

**REPORT FROM THE AUDIT COMMITTEE CHAIRMAN
TO THE MEETING OF FULL COUNCIL ON
WEDNESDAY, 2 SEPTEMBER 2015**

1. At its meeting on 25th June the Committee:
 - received the Annual Treasury Management report. It noted that savings in borrowing costs over the previous year had contributed £156k to the council's overall financial position.
 - received the Annual Report from the Head of Procurement and was pleased to note that there had been 20% fewer requests for waiver of contract compliance rules than the previous year. It was noted that a majority of the requests were for reasons of continuity.
 - received the Annual Report of the Head of Internal Audit and took particular note of the increasing risks deriving from the Council's reduced management capacity which inevitably reduces the time available for financial monitoring and overview.

2. The Committee also considered a report on fraud, in particular benefit fraud, where the fraud team were dealing with a substantial increase in cases and a large numbers of referrals.

In order to counter the growing incidence of benefit fraud, improvements to the reporting structure have been made which allow the team to access information from PAYE returns and pension providers. Improvements are also being made to the co-ordination of effort in exposing and dealing with fraud. At present this is handled by three separate investigative bodies, the Department for Work and Pensions (DWP), HM Revenue and Customs and individual Local