

Audit Committee

A meeting of Audit Committee was held on Monday, 28th February, 2011.

Present: Cllr Barry Woodhouse (Chairman); Cllr Mrs Lynne Apedaile, Cllr John Fletcher, Cllr Maurice Perry and Cllr Mick Womphrey.

Officers: D E Bond, P K Bell (LD); P Johnston, I Jones, D MacDonald (R) C Andrew (Audit Commission).

Also in attendance: None.

Apologies: Cllr Maurice Frankland, Cllr Kath Nelson and Cllr Mrs Sylvia Walmsley.

A **Declarations of Interest**

48/10

There were no interests declared.

A **Minutes**

49/10

The minutes of the meeting held on 6th December 2010 were signed by the Chairman as a correct record.

A **External Audit - Progress Report**

50/10

Members were presented with a progress report from the Audit Commission.

The briefing provided a summary to inform the Audit Committee of the progress on the audit to date. The update also highlighted key emerging national issues and developments that Members may find interesting.

The Audit Commission had completed their opinion and value for money work on the 2009/10 audit and presented their annual audit letter to the previous Audit Committee.

The fee planning letter was discussed with officers and the audit fee agreed with the Corporate Director of Resources. It was presented to the Audit Committee in May 2010. Since the last meeting the Audit Commission had revisited their risk assessments and drafted a more detailed audit plan.

As in previous years, part of the risk assessments involved asking those charged with governance and management about arrangements in place for:-

- * preventing and detecting fraud;
- * ensuring the legality of transactions and identifying potential litigation;
- * adopting the going concern principal for the accounts; and
- * related party relationships and transactions.

The Audit Commission had written to the Audit Chair and the Corporate Director of Resources to confirm their understanding of the arrangements in place.

The Audit Commission had completed most of the interim systems planning work (walk through tests) by the end of December with the remaining walk through testing and systems testing to be completed by May 2011.

The Audit Commission had reviewed the approach to the value for money conclusion and had confirmed two criteria to be assessed:-

- * The organisation has proper arrangements in place for securing financial resilience; and
- * The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

The Audit Commission would consider whether there were robust financial systems and processes to effectively manage financial risks and opportunities and how resources were being prioritised within tighter budgets.

The Audit Commission would undertake risk based work to support their assessment of the arrangements in place where necessary, details of their planned work was included in the audit plan.

The Audit Commission was consulting on its proposed work programme and scales of fees for 2011/12.

The announcement made on 13 August 2010 proposing the Commission's abolition implied (although it has still to be confirmed) that 2011/12 may be the Commission's final year in its current form. If so, this would be the last time it would publish a work programme and set scales of audit fees.

The Commission proposed to carry through its existing, pre-August, plans for fees that were part of a three-year programme to deliver cost cuts of about £70 million. These involved fee rebates for 2010/11 and lower fees for 2011/12.

The report included the details of the Audit Commission national reports and other publications.

RESOLVED that the report be noted.

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51/10 **External Audit - Audit Plan 2010/11**

Members were presented with a report that outlined the Audit Commission Audit Plan 2010/11.

The plan set out the audit work that would be undertaken for the audit of financial statements and the value for money conclusion 2010/11.

The plan was based on the Audit Commission's risk-based approach to audit planning. It reflected:-

- * audit work specified by the Audit Commission for 2010/11;
- * current national risks relevant to local circumstances; and
- * local risks.

The Council was responding rapidly to reductions in capital and revenue funding for 2010/11 and beyond. The Government had set out its ambition to promote the radical devolution of power and greater financial autonomy to local government and community groups, including a review of local government finance in 2011 with findings to be published in 2012.

Strengths in the Council's arrangements should help it to respond to these major operational and financial challenges in 2010/11 and beyond. The Council had a history of strong financial management and was in a relatively good financial position. The Council's approach to improving value for money was supported by strong procurement, risk management, internal control and governance arrangements. This provided the framework for the organisation to review services provided and take decisions about future changes as part of a structured approach.

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies set out the respective responsibilities of the auditor and the audited body. The Audit Commission had issued a copy of the Statement to every audited body.

The Statement summarised where the different responsibilities of auditors and of the audited body begin and end and the audit work to meet these responsibilities.

The Audit Commission complied with the statutory requirements governing their audit work, in particular:-

- * the Audit Commission Act 1998; and
- * the Code of Audit Practice.

The fee for the audit was £311,000, as indicated in the Audit Commission's letter of 26th April 2010.

