

BRISTOL CITY COUNCIL
Audit Committee
20 April 2012

Report of: Strategic Director (Corporate Services)

Report Title: Audit Committee Draft Annual Report to Council 2011/12

Ward: Citywide

Officer presenting report: Richard Powell, Chief Internal Auditor

Contact Telephone Number: 0117 92 22448

RECOMMENDATION

The Committee comment on the form and content of the draft report. The report provides for the Committee's assurances to Council at paragraphs:

- 9.1-9.5 regarding risk management
- 9.6-9.7 regarding partnership governance
- 9.8-9.12 regarding internal control and the Annual Governance Statement (AGS)
- 9.13-9.18 regarding internal audit
- 9.19-9.26 regarding external audit and governance
- 9.27-9.33 regarding anti-fraud arrangements

SUMMARY

This report suggests a format for the Audit Committee's Annual Report to Council. This describes the Committee's role, the work programme this municipal year and furnishes the Committee with a facility to provide key assurances to Council. It also details the planned development of the Committee to strengthen the level of assurance provided in future.

The significant issues in the report are:

- Appendix A - a draft report of the Committee to Council.

Policy

This report is submitted in accordance with the Audit Committee's Terms of Reference.

Consultation:

Internal: None necessary

External: None necessary

Other Options Considered

None necessary

Risk Assessment

The assurances provided to Council by the Audit Committee are an important element of the Council's governance arrangements.

Equalities Impact Assessment

None necessary for this report

Environmental Impact Assessment

None necessary for this report

Legal and Resource Implications

Legal - none sought

Resource - None arising from this report

Appendices

Appendix A Draft Report of the Audit Committee to Council

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers

- IPF - A Toolkit for Local Authority Audit Committees.
- Audit Committee Reports and Papers from June 2011 to date.

BRISTOL CITY COUNCIL

FULL COUNCIL

19 June 2012

Report of: The Audit Committee

Title: Audit Committee - Annual Report 2011/12

Ward: Citywide

Officer Presenting Report: Councillor Mark Weston, Chair of the Audit Committee (2011/12)

Contact Telephone Number: 0117 35 33164

RECOMMENDATION

That Council accepts the report of the Audit Committee, and notes the assurances provided in the report.

Summary

This report sets out the work and performance of the Audit Committee during 2011/12, and the extent to which the Committee's terms of reference have been met.

The significant issues in the report are:

Para 6	the effectiveness and impact of the Audit Committee
Para 7	issues around the independence of the Committee
Para 9.1-9.5	the Committee's assurance regarding the management of key risks facing the Council
Para 9.6-9.7	the Committee's assurance regarding partnership governance
Para 9.8-9.12	the Committee's assurance regarding the internal control, risk management and corporate governance arrangements which were considered in preparation of the Council's published Annual Governance Statement
Para 9.13-18	the Committee's assurance on the effectiveness of Internal Audit
Para 9.19-26	a summary of External Audit assurances on the internal control, risk management and governance arrangements
Para 9.27-33	a summary of anti-fraud assurances
Para 9.34	areas of Special/Public interest
Para 9.35	Corporate issues
Para 10	the way forward for the Audit Committee in 2012/13.

Policy

1. The Audit Committee's Terms of Reference are determined by Full Council and are reflected in the Risk Management Policy Statement.

Consultation

2. Internal

Internal Audit
Audit Committee Members
Strategic Director (Corporate Services)
S151 Officer

3. External

Not Applicable

Context

- 4.1 The Audit Committee was established by the City Council at its meeting on 16th May 2006. This report, therefore, reflects the Committee's sixth year of operation. Whilst there is no statutory obligation to have such a Committee, they are widely recognised as a core component of effective governance.
- 4.2 Following the introduction of an Annual Governance Statement (AGS) in 2007/08, the AGS has since been further supported by the creation of a local Code of Corporate Governance which was approved by Full Council in January 2009. Given their role in the Council's governance arrangements, the Audit Committee together with the Standards Committee have reviewed the local Code to ensure its continued relevance and fitness for purpose.

