

## **AUDIT COMMITTEE ANNUAL REPORT 2017/18**

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 2017/18.

### **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 The Audit Committee and management have encouraged a different approach to the internal audit plan this year. Internal Audit (CMAP) was asked to consider areas that were thought to be higher risk rather than taking an entirely independent assessment of internal audit. As a result the overall programme has concentrated in some areas that were likely to result in more challenge. As a result, this year has seen for the first time ever two reports offering only 'limited' assurance (as opposed to reasonable or comprehensive). In total the Committee considered 14 final internal audit reports, none of which contained any critical risks. There were a total of 5 significant risks identified across all reports – all of which have now been addressed. The areas that had limited assurance ratings will be considered for earlier repeat audits to check that things have improved.
- 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 2018/19 at its meeting in March 2018, and fed comments through to the Board for its consideration as part of the approval process.

#### **Monitoring Financial Integrity**

- 3.5 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 2018/19
- approving the internal audit plan for 2018/19
- receiving and evaluating the external audit management letters following the interim and final audit for 2017/18
- reporting to the Board on the 2017/18 accounts and providing additional support and reassurance to Board Members enabling them to adopt the accounts for 2016/17
- 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 2018.

### **Monitoring and Reviewing Internal Financial Control**

3.6 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.

3.7 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.

3.8 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 is contained within the operating budget.

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

- |                             |                                |
|-----------------------------|--------------------------------|
| • 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