

# Audit Committee

## Annual Report 2011

Whilst the Audit Committee does not undertake formal 'scrutiny', it is the Committee charged with overseeing the governance and risk management arrangements of the Council. It is also tasked with approving the Statement of Accounts by the end of September in each financial year. The Audit Committee is responsible for overseeing the work of the Internal and External Auditors. It undertakes highly important work on behalf of the Council and enables the development of good practice in a number of crucial areas.

Over the last 12 months the Audit Committee has approved the Council's Statement of Accounts (including the Annual Governance Statement). It has also received and considered the following reports from the Audit Commission:

- Annual Governance Report
- IT Business Continuity
- Essex County Council External Audit Plan
- Essex Pension Fund External Audit Plan
- Certification of Claims and Returns
- Transformation Programme Review.

The Audit Committee also oversees the implementation of the Internal Audit and Risk Management Strategies and approval of the Anti-fraud and Corruption Policy. In addition to approving the internal audit plan, it received progress reports on the outcome of reviews from audit works, implementation of recommendations and key risk issues from the Assistant Director of Internal Audit & Risk Management. These progress reports identified a range of control, financial and, governance matters that the Committee addressed. It received and approved the Internal Audit Plan, Protocol and Strategy, and received regular updates on the strategic risk register.

The Committee has robustly monitored a number of corporate governance action plans over the past 12 months, and considered the updated draft Constitution before its approval by Council in December 2010. The Members of the Committee undertook a skills assessment which led in turn to an informal 'Developing Governance' session in June 2011, with the Chairman of Norfolk County Council's Audit Committee attending to provide peer challenge and share good practice around governance structures and decision making. Ideas developed from this session will be incorporated into the Committee's work programme over the coming months.

Whilst the Audit Committee considers a diverse range of reports, last year it examined the accumulated balances held by schools across Essex and undertook monitoring of

---

this issue in December. It also examined the control mechanisms in place for monitoring school finances.

Updated reports and their related action plans are regularly submitted to allow the Audit Committee to monitor performance against specific targets and to ensure that any identified issues are progressing in the right direction, referring items to Policy and Scrutiny Committees when appropriate. A new corporate tracking mechanism is now in place that allows the Committee to monitor the progress of all external audit inspections. The Audit Committee is now in its fourth year. It continues to fulfil its terms of reference for the Council and has a full forward plan of activities for 2011/12.

Over the coming 12 months, as well as continuing its standard programme of work, the Committee will focus on monitoring the action plan identified in the 2010/11 Annual Governance Statement; specifically:

1. ensuring the Council implements a strategy to enable effective review of Value for Money;
2. ensuring governance arrangements are in place for the Council's Target Operating Model, including implementation of the Council Procurement Procedure Rules and supporting guidance, and the role of the Council as a commissioning organisation;
3. ensuring the Council completes its programme of governance enhancements as outlined in the Annual Governance Statement 2010/11;
4. ensuring that recommendations of internal audit are implemented, monitored and reviewed, where governance deficits have been identified; and
5. ensuring that the recommendations in relation to Safeguarding Children are implemented in line with the agreed Improvement Plan.