5. Terms of Reference

- 5.1 The City Council has a duty to ensure adequate and effective risk management, internal control and governance arrangements and the economy, efficiency and effectiveness of its activities. The Audit Committee has a key role in assessing the extent to which this responsibility is being met and advising the Council on the adequacy and effectiveness of these arrangements.
- 5.2 The Committee's Terms of Reference were, for 2011/12, to provide independent assurance to the Council in relation to:
 - the effectiveness of the Council's governance arrangements, risk management framework and internal control environment including overseeing:
 - risk management strategies
 - anti-fraud arrangements
 - whistleblowing strategies
 - Internal and External Audit activities
 - the effectiveness of the Council's financial and non-financial performance to the extent it affects exposure to risk and poor internal control
 - the Annual Governance Statement

- the review and approval of the annual statement of accounts, confirming the appropriate accounting policies have been followed, including the external auditor's report to "those charged with governance" on issues arising from the audit of the accounts

Full Council has delegated the following functions to the Audit Committee:

- Duty to review and consider the effectiveness of the Council's system of internal control and approve the annual governance statement; review and consider the effectiveness of the Council's internal audit, consider and approve the statement of accounts (Accounts and Audit (England) Regulations 2011 S.I. 2011/817).

5.3 This report sets out the work programme undertaken by the Committee to enable it to provide this assurance, and identifies areas where such assurance can not be given fully, and the reasons why.

6. Audit Committee Effectiveness and Impact

6.1 Effective audit committees can bring many benefits to local authorities including:

- increasing public confidence in the objectivity and fairness of financial and other reporting
- providing additional assurance of the robustness of the Authority's arrangements through a process of independent and objective review
- raising awareness of the need for internal control and the implementation of audit recommendations
- reinforcing the importance and independence of internal and external audit and other similar review processes - both internal and external

6.2 The Audit Committee's activities during its sixth year of operation were designed to build on the positive contribution made in the Committee's previous five years to the improvement of governance arrangements across the Council. Details of the work programme are attached at Appendix A and the benefits achieved in each area are detailed in the remainder of this report.

6.3 A Core Cities Audit Committee Chairs' forum was created in 2008 (see also paragraphs 9.25 & 10.2) to enable Chairs to share best practice and these meetings continue to be attended by the Chair.

6.4 The External Auditor undertook a review of the effectiveness of the Audit Committee in 2009/10 utilising the Chartered Institute of Public Finance and Accountancy (CIPFA) Better Governance Forum toolkit and available best practice. The External Auditor found that, overall the Committee operated effectively and demonstrated an high level of compliance against CIPFA requirements. The review identified an number of areas of good practice as well as opportunities to strengthen the Committee's arrangements further. The recommendations made were taken forward in 2011/12 and implemented as appropriate.

7. Independence

7.1 In 2011/12 the Audit Committee's membership was:

- Councillor Weston (Chair)
- Councillor Brain

- Councillor Emmett
- Councillor Clark (resigned in January 2012, replaced by Councillor Hammond)
- Councillor Kiely
- Councillor Hassell
- Ken Guy - independent member
- Brenda McLennan - independent member (Vice Chair)

7.2 CIPFA best practice guidance suggests the need for independence of the Audit Committee, however some members of the Committee have continued to benefit from their involvement with the Resources Scrutiny Commission, in that they have gained an understanding of the performance, financial and otherwise, of the City Council and issues around risk management, control and governance.

7.3 To assist in preserving the Committee's independence and provide a clear distinction between the Audit Committee and Scrutiny Commission roles, other measures have continued, including:

- the appointment of independent members from outside the City Council for four-year terms, one of whom was appointed Vice Chair for this municipal year.
- the Chair of the Audit Committee and the Chair of the Resources Scrutiny Commission are different Members
- ensuring clarity about the terms of reference for both the Audit Committee and the Resources Scrutiny Commission, to ensure a clear distinction in the roles.

