

CITY COUNCIL – 12 SEPTEMBER 2011

REPORT OF THE CHAIR OF THE AUDIT COMMITTEE

AUDIT COMMITTEE ANNUAL REPORT 2010/11

1 SUMMARY

- 1.1 This is the annual report to Council from the Audit Committee, setting out the of the Committees achievements in 2010/11.

2 RECOMMENDATIONS

- 2.1 To receive the Annual Report of the Audit Committee for 2010/11.

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 3.1 Good governance requires independent, effective assurance about the adequacy of financial management and reporting, together with sound management arrangements for achieving the City Council's corporate and service objectives.
- 3.2 Good practice indicates that these functions are best delivered by an Audit Committee functioning independently from the Executive.
- 3.3 While there is no statutory obligation for the Council to establish an Audit Committee, most other large organisations (including councils and health authorities) have recognised it as good practice and have set such committees in place.
- 3.4 Appendix 1 (circulated separately) is the Annual Report of the Chair of the Audit Committee. It summarises the work of the Committee and demonstrates the approach taken in receiving the assurance work undertaken internally and externally in respect of the risk and governance arrangements in place.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 The production of this report is considered best practice.

5 BACKGROUND

- 5.1 The Audit Committee was established by the City Council on 12 May

2008 and plays a key role in the Authority's governance arrangements. The key benefits of such committees are that they:

- increase public confidence in the objectivity and fairness of financial and other reporting;
- reinforce the importance and independence of internal and external audit and any other similar review process eg providing a view on the Annual Governance Statement;
- raise awareness of the need for internal control and the implementation of audit recommendations;
- provide additional assurance through a process of independent and objective review.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 6.1 The control of risk and the strengthening of corporate governance enable the best use of corporate resources across the Council's services.

7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

- 7.1 The development and embedding of risk management principles as overseen by the Audit Committee enables the Council to meet its vision and associated objectives.

8 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 8.1 None.

9 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 9.1 Audit Committee reports 2010/11

- 9.2 Nottingham City Council's Constitution

**COUNCILLOR KEN WILLIAMS
CHAIR OF THE AUDIT COMMITTEE**