.3 In addition, the report should highlight the main areas that the Committee has reviewed and any particular concerns or issues that it has addressed which could relate to:

- any concerns about the Council's financial position or financial reporting systems

- any major break-down in internal control that has led to a significant loss in one form or another
- 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 whether it is operating in line with good practice guidance and its effectiveness. The results of this review including any significant development opportunities should be included in its annual report.
- 3.5 Attached is a draft Annual Report for 2011/12 for Members' to consider. In doing so, reference should also be given to South Essex Homes Annual Governance Statement and supporting reports which are included on the agenda at item 4. The Council's Governance Statement that includes South Essex Homes Annual Governance Statement which is included on the agenda at item 3 and is included in its Statement of Accounts.

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

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

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

##### 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. This includes a requirement for the Committee to produce an annual report and undertake an assessment of performance periodically.

However the Account and Audit (England) Regulations 2011 require councils to:

- at least once a year, conduct a review of the effectiveness of its system of internal control
- present the findings of this review to a committee to consider, as part of the evidence supporting the Annual Governance Statement, which it must approve.

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 performance assessment was undertaken 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 ongoing assurance as to the robustness of its internal control framework. An ineffective system of internal control potentially puts the delivery of Council services at risk.

##### 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
- CIPFA: Code of Practice for Internal Audit in Local Government in the UK (2006)
- CIPFA: The Role of the Head of Internal Audit in Public Service Organisations 2010

## **6 Attached**

- Audit Committee Annual Report 2011/12
  - Appendix 1: Audit Committee Terms of Reference
  - Appendix 2: Audit Committee Proposed Work Plan 2012/13
  - Appendix 3: Audit Committee Schedule of Attendance for 2011/12