8. Training and Development

8.1 In order to be effective, members of the Committee have recognised that, when serving on the Committee, they should be apolitical and objective, and have a clear understanding of risk management, internal control and governance issues, and how the arrangements in place across the City Council operate.

8.2 An annual session on the Statement of Accounts took place in September 2011, which also covered the move from the Statement of Recommended Practice (SORP) to the Code of Practice on Local Authority Accounting.

8.3 On completion of a skills assessment, Committee members were canvassed on what topics they felt further training was appropriate to assist with their responsibilities. The issues identified were Freedom of Information, Treasury Management (from the Council's perspective), Asset Management (from the Council's perspective) and Project Management (overview of the Council's arrangements). Accordingly a session has been provisionally arranged for Friday 15 June 2012, to which other Members will be invited, when presentations will be given on each of these topics.

8.4 The Council's subscription to Chartered Institute of Public Finance's (CIPFA) Better Governance Forum provides regular briefings for Audit Committees and these are shared with Members.

8.5 The training needs of the Committee members will be subject to on-going assessment, and training provided as required.

9. Assurances

Risk Management

- 9.1 Following extensive consideration of risk management in its initial 2006/7 work programme, the Committee aimed to continue its confirmation that the Council's risk management arrangements were adequate to effectively identify and manage risks, and that the Risk Management Policy Statement had been consistently applied in this respect. As such, the Committee have continued to receive the Corporate and Directorate Risk Registers throughout the year. The table below details the Risk Registers received and the meeting at which they were reviewed.

Item	Risk Register	Meeting Date
1	Corporate Risk Register	8 th July 2011 3 rd February 2012 (For information)
2	Health & Social Care Directorate	8 th July 2011 (For information)
3	Corporate Services	11 th November 2011 (For information)
4	Neighbourhoods & City Development	30 th September 2011 (Main Agenda Item)
5	Children & Young People's Services	30 th September 2011 (Main Agenda Item)
6	Neighbourhoods (HRA) - Landlord Services	3 rd February 2012 (For information)

- 9.2 Risk registers were primarily presented as information items during 2011/12. Exceptionally, for their September meeting, the Audit Committee requested the risk registers for both Neighbourhoods & City Development and Children & Young People's Services to be presented by the Directorate risk champions as main agenda items. Building on this development, and to further strengthen their oversight of the Directorate and Corporate risk registers at the suggestion of the Risk Management Group, the Committee have resolved to receive all risk registers in 2012/13 as main agenda items.
- 9.3 Broad conclusions arising from a review of the quality of decision making reports and their accompanying risk assessment were reported in the Internal Audit Annual Report to the July 2011 Audit Committee. These conclusions included a specific concern as to the completeness and accuracy of information provided to support Cabinet decisions - with particular reference to the risk assessment. To improve this situation, a revised risk assessment section for the Cabinet report template was introduced with effect from September 2011. The template offers initial guidance on completing the risk assessment and a link to further guidance. The Cabinet report author is required to consider and set out the risks associated both "with implementing the decision" and "with not implementing the decision" in a uniform, tabular format which must detail the mitigations to each risk and identify the risk owner.

- 9.4 The Committee have continued to seek ways of raising the level of risk awareness throughout the Council. A programme of e-learning began in 2011 with a fraud risk awareness computer based training package being successfully rolled out to targeted management levels across all Directorates. This is currently being followed up in 2012 with a more broadly based risk management course for the same targeted management.
- 9.5 The Committee received an Annual Report on risk management activity and contributed to the revised Risk Management Strategy and Policy 2011/12 which was approved by Cabinet on 26th January 2012. Whilst the Strategy recognised that, as in previous years, the overall framework is sound, there are concerns over the consistent application of its requirements. Risk Management will therefore be the subject of increased attention by the Committee in 2012/13, via the inclusion of the risk registers as main agenda items.

