

**Annual Report to the Council  
Uttlesford District Council's Performance & Audit Committee**

I am pleased to submit the annual report of the Performance & Audit Committee, setting out the main items of business undertaken by the Committee in the year to 31 May 2012.

**Statement of Accounts**

An early action of the Committee was to review the draft 2010/11 Statement of Accounts, noting the significant challenges faced by the compulsory adoption of International Financial Reporting Standards. The Committee subsequently approved the audited 2010/11 Statement of Accounts, noting that no significant issues or amendments arose during the audit process. IFRS was implemented successfully and the Auditor issued the Council with an unqualified audit opinion ahead of the statutory deadline.

**External Audit**

It is worthy of note that as part of the 2010/11 audit the External Auditor issued the Council with an unqualified opinion on its arrangements for ensuring value for money in the year - the first time for which this has been achieved.

The Committee reviewed the Audit Commission's Annual Governance Report for 2010/11, noting that no significant issues or concerns were identified. In addition, the Committee received and considered the Annual Audit letter for 2010/11 from the External Auditor, in which no significant issues or concerns were noted. The Committee received assurances about the reliability of the Council's accounts, soundness of controls and preparedness for the meeting of financial challenges ahead.

The Committee has reviewed the External Audit Plan for the 2011/12 audit and was pleased to note a reduction in the audit fee.

During the year the Committee was consulted on a proposal by Government to outsource the services of the Audit Commission. The Committee supported these proposals and during the course of the year it was announced the Council's External Auditor will be transferred to Ernst & Young following the completion of the 2011/12 audit. The Committee was pleased to note it is proposed the current Audit Commission team will transfer to Ernst & Young, thereby ensuring continuity. It is expected the change in audit provider will result in a 40% reduction in the cost of the Council's external audit.

The Government has published proposals concerning the future of local public audit, including the requirement to appoint an independent audit appointment panel with a majority of independent members and to run a procurement exercise for the appointment of the external auditor. These measures are expected to come into effect from 2015 onwards.

**Internal Audit**

During the year the Committee has reviewed the work of internal audit and received the Audit Manager's Annual Report and Opinion. During the course of the year the Committee has carried out a self-assessment of the effectiveness of the Audit Committee and reviewed the anti-fraud and corruption work carried out by Internal Audit, including a review of compliance with the Bribery Act 2010.

Full Council, 17 July 2012, item10

As a routine agenda item the Committee receives a quarterly progress report in day-to-day internal audit work and recommendation and compliance. The Committee approved the Annual Governance Statement for 2010/11, which complements the Council's Statement of Accounts, and received the revised internal Audit Strategy & Charter and Terms of Reference.

### **Performance Monitoring**

At the start of the year the Committee reviewed the basket of performance indicators reported to the Committee and management. As a result of this review 15 Key Performance Indicators were identified which cover the main public service areas and are designed to give a snap-shot of the corporate health of the authority, supported by a further 35 Performance Indicators covering a range of internal and public facing performance areas.

The Committee monitors performance of all indicators on a rolling five-quarter basis, allowing performance trends to be easily identified and acted upon where necessary. A mechanism is in place for the Committee's performance concerns to be reported back to Cabinet, with responses reported back to committee from the relevant Cabinet Member.

During the course of the year the Committee has written on three occasions to the Cabinet raising performance concerns, once in connection with a quarterly dip in performance of KPI04 (Accuracy of processing HB/CTB claims) and on two occasions in connection with the underperformance against target of KPI15 (Number of missed bins). To date, the Committee has been satisfied with the response received from the relevant Cabinet Member. The Committee will continue to closely monitor the Council's performance against all its performance indicators, raising concerns where it feels this is appropriate.

### **Risk Management**

As with performance monitoring, the Committee has encouraged an approach which is commensurate with the size and resources of the authority. During the year the Council's Risk Register was reviewed and updated. The new Risk Register is monitored quarterly by the Committee and its contents link directly to the stripped-down Corporate Plan the Council now operates. The Committee encourages senior management to view the Risk Register as a 'live' document.

To conclude, I would like to thank Richard Auty, Stephen Joyce and Sheila Bronson, members of the Democratic Services Department and all staff members who have given their excellent support and assistance to the Committee during the year. Madam Chairman, I present this Report for acceptance by the Council.

Cllr. Simon Howell  
Chairman, Performance & Audit Committee