

AUDIT COMMITTEE ANNUAL REPORT 2013/14

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 2013/14.

2. RECOMMENDATION

To note the report of the Chair of Audit Committee on the activity of the Audit Committee.

3. MATTER FOR CONSIDERATION

3.1 Background

The Audit Committee has met throughout the year. It held meetings on four occasions throughout the year in January, April, July and October 2014.

3.2 Activities

- 3.2.1 Derby Homes is now a full partner in the Central Midlands Audit Partnership (CMAP) with Derby City Council and South Derbyshire District Council with new partners expected from long term arrangements for internal audit with other public bodies being converted into partnership status. Derbyshire Councils are currently undertaking a County wide review of Internal Audit with a view to making recommendations for the way forward that might change the shape of internal audit, but at present the Partnership is working well and sustaining an appropriate Internal Audit service for Derby Homes within budget. Their work supports the external auditors' formal report to the Board which has again been clean.
- 3.2.2 The Committee considered and approved CMAPs Quality Assurance and Improvement Programme and its Internal Audit Charter at its January meeting.
- 3.2.3 The Committee agreed a new format for monitoring Internal Audit reports which are independently produced by CMAP for Audit Committee and discussed at each meeting. The Committee received notice of two significant risks during the year – these both related to the area of IT backups - both of which have now been addressed. In total the Committee considered 7 final internal audit reports, the other six being reasonable or comprehensive assurance ratings.

- 3.2.4 The Audit Committee undertook a self-assessment process and has agreed to consider further its role in risk management at the next Board away day. The strategic and operational risk registers were noted at the April committee meeting.

3.3 **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 2013/14
- approving the internal audit plan for 2013/14
- receiving and evaluating the external audit management letters following the interim and final audit for 2013/14
- reporting to the Board on the 2013/14 accounts and providing additional support and reassurance to Board Members enabling them to adopt the accounts for 2013/14
- 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 2014.

3.4 **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.

- 3.5 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 some significant changes in membership this year.

- 3.6 I would also like to record my thanks to the officers from Derby Homes, Central Midlands Audit Partnership and BDO LLP who attend and support the work of the Committee.

4. **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
- Consultation
- 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.

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Background Information: None.

Supporting Information: None.