Partnership Governance

- 9.6 Although Partnership Governance was contained in the 2010/11 work programme, less attention was devoted to this topic in 2011/12, for two reasons:
- for the Bristol Partnership, the Board determined that in response to a number of external factors, the Partnership would become a much more informal model focussed on city leadership and high level policy development and communication. The principal driver for this change was the recognition that there is no longer a statutory requirement from central government for a “Local Strategic Partnership” that develops a “Sustainable Community Strategy” measured through a “Local Area Agreement”. In addition a number of thematic boards or committees developed roles and responsibilities that do not require a further tier of reporting into the Partnership Executive Board.
 - the creation of the West of England Local Enterprise Board (LEP) which builds on the existing partnership arrangements that were in place for the West of England Partnership (WEP). The LEP is to be more explicitly focussed on economic growth and job creation, and in its formative stages, with greater private sector involvement, and less funding available, the partnership governance arrangements were not seen as such a priority.
- 9.7 The Committee will therefore monitor future developments in partnership governance to ensure the Council receives appropriate assurance.

Annual Governance Statement (AGS)

- 9.8 The Audit Committee's terms of reference include advising Council on whether effective internal control systems have been established and are being maintained. One element of the work programme which enables the Committee to do so is the review of the AGS.
- 9.9 The Committee has continued to receive reports on the control framework and how the annual review and assurance process is conducted. The Chief Internal Auditor has confirmed that the review process was developed in line with best practice including receiving assurances regarding the control framework from all Strategic Directors, the S151 Officer, the Monitoring Officer, and other key officers. This includes, for the first time, and in line with a recommendation from the Local Government Association (LGA) endorsed by the Cabinet Office, an assurance from the Senior Information Risk Owner (SIRO) in relation to information security risks.

All these officers have important responsibilities for ensuring an effective system of governance and internal control is in place.

- 9.10 The review of the AGS is currently in progress. Following changes brought about by the Accounts and Audit Regulations 2011, and in the light of the requirements of the external auditors, the AGS progress has been “slipped” three months, and the draft AGS will be considered separately by the Audit and Standards Committees at their June meetings. The final AGS will then be approved by the Audit Committee at its September meeting, after which it will be signed by the Leader, the Chief Executive and the Service Director: Finance as an accurate representation of the Council's current governance and internal control arrangements.
- 9.11 In line with recommendations made by the National Fraud Authority (NFA) consideration is currently being given to including assurance about the Council's counter fraud arrangements in the AGS.
- 9.12 In line with best practice, and recommendations from CIPFA and the Society of Local Authority Chief Executives (SOLACE) in relation to Governance, a local Code of Corporate Governance was developed in 2008/9. The local Code will be subject to review by the Audit Committee as part of the AGS compilation and any revisions implemented. It was not considered necessary to take the Code to Full Council in 2011/12 as the Code will be subject to Full Council approval every three years (next due in 2014), unless fundamental changes are identified in the intervening years.

Internal Audit Assurance

- 9.13 Internal Audit is a key source of assurance for both Members and officers on the effectiveness of the control environment. The Committee has a responsibility for ensuring that Internal Audit is effective in the provision of this assurance.
- 9.14 The Committee has received regular reports and information from the Chief Internal Auditor including:
- Internal Audit's risk based planning methodology and annual plans which were approved by the Committee in July 2011.
 - Half year report detailing Internal Audit's activity, performance against targets and areas where the control environment needs attention.
 - An Annual Report from the Chief Internal Auditor, in line with best practice in the CIPFA Code for Internal Audit in Local Government, which provided his opinion on the control environment and the effectiveness of proactive anti-fraud work undertaken.
 - The extent to which Internal Audit recommendations have been implemented. The Committee has continued to emphasise the importance of implementing Internal Audit's recommendations and has supported Internal Audit in its work to ensure control weaknesses are effectively dealt with. The Committee has been particularly concerned to ensure that Internal Audit's follow up on those areas where significant deficiencies in the control environment have been identified, has been robust. Internal Audit is endeavouring to maintain this robust approach to follow up in a time of reducing resources.