The Audit Commission scale fee for a Council was £327,308. The fee proposed for 2010/11 was 5 per cent below the scale fee and was within the normal level of variation specified by the Commission. However, the Commission wrote to all audited bodies, on 9th August, about its proposed new arrangements for local value for money audit work. This indicated the impact on audit fees for 2010/11 would be considered as part of the Commission's consultation on its work programme and scales of fees for 2011/12, planned for September. In light of the Secretary of State's announcement on the government's intention to abolish the Commission, this consultation was delayed.

In setting the fee it was assumed that:-

- * the level of risk in relation to the audit of accounts was consistent with that for 2009/10;
- * good quality, accurate working papers were available at the start of the financial statements audit;
- * the Council would supply good quality working papers to support the restatement of 2009/10 balances to comply with International Financial Reporting Standards (IFRS); and
- * Internal Audit undertakes appropriate work on material systems and this is available for our review by 30 April 2011.

Where these assumptions were not met, there would be a requirement to undertake additional work which would result in an increased audit fee. Where this was the case, it would be discussed with the Corporate Director of

Resources and supplements would be issued to the plan to record any revisions to the risk and the impact on the fee. Further information on the basis for the fee was attached to the report.

The Audit Commission required its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, the Audit Commission would work with staff to identify any specific actions that the Council could take and to provide ongoing audit support.

The Audit Commission would carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

The additional risks that were appropriate to the opinion audit were detailed within the report.

On the basis of risks identified within the report a testing strategy would be produced which would consist of testing key controls and/or substantive tests of transaction streams and material account balances at year end.

The Audit Commission were required to give a statutory Value For Money (VFM) conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. This was based on two criteria, specified by the Commission, related to the arrangements for:-

- * securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- * challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

The Audit Commission had planned a programme of VFM audit work based on the risk assessment. The specific VFM risks were identified within the report.

The Council was required to prepare the financial statements by 30th June 2011. The Audit Commission were required to complete the audit and issue the opinion and Value For Money conclusion by September 2011.

RESOLVED that the report be noted.

A 52/10 External Audit - Opinion Plan 2010/11

Members were informed that as the appointed auditor, the audit of the financial statements that were delivered were governed by a framework established by International Standards on Auditing (ISAs). These standards prescribe the basic principles and essential procedures, with the related guidance, which govern professional conduct as auditor.

As with all guidance and frameworks, auditing standards were frequently revised and updated, often in a piecemeal fashion. However, in 2009 the auditing professional body, The International Auditing and Assurance Standards Board (IAASB), completed a comprehensive project to enhance the clarity of all

the ISAs. This was known as the Clarity Project.

One of the main objectives of the Clarity Project was to promote greater consistency of application between auditors. This had been done by reducing the ambiguity within existing ISAs and improving their overall readability and understandability.

The new clarified framework would apply to the audit of the 2010/11 financial statements. Because of the new standards there would be some changes in the way the audit team delivers the audit and the information requested. The purpose of the document was to highlight the main changes and the impact.

In summary the main changes related to:-

- * journals;
- * related party transactions;
- * accounting estimates;
- * group accounts; and
- * reporting deficiencies in internal control.

The Audit Manager would discuss this with the Chief Accountant as part of the discussions for planning the opinion audit.

RESOLVED that the report be noted.

**A
53/10**

External Audit – Certificate of Claims and Returns 2009/10

Consideration was given to a report on the Audit Commission Certification of Claims and Returns Annual Report.

Funding from government grant-paying departments was an important income stream for the Council. The Council needed to manage claiming this income carefully. It needed to show to the auditors that it had met the conditions which attach to these grants.

The report summarised the findings from the certification of 2009/10 claims. It included the messages arising from the assessment of the arrangements for preparing claims and returns and information on claims that we amended or qualified.

Stockton on Tees Borough Council received more than £275 million funding from various grant paying departments. The grant paying departments attach conditions to these grants. The Council must show that it had met these conditions. If the Council can not evidence this, the funding could be at risk. It was therefore important the Council managed certification work properly and could show, as auditors, the relevant conditions had been met.

In 2009/10, the audit team certified 10 claims with a total value of £173.9 million. Of these, a limited review was carried out, where the Council's control environment was relied on, on six claims and a full review of four claims. Two claims were amended requiring full certification for errors and amended two more claims to correct presentation of information. For one claim, the Audit

Commission were unable to fully certify the claim and issued a qualification letter to the grant-paying body.

