

DRAFT AUDIT COMMITTEE ANNUAL ASSURANCE REPORT 2009/10

INTRODUCTION FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

1. The governance of the public sector has increased in profile in recent years with the Chartered Institute of Public Finance and Accountancy (CIPFA) urging local government to improve practice. In Shropshire we have kept pace with good practice having adopted a Code of Corporate Governance which we revise and update annually in line with the best practice issued by CIPFA and SOLACE; we have also produced an Annual Governance Statement again keeping the Council in line with best practice and legislative requirements. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failing to achieve our objectives and providing service to our community.
2. In seeking continually to improve our governance procedures and keep pace with best practice, Shropshire has a well established Audit Committee. The Committee is a key component of the Council's corporate governance arrangements and is a major source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment and reporting on financial and non-financial performance.
3. We see the benefits of operating an effective Audit Committee as:
 - Increasing public confidence in the objectivity and fairness of financial and other reporting.
 - Reinforcing the importance and independence of internal and external audit and any other similar review process for example reviewing the Annual Statement of Accounts and the Annual Governance Statement.
 - Providing additional assurance through a process of independent and objective review.
 - Raising awareness within the Council of the need for internal control and the implementation of audit recommendations.
 - Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.
4. We have a substantial range of activities that we have to undertake as a Committee and work closely with both our Internal and External Auditors and the Chief Finance Officer in achieving our aims and objectives. We have put together a work plan for the year to enable key tasks to be considered and completed.

5. As Chairman of the Audit Committee, I have always seen training as a key priority for myself and the other members in order to undertake our roles on the Audit Committee effectively. Since the formation of the Audit Committee, we have undertaken a full and extensive programme of training and this year has been no exception. With the change to the new Shropshire Council from the 1st April 2009, there has been a new Audit Committee in place. A full training programme being put in place to ensure that the new members of the Audit Committee were provided with the skills and knowledge for them to be able to fulfil their roles effectively and efficiently.
6. I am pleased to pay tribute to the work of all my four colleagues and their substitutes who are enthusiastic in their interest in the purpose and objectives of the Committee and whose regular attendance at training sessions has been impressive. As Chairman of the Audit Committee, I believe we have helped contribute to improvements and developments in the Council's corporate governance and internal control arrangements and I intend that we will continue with the high standards and contributions established by this Committee in the first year of the Shropshire Council.
7. This year we have held six meetings including the meeting held on 18th June 2010. We have received and considered a substantial number of reports across key areas of the Council's activity (see **Annex A**). The care and attention of the Director of Resources and her Audit staff to ensuring that Members receive all reports in time for adequate consideration has been impressive. The dedication of Audit staff to the preparation of our training sessions in order to ensure that Members can understand and give critical appraisal to all documents has been appreciated. We have asked questions and received answers to our questions. In line with best practice, we now feel we are in a position to provide our annual assurance statement based on the reports received and considered and on the information provided by our officers and our External Auditors.

Audit Committee Membership and Dates of Meetings

8. Membership of the Audit Committee is made up of the following Councillors:
 - Mr B B Williams (Chairman)
 - Mr M Whiteman (Vice Chairman)
 - Mr P Adams
 - Mr M Wood
 - Mr C Mellings

And substitutes who are invited to attend and contribute at all meetings and training are:

- Mr B Gillow
- Mr R Tindall
- Mr K Roberts
- Mr A Davies

9. Meetings of the Committee have been held on:

- 2nd July 2009
- 17th September 2009
- 7th December 2009
- 4th February 2010
- 24th March 2010
- 18th June 2010

Details of Reports/Information Received

10. **Annex A** provides a summary of the key reports and information received by the Audit Committee at its meetings. A detailed audit work plan has been agreed for the forthcoming year.

Annual Statement of Assurance

11. On the basis of:

- The work carried out by the Internal and External Auditors and their reports presented to this Committee and
- The work carried out by the Director of Resources and her reports presented to this Committee.

The Audit Committee's opinion, based on the reports, explanations and assurances received from both officers and the Council's External Auditor, is that the Council has in place adequate and effective risk management and internal control systems that can be relied upon and which contribute to the high corporate governance standards that this Council expects and has consistently maintained.

RECOMMENDATION – Council is invited to accept this report

Signed Date.....
On behalf of the Audit Committee
Brian Williams