- 9.15 As part of the AGS review process, the effectiveness of Internal Audit should also be reviewed annually. Receipt of the above reports has enabled the Committee to draw conclusions regarding:
- independence and objectivity
 - approach and performance against targets set
 - compliance with professional standards of Internal Audit as defined by CIPFA guidance
 - staffing resources in respect of numbers and skills
 - the working relationship between Internal and External Audit
 - the extent to which Internal Audit support the work of the Committee
- 9.16 In addition the Committee has considered the External Auditor's positive opinion that the service provided by Internal Audit is an effective management control within the Council's system of internal control.
- 9.17 The Committee is therefore satisfied that Internal Audit is adequate and effective. However, in line with other parts of the Council, the MTFP requires reductions in Internal Audit's budget of 20% in the period 2012/13 to 2014/15. This is in addition to the 10% achieved in 2011/12. Whilst ways of achieving these savings have been identified via staff reductions, these will clearly impact on the extent of Audit coverage that can be achieved. The Committee will continue to monitor the overall levels of resources available, and the way in which those resources are deployed on priority matters, to ensure no unacceptable impact on the Council's control environment.

External Audit Assurance - Governance and Statement of Accounts

- 9.18 External Audit is an essential part of the process of accountability for public funds, providing an independent opinion on the financial statements, and reviewing aspects of governance and financial management as well as arrangements for securing economy, efficiency and effectiveness across the Council. Working closely with Internal Audit, the External Audit programme ensures that statutory responsibilities are delivered, without duplication of audit work. The Committee has reviewed both programmes to ensure this is the case.
- 9.19 Assurance received from the External Auditors, Grant Thornton, for 2011/12, is detailed in the work programme. Most significantly, the External Auditor's governance report summarises conclusions from their audit work and provides their statutory opinion on the accounts. It also provides their conclusion that in all significant respects, the City Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 9.20 Additionally, the Committee has received the auditor's Annual Audit Letter for 2010/11 in November 2011.
- 9.21 The Committee has considered Internal Audit update reports on the extent to which the External Auditor's high risk recommendations have been implemented during the year. In order to ensure that all External Audit recommendations are fully followed up, with no duplication or omissions, Internal Audit are working with External Audit to develop a new Joint Working Protocol.
- 9.22 The Committee was made aware of the proposal to disband the Audit Commission, although anecdotal evidence now suggests that it may survive into 2014. The Department of Communities and Local Government (CLG) issued a

consultation document on the “Future of Public Audit”, which had a closure date for responses of 30th June 2011. The document outlined the possible arrangements to be put in place following the demise of the Audit Commission. It envisaged a statutory framework overseen by the National Audit Office, with assistance from the Financial Reporting Council. It is also envisaged that bodies would appoint their own external auditor on the advice of their Audit Committee. Audit Committee members were provided with a copy of the Consultation document together with a report from Internal Audit summarising the key issues to be considered, and formulated and submitted a response to the CLG on the consultation.

9.23 Following this consultation the CLG proposed a more locally driven regime in order to drive power downwards to the people, and make local bodies more accountable to their citizens. The key principles of the Government's proposals are:

- Local Authorities will have a statutory duty to appoint their external auditors from a register of local public auditors
- Appointments will be made by Full Council following the advice of an Independent Audit Appointment Panel (IAAP) - this panel can be shared across local bodies to facilitate joint procurement exercises
- The Audit Committee can be used instead of a separate IAAP as long as the Audit Committee has a majority of independent committee members
- The scope of the external audit will continue to include a value for money component
- Further guidance will be developed around the demarcation of responsibilities between the Audit Committee and the IAAP

The Government proposes to issue a draft bill for pre-legislative scrutiny in the Spring of 2012.