The fees charged for grant certification work in 2009/10 were £53,510.

The Council continued to have good arrangements in place overall to ensure that grant claims were correctly completed and supported by comprehensive working papers.

The more detailed approach to the audit of the Housing and Council Tax Benefit claim identified some areas with errors in specific cases and extra testing had to be carried out in these areas and an audit qualification report was issued.

Certification fees were higher than expected because of the extra work required to respond to issues raised from the 2008/09 qualification letter on the Housing and Council Tax Benefit return.

RESOLVED that the report be noted.

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54/10** **Review of Internal Audit Service 2010/11**

Consideration was given to a report that provided details of the review of the Internal Audit Service for 2010/11.

Under the Accounts and Audit (Amendment) Regulations 2006 an internal review of the Internal Audit service should be carried out each year. This was the report of the fifth such review and follows that reported to the Audit Committee on 12th April 2010. The review had again been conducted under the auspices of the Corporate Governance Group. Two members of the Group had reviewed evidence and had formulated conclusions, findings and recommendations regarding the service.

The process had involved the following:-

- * detailed consideration of the previous report, conclusions and recommendations
- * a review of the 2010/11 Internal Audit Strategy Compliance Evidence report
- * a review of benchmarking data
- * a further assessment of the service against CIPFA's Code of Practice for Internal Audit Checklist and a review of evidence to support relevant outcomes within the checklist
- * an interview with the Chief Internal Auditor
- * consideration of the Annual Governance Report and Quarterly Internal Audit Progress Reports
- * customer feedback information

The recommendation from last year's review of the Service was considered in detail and views were as follows:-

Recommendation

Evidence of compliance with the Audit Strategy should be updated as and when required and the Strategy document is reviewed and, if appropriate revised

ahead of each three yearly review of the service by the Audit Commission.

View

The Chief Internal Auditor confirmed that an updated audit strategy was reported to and agreed by the Audit Committee during 2010/11. The compliance evidence was also updated to support it. In the light of changes to the national auditing processes and internal reconfiguration it is important to ensure stability over the next year by updating all relevant documentation to reflect the changes.

There is only one matter that has arisen from this review which justifies a specific recommendation and that concerns the audit strategy and the need to ensure that it is reviewed and, if appropriate, revised on a regular basis.

Attached to the report was a copy of the checklist with appropriate evidence relating to current compliance.

There remained no issues of significance outstanding. Further to the last report, the escalation procedure for ensuring actions arising from Audits were completed (10.3.2) had itself been monitored and audited. It was therefore considered that the requirement for robust monitoring was being fulfilled. The CIPFA Code of Practice Checklist for Stockton needed to be updated to reflect the comments in the previous and the current reviews and the changes envisaged structurally.

All aspects of the interview with the Chief Internal Auditor are considered within the rest of this review report.

The Audit Commission undertook its last three yearly review of the Service in 2008/09. The overall assessment was that Internal Audit meets the requirements of the CIPFA Code for each of the eleven standards: scope; independence; ethics; Audit Committee; relationships; staffing; training and CPD; audit strategy and planning; undertaking audit work; due professional care; reporting; and performance, quality and effectiveness.

Everything that had been seen, read and heard in the course of the review continued to support the assessment.

The process of checking whether recommendations from Audits had been implemented began on 1st October 2009 and were reported on a quarterly basis to Audit Committee.

Internal Audit remained a key factor in all assessments of the Council's Use of Resources and Governance Arrangements which had resulted in judgements that the Council demonstrated a high level of performance.

There was only one matter that had arisen from this review which justified a specific recommendation and that concerns the audit strategy and the need to ensure that it was reviewed and, if appropriate, revised on a regular basis.

The Chief Internal Auditor had continued to report in person to both Committees, in order to highlight the outcomes of Internal Audit's work and any

issues regarding the Authority's governance, and the governance of partnerships. As was evident from each of their Annual Reports, this reporting and the work to which it related was fundamental to the effective performance of the Audit Committee and the Standards Committee, and was a key element of the support made available to the Monitoring Officer.

The feedback from customers in relation to audit work priorities; the performance of audit staff; the conduct of audits; audit reporting; customer service; and the service's general level of advice on anti-fraud issues was good, as was the overall rating of the service. Both Officers undertaking the review supported these assessments of the service.

