

AUDIT COMMITTEE ANNUAL REPORT 2010/11

Report of the Chair of the Audit Committee

1. SUMMARY OF REPORT

This report sets out the Audit Committee's activities during the past 12 months in connection with the financial year 2010/11.

2. RECOMMENDATION

To note the report and accept it as compliance with Derby Homes Scheme of Delegation in respect of:

- the Chair of Audit Committee making an annual presentation to the Board on the Committee's activities
- the Chair of Audit Committee's presence at the Annual General Meeting to answer questions through the Chair of the Board.

3. MATTER FOR CONSIDERATION

3.1 Background

The Audit Committee has met throughout 2010/11. It held meetings on three occasions throughout the year in January, April and July 2011.

3.2 Activities

The past year has seen members of the Committee make significant progress in tackling a backlog of audit recommendations.

3.3 Developing an Effective Audit Committee

The Committee has worked its way through the self assessment of training needs established in 2010 and made progress towards the issues raised. In particular:

- The terms of reference of the Committee have been updated and a protocol enabling the Committee to require Company employees to attend Audit Committee meetings has been included.
- The list of outstanding issues has been shortened considerably, increasing the Committee's ability to be satisfied that audit recommendations are being adopted in a timely manner
- Continuing to develop members of the Committee through experience and training.

3.4 Monitoring Financial Integrity

The core work of the Committee is to maintain checks on the financial integrity of the company, scrutinising the accounts and ensuring that audit recommendations are followed through by management of the company. In particular:

- approving the external audit strategy for 2010/11
- approving the internal audit plan for 2010/11, and recommending some changes to the initial proposals to focus more on the maintenance part of the business
- receiving and evaluating the external audit management letters following the interim and final audit for 2010/11
- reporting to the Board on the 2010/11 accounts and providing additional support and reassurance to Board Members enabling them to adopt the accounts for 2010/11
- overseeing the implementation of a process supporting the production of a Statement of Internal Control for inclusion in the Annual Report of the Board of Directors, Auditor's Report to Members and Financial Statements for the year ended 31 March 2011.

3.5 Monitoring and Reviewing Internal Financial Control

The Committee has done this by:

- scrutinising internal audit reports and questioning responsible officers at Committee meetings
- holding Executive officers accountable and probing potential areas of weakness.

The number of audit recommendations outstanding for a significant period has reduced considerably this year, as the Committee has had a focus on getting these cleared.

3.6 I would like to record my appreciation and thanks for the time and effort Committee members have given to the important role of the Committee, which has seen a significant change of personnel during the past year.

3.7 I would also like to record my thanks to the officers from Derby Homes, Derby City Council and PKF LLP who attend and support the work of the Committee.

4. CONSULTATION IMPLICATIONS

The Chair of Audit Committee will be available to answer questions through the Chair of the Board at the Annual General Meeting.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

The Derby Homes Scheme of Delegation undertakes to provide the Committee with sufficient resources to undertake its duties. The cost of this will be contained within the operating budget.

The areas listed below have no implications directly arising from this report

- Legal and Confidentiality
- Personnel
- Environmental
- Equalities Impact Assessment
- Health & Safety
- Risk
- Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

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Background Information: None.

Supporting Information: None.