

**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 16 May 2013.

Statement of Accounts

As part of its review of the draft 2011/12 Statement of Accounts the Committee noted the significant reduction in the Council's Balance Sheet arising from compulsory new borrowings totalling £88m, which Uttlesford incurred as part of the council housing finance reforms. In addition, the Committee noted Uttlesford District Council's share of the Essex Pension Fund deficit increased in the year by £10m and that the Council's share of the pension scheme deficit at 31 March 2012 totalled £29m.

The Committee subsequently approved the audited 2011/12 Statement of Accounts, noting that no significant issues arose during the audit process and that the Council's outturn position and useable reserves were unchanged following the audit. The Committee noted that corrections were required to the fixed asset figures on the balance sheet and these were made. The Auditor issued the Council with an unqualified audit opinion before the statutory deadline.

External Audit

The Committee was pleased to note that the External Auditor issued an unqualified opinion on the Council's arrangements for ensuring value for money in 2011/12 for the second year running.

The Committee received the Auditor's Annual Governance Report for 2011/12, noting that no significant issues or concerns were identified. The Committee also received the Auditor's Annual Audit Letter for 2011/12 and assurances were given about the reliability of the Council's accounts and financial management. The Auditor concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

As a result of the transfer of the activities of the Audit Commission to the private sector, the Council's external auditor changed to Ernst & Young with effect from 1 September 2012. The transfer of the Audit Commission team to Ernst & Young ensured a degree of continuity, albeit under a different audit approach. Following the transfer the Committee received the External Audit Plan for 2012/13 and was pleased to note a 40% reduction in the cost of the Council's external audit.

Internal Audit

During the course of the year the Committee has reviewed the work of Internal Audit and received the Audit Manager's Annual Report and Opinion. The Committee

considered and approved the Annual Governance Statement for 2012/13, which complements the council's statement of accounts. In addition, the Committee has received and approved the proposed Internal Audit Programme of Work for 2013/14, the revised Internal Audit Strategy & Charter and Terms of Reference.

At its meetings the Committee receives quarterly progress reports on day-to-day Internal Audit work and recommendations. During the year the Committee commissioned a benchmarking exercise on the Council's Internal Audit against a peer group of councils and noted the conclusions. In addition, members working with the Internal Audit Manager undertook the annual self-assessment of the effectiveness of the Performance & Audit Committee. A number of actions for 2012/13 have been identified arising from this assessment.

Performance Monitoring

The Committee undertakes detailed quarterly monitoring of the Council's key performance indicators and a further basket of supporting performance indicators. There was particular focus in 2012/13 on underperformance of Planning indicators and the Committee has received regular updates from the Assistant Director Planning and Building Control. The Committee has noted an improvement in performance indicators in this area in the latter part of the year.

In the period the Committee has also paid close attention to missed bin performance and received regular updates from the Director of Public Services on measures being taken by management to address underperformance. The Committee will continue to closely monitor performance in this area.

Risk Management

The Committee monitors the Council's Corporate Risk Register on a quarterly basis and pays particular attention to those risks for which scoring has changed between quarters. From its next meeting the Committee will monitor the new Corporate Risk Register which was approved by Full Council in February. The Committee continues to encourage 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 and their teams, members of the Democratic Services Department and all staff members who have continued to give their support and assistance to the Committee during the year. I would also like to thank all members of the Committee for their contributions to our discussions and debate. Mr Chairman, I present this Report for acceptance by the Council.

Cllr. Simon Howell
Chairman, Performance & Audit Committee