The conclusion of the Officers undertaking the review was that the evidence and views received demonstrated that the Internal Audit Service had satisfactory and appropriate arrangements and procedures in place in order to fulfil its duties and that it had continued to build on its performance and reputation.

RESOLVED that relevant documentation including the Strategy and Compliance evidence in the Code of Practice Checklist should be amended during 2011/12 to reflect national and local organisational change.

**A
55/10 Corporate Risk Register Progress Report - Quarter 3 (2010/11) - Period
Ending 31 December 2010**

Members were reminded that quarterly reports on the Corporate Risk Register were presented for the purpose of reviewing the key risks that had been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, were minimised.

Members had requested that, in the absence of substantial changes to the register, quarterly reporting should be confined to highlighting significant additions and amendments since the previous update, with a detailed report incorporating a review of the Council's risk management process being produced annually at the end of Quarter 4.

The interim report covered the period 30th September to 31st December 2010. All Service Groupings had been contacted subsequently and the returns indicated that there had been some changes to the Authority's risk profile over the months in question. These comprise the addition of two new risks and the deletion of two existing risks, together with the update of a number of the existing entries.

The changes since the last reported position were attached to the report as follows:-

New risks added to the register.

Deletions from/amendments to the register.

The new risks added to the register were summarised within the report.

Also attached to the report were details of the risks that had moved below the

corporate reporting threshold, and which had therefore been deleted from the register. Also recorded were changes to the general management information for individual risks, and to the numbering sequence of entries in the register where necessary.

As two risks had been added and two deleted, the total number of significant risks in the Corporate Risk Register at the end of the current Quarter remained unchanged at 9.

For purposes of record, the changes had been incorporated in the latest version of the full Corporate Risk Register. This would be made available in the Member's Library and an electronic copy incorporating the supporting risk assessment details would be placed on the SBC intranet.

RESOLVED that the report be noted.

A Internal Audit – Progress Report

56/10

Consideration was given to a report that advised Members of the work carried out by the Internal Audit Section and the progress made during the quarter October to December 2010 against the current annual audit plan.

Internal Audit was an independent appraisal function established by the Council to objectively examine, evaluate and report on the adequacy of internal controls. This role ensured that there was proper economic, efficient and effective use of resources. It also ensured that the Council had adequate accounting records and control systems.

Members were reminded that the list of all audit work undertaken in the period covered by the report had been circulated to all Members prior to the meeting. The intention was to give Members the opportunity to raise questions on issues that affect their ward or other areas of responsibility and for answers to be provided at the meeting.

The appendices that were attached to the report showed details of the sections performance in the following areas:-

- * Key Performance Indicators.
- * List of audits undertaken and number of recommendations made.
- * Details of audits by Service Groupings.
- * Details of previous audit recommendations checked separately.

As part of the Council wide review of services, the recent EIT review of the Internal Audit service would result in the following changes to the service:-

- * The post of the Chief Internal auditor will not be filled in its current format when the post holder retires in July.
- * The section will be located with the Financial Planning section whose manager will take over the management of the Internal Audit section.
- * An auditor vacancy recently created by the resigning of an auditor will not be

filled and the post to be deleted.

* Any additional audit resources required will be covered by Financial Planning staff.

CIPFA had issued on 21st December 2010 a revised draft on the role of the Head of Internal Audit (HIA). On page 12 under the heading of Objectivity their guidance stated:-

"To enable the HIA to be objective, he/she should have no operational responsibilities. In cases where the HIA does have operational responsibilities then alternative assurance arrangements must be made. In particular, the impact of this work and the audit planning and reporting arrangements for these areas must be reported to and agreed by the HIA's line manager and its impact reported to the Audit Committee."

The selection of wording in the paragraph was crucial. In not having any operational responsibilities the word "should" is used, thus raising the possibility that alternatives were acceptable. However in then acknowledging this, when this does occur, the word must was used for the arrangements that need to be put in place in these circumstances. There was some question as to whether the function of financial planning was indeed an operational one, but rather than debate and dispute this, it had been decided to follow the guidance in implementing the alternative arrangements it prescribes.

Internal Audit undertakes two audits in Financial Planning. One was for Treasury Management, the other was for VAT. The arrangement was that these were planned and recommendations go directly to the Chief Financial Planner, before being routed through the line management of the Head of Finance, Procurement and Performance (HOFPP) and the Corporate Director of Resources (CDOR). The future arrangements would be that the planning and agreement of recommendations for these audits would be with the HOFPP, and then routed to the CDOR. The new joint section head post would not be involved in these aspects. Any impact of these audits would be reported to the Audit Committee, as required by the guidance.