9.24 The Core Cities Audit Chairs Group has discussed these proposals, and how the Core Cities, as a Group, might respond. However, the recent letting of external audit contracts, formerly undertaken by Audit Commission in-house staff, for a period of five years as opposed to the other option of three years, means that the lead in process for local appointments is longer than might otherwise have been the case. The Committee will continue to receive updates on the Government's proposals for public audit from Internal Audit.

9.25 From its work to date, the Committee is not aware of any areas of significant duplication or omission in the systems of governance in the authority which have not been adequately addressed.

Anti-Fraud and Whistle-blowing

9.26 Countering fraud and corruption is the responsibility of every Member and officer. The Audit Committee's role in this area has been to oversee, monitor, support and enable effective actions to be taken to counter fraud. In doing so, the Committee has continued to receive reports from the Chief Internal Auditor in respect of fraud and irregularities investigated by Internal Audit, Housing Benefit Fraud work undertaken by the Benefit Fraud Team, and pro-active fraud work undertaken in respect of exercises such as the National Fraud Initiative (NFI).

9.27 In January 2012 the Committee considered a Fraud Update report and Action Plan, presented by Internal Audit, providing information on the current developments in respect of fraud against the public sector and how the Council is responding to them. The report included a summary of areas, as detailed below,

where the risk of fraud is perceived to be on the increase together with the intended actions for 2012/13.

- Housing Tenancy
- Housing Benefit
- Procurement
- Recruitment
- Council Tax Single Person Discounts/Student Exemptions
- Personalised Budgets

- 9.28 In particular the Fraud Update submitted to the Committee drew on the Audit Commission publication “Protecting the Public Purse 2011” and on the National Fraud Authority’s (NFA) Local Government Fraud Strategy - “Fighting Fraud Locally”. This Strategy was officially launched in December 2011, and the draft proposals were used to formulate the Fraud Update Report and the resultant Action Plan.
- 9.29 However, the final Strategy was not actually issued until April 2012, after it had received endorsement by a number of Government departments. The NFA currently estimates local government fraud (excluding benefits) to be £2.2 billion per annum out of a total for the public sector of £20.3 billion. The Strategy, which has been updated since its “launch”, identifies various approaches to the qualification of, approach to, and resourcing of fraud work. Internal Audit are therefore reviewing the Council’s approach to fraud in relation to the Strategy, and updating the Action Plan, with a view to bringing further reports to the Committee in June or September, depending on the progress of this work.
- 9.30 The Committee recognise that the work of Internal Audit on Tenancy Fraud has been praised by the NFA, the Audit Commission and the Chartered Institute of Housing, and as a result the Council secured further funding to carry on the work on Tenancy Fraud in 2011/12, and 2012/13. The possibility of continued funding in the following two years was also promulgated but no further communication has been received in relation to the forward funding, and without the availability of this additional finance consideration will need to be given to whether a similar level of input can be sustained after 2012/13.
- 9.31 The Committee has previously recognised the Housing Benefit Fraud Team for their consistently improved sanction performance. The Committee is aware that there are proposals in place for a Single Investigation Service under the Department of Work and Pensions, although following a consultation exercise this will come fully into effect in 2015 rather than 2013 originally proposed. From that date the investigation of Housing Benefit fraud would no longer be the responsibility of the City Council. However it is likely that benefit fraud investigations from all Councils will be working to DWP policies and procedures from 2013.
- 9.32 From its work to date, the Committee is able to provide Council with assurance that a sound anti-fraud framework is in place, whilst acknowledging that a certain level of fraud will inevitably occur, as has been identified from Internal Audit’s reactive fraud work. However, given the fraud risks identified by the NFA, when allied to the increased propensity for fraud in the current economic climate and the potential impact of the change agenda on the internal control environment, it is essential that the Council’s counter-fraud arrangements are kept under constant review and a commensurate level of resource devoted to prevention and detection work.

