

AUDIT COMMITTEE ANNUAL REPORT 2015/16

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 2015/16.

2. RECOMMENDATION

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

3. MATTER FOR CONSIDERATION

Background

- 3.1 The Audit Committee held meetings on three occasions throughout the year in March, July and October.

Activities

- 3.2 In total the Committee considered 10 final internal audit reports, none of which contained any significant risks. One report (IT governance) contained four moderate risks which have since been addressed or accepted, giving it a limited assurance rating. All the other reports received reasonable or comprehensive assurance ratings.
- 3.3 The Committee considered and approved the Annual Fraud plan, and approved the annual statement that it is satisfied that the approach to Fraud is appropriate.
- 3.4 It also considered and reviewed the company's Strategic and Operational risk registers for 2016/17 at its meeting in March 2016, and fed comments through to the Board for its consideration as part of the approval process. It also recommended an updated risk policy.
- 3.5 The Committee welcomed three new members – Cadine Reid, Ian Veitch and Dennis Rees to its membership in March. It also undertook a self-assessment and considered what further development should be undertaken.

Monitoring Financial Integrity

- 3.6 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 2016/17
- approving the internal audit plan for 2016/17
- receiving and evaluating the external audit management letters following the interim and final audit for 2015/16
- reporting to the Board on the 2015/16 accounts and providing additional support and reassurance to Board Members enabling them to adopt the accounts for 2015/16
- 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 2016.

Monitoring and Reviewing Internal Financial Control

3.7 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.

3.8 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.

3.9 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

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| • Legal and Confidentiality | • Equalities Impact Assessment |
| • Consultation | • Health & Safety |
| • Personnel | • Risk |
| • Environmental | Policy Review |

If Board members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None

Supporting Information: None