RESOLVED that the report be noted.

A 57/10 Health and Safety Report

Consideration was given to a report that detailed the activity of the Health and Safety Unit for the period 1st October to the 31st December 2010

The report detailed the significant activity of the Health and Safety and the Well-being team including partner and stakeholder involvement:-

1. Health and Safety training
2. Health and Well-being Update
3. Accidents Reported
4. Physical Assaults Reported
5. Verbal Assaults Reported
6. Premises Audited
7. Construction (design and management) Regulations 2007 (CDM)
8. Decent Standard Site Inspections

9. Educational residential visits vetted
10. Employee Protection Register Activity
11. Accident Reporting Arrangements for Members

RESOLVED that the report be noted.

**A
58/10 Consultation on the Revision and Consolidation of the Accounts and
Audit Regulations**

Consideration was given to a report that set out the changes in the Accounts and Audit Regulations as they affected the Council.

The Accounts and Audit Regulations 2003 had been subject to four amending instruments; it was proposed to consolidate these into a single statutory instrument: the Accounts and Audit Regulations 2011.

There were a number of changes in the regulations many of which do not impact on the Council as they related to parish/town councils, passenger transport executives and national parks.

The proposed changes that would impact upon the Council were:

- * Approval of the annual accounts - At present the annual accounts are presented for member approval by 30th June before they are subject to audit by the Audit Commission. This practice is out of step with the private sector and with other parts of the public sector where it is usual practice for directors/members to be aware of audit findings before approving the accounts. It is proposed that publication of the accounts together with the audit opinion and member approval should be obtained by 30th September.
- * Offences – the Audit Commission Act made contravention of the Regulations a criminal offence. It is proposed that contravention will no longer be a criminal matter.
- * Remuneration reporting – an amendment to the regulations last year introduced new requirements for reporting the remuneration of senior employees. The proposed regulations clarify the meaning of the regulations.
- * Other changes: the proposals clarify that the Annual Governance statement should accompany the annual accounts rather than be a part of the accounts. They also make clear that the accounts should include certain notes.

A copy of the proposals and consultation was attached to the report.

RESOLVED that the changes to the regulations be supported and a positive response is made to the consultation.

**A
59/10 Annual Report of the Audit Committee 2009/10**

Consideration was given to a report that outlined that the Chartered Institute of Public Finance & Administration (CIPFA) stated that an effective Audit Committee would produce annual reports on its work and findings.

The report informed Members of the work of the Audit Committee during the past year and the sources of information upon which the Audit Committee opinion statement was based.

Members were reminded of the role of the Audit Committee which was:-

- (a) Reviewing and monitoring the Council's approach to risk management and corporate governance including the approval of the Statement of Internal Control.
- (b) Monitoring the integrity of the Council's financial statements and approving the Statement of Accounts.
- (c) Reviewing any proposed changes to accounting policies and promoting discussion around these.
- (d) Considering budget reports and the effect of government announcements on the Council's finances.
- (e) Reviewing Financial Update reports identifying the impact on the Medium Term Financial Plan.
- (f) Approving the role and responsibilities of the Internal Audit Service
- (g) Considering the appointment of the External Audit, as far as the Audit Commission's rules permit and monitoring the effectiveness of auditor's performance
- (h) Approving the internal and external audit plans

- (i) Reviewing Internal Audit work on a quarterly basis; internal and external annual reports together with any management response and receiving details of specific significant issues highlighted via audit work and referring to the Executive Scrutiny Committee; the Select Committees; the Standards Committee; Cabinet or Council, as appropriate, any issues arising which are key in nature

- (j) In conjunction with the Standards Committee, maintaining an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour, and considering the Council's compliance with its own and other published standards and controls

- (k) Considering details of key ethical and wider corporate governance issues submitted by the Standards Committee.

The Terms of Reference for the Audit Committee were approved by Council, at its meeting held on 25 January 2006, and formed part of the Council's Constitution. At its meeting in January, Council also approved a Statement of Purpose for the Committee:-

"The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The report covered the period from 1st October, 2009 to 30th September, 2010. As many other reports gave opinions or results at the end of the financial year, the timing of the report was to show that the review/ appraisal of the control

environment within this Council are on-going.

Although a new Audit Committee was in its third year of operation, there had been a sufficient number of members who had been Members of both Committees to ensure a continuance of the review/ appraisal process across the period of reporting.