Areas of Special/Public Interest:

- 9.33 Having considered a report from CYPS in connection with the additional funding provided to Bishop Road School, which was deemed to be in the public interest, a further review was commissioned from Internal Audit, and the resultant report was considered by the Committee in January 2012. The Committee concluded that whilst there were lessons to be learnt there were no fundamental irregularities.

Corporate Issues

- 9.34 The Committee continues its consideration of matters which have a corporate impact and as such has continued to receive reports on the following areas:

- Information Security
- Business Continuity
- Gateway Review Process

The Committee's involvement and support has brought about improvements in these areas, including raising specific issues about Business Continuity directly with the Chief Executive, which led to proposals for improvement being considered by SLT and subsequently implemented.

It is envisaged that the Committee will continue to maintain a watching brief on these and other corporate areas in order to support and promote further improvements.

10. Looking Forward

- 10.1 The Audit Committee maintained a high level approach in its sixth year in undertaking a work programme which enables it to provide a robustly founded opinion to Council on the effectiveness of internal control, risk management and corporate governance.
- 10.2 During the coming year the Committee will further develop the assurances it is able to provide, and its contribution to an effective control framework:
- by reviewing the Work Programme to ensure that the Committee maximises its contribution to the governance and control framework, at the same time practicing agenda management in order to ensure that all meetings are equally productive without losing sight of the key issues.
 - the Core Cities Audit Committee Chairs' Group will continue to meet three times a year. The meetings will continue to share best practice in terms of overall approach, agendas and workload topics, with a view to drawing on other authorities' experiences in developing the Committee's agenda for 2012/13. Leeds undertook a comparison of respective Work Programmes in April 2012, and the Committee have drawn on the result of that work in formulating their 12/13 Programme.
 - a work programme that in addition to consideration of statutory and other key items as "those charged with governance" incorporates:

- topics brought forward from earlier years:
 - Business Continuity Planning
 - Information Security
 - Business Transformation
 - risk management - continuing to monitor the progress of embedding the risk management ethos throughout the Council through consideration of the corporate and directorate risk registers as main agenda items
 - review of the follow up of audit recommendations
 - Gateway Review Process
 - other issues Members consider merit inclusion
 - Proposed changes in the Public Audit arena due to changes brought about by Central Government
- where information and reports received suggest a lack of response to internal control weakness or poor risk management arrangements, the Committee will seek specific response from the manager(s) involved, and hold officers to account for the lack of action.

Proposal

11. The report of the Audit Committee, and the assurance and comments therein, be noted.

Other Options Considered

N/A

Risk Assessment

12. The purpose, strategy and work programme for the Audit Committee mitigates against any failure by the Council to obtain independent assurance in relation to the governance processes underpinning :
 - an effective risk management framework and internal control environment
 - the effectiveness of financial and non-financial performance (to the extent it affects exposure to risk and poor internal control)
 - the Annual Governance Statement, and
 - the review and approval of the annual statement of accounts.

In the course of its work the Audit Committee has added value by initiating a planned review and improvement process across particular areas of weakness variously identified in this report. It has effectively strengthened the corporate effort to achieve the Council's objectives and to meet the requirements and standards overseen by the external auditors and other regulatory bodies.

Equalities Impact Assessment

None necessary for this report

Environmental Impact Assessment

None necessary for this report

Legal and Resource Implications

Legal - none sought

Resource - none affected by this report

Appendices:

Appendix A Audit Committee Work Programme 2011/12

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 Background Papers:

IPF - A Toolkit for Local Authority Audit Committees 2008.
Audit Committee Reports and Papers from June 2008 to date.
Annual Audit and Inspection Letter 2010/11.
Annual Report to those charged with Governance 2010/11.