The opinions of the Audit Committee expressed in the report were based on information supplied by the following specialist risk assessment services:-

- * The Council's Monitoring officer,
- * The Chief Accountant,
- * The External and Internal Audit services,
- * Health & Safety, and
- * Risk Management and Insurance.
- * A number of Corporate Governance reports.

The main thrust of all the specialist reports was to ensure risks were identified, managed appropriately and the resulting control environment was reliable. In receiving and challenging these reports the Audit Committee was well placed to form an independent over-view of the complete control environment.

The carry over of Membership of the Committee from the previous Municipal Year was sufficient to ensure work in progress was continued. To avoid the unsatisfactory possibility that Audit Committee members be required to report on a year of which they have no personal knowledge or experience (and therefore be reliant on the Officers upon whom they are supposed to exercise oversight), the previous Chair suggested that the Committee's report cover the work on the Authority's control environment for the year ending 30th September.

The Members of the Committee had shown a strong commitment to the work for which they had been given responsibility and despite the long term illness of one valued member and various short term illnesses the committee had functioned well. The Members had studied agendas and asked searching questions of officers not only presenting reports but also those whose attendance was requested from other departments.

It was fortunate insofar as the make up of the Audit Committee membership was diverse not only geographically but also in experience and expertise. Members represented not only the North and South of the Borough but also the major conurbations and communities giving a broad spectrum of geographical and electoral knowledge.

This overview coupled with long serving members with experience of Cabinet and Charing Scrutiny Committees and members elected more recently indicates a searching and enquiring membership with a varied and extensive knowledge capable of ensuring sound and ethical governance.

Members examined, challenged and approved the Annual accounts and noted the adjustments therein particularly to the value of the property portfolio of Council housing stock. the Anti fraud Strategy which required the Committee to examine and query and following lengthy discussion were approved.

The Committee was provided with details and discussed relevant avenues of borrowing potential agreements and Members of the Audit Committee discussed the issues surrounding Treasury Management, and the implementation of the Strategy at Stockton during 2009/10 to provide the Council, and its Committees, with sufficient safeguards and long term prudent financial planning. Members also looked in greater detail at the reports submitted by the Health and safety officer with regard to staff illness and injury and training and procedures for the prevention and monitoring of occurrences.

As well as looking at the Internal Audit Report, Corporate Risk Register and the Health and Safety Report at each meeting the Committee had, and would continue to include in its deliberations and debates External Audit Updates, The Audit Commission Annual Governance Report 2008/09, The Annual Governance Statement, Constitutional Updates (as required), The Annual Report of Standards Committee and The Monitoring Officer's Report. And last but certainly not least The Role of Internal Audit.

Under the Accounts and Audit (Amendment) Regulations 2006 an internal review of the Internal Audit service should be carried out each year. Consideration was given to the fourth such review, which had again been conducted under the auspices of the Corporate Governance Group. Two members of the Group had reviewed evidence and had formulated conclusions, findings and recommendations regarding the service, the details of which were submitted.

The impact of the introduction of CAA which was an external assessment of how well local public services were performing. From April 2009 it replaced comprehensive performance assessment (CPA) and associated assessments such as joint area reviews of children's services and social services star ratings. CAA results were published annually, with the first results published in December 2009. In May 2010 the new government announced the abolition of CAA. On 28th May the Audit Commission wrote to all councils explaining how it proposed to bring all CAA work to a close.

In conclusion it was added:-

"The Council has a sound, effective system of internal control. The Audit Committee is well established with comprehensive terms of reference. The Audit Committee has responsibility for risk management, internal control and financial reporting. The Chair of the Audit Committee prepares an annual report on the Committee's work for presentation to Cabinet. Effective corporate and ethical governance is critical to an authority's performance and to demonstrating continuous improvement. It is therefore, a fundamental element of the modernization agenda. Probity and high standards are an inherent part of corporate/ethical governance. They are also priorities in Law and Democracy's Service Plan and in the Council Plan."

The Chairman on behalf of the Committee thanked all of the Officers that had been involved in the governance of the Council.

RECOMMENDED to Council that it consider and note the Audit Committee's Annual Report for 2009/10.

A Audit Committee Work Programme 2011/12

60/10

Consideration was given to the proposed Work Programme for the Committee for 2011/12.

RESOLVED that the proposed Work Programme for 2011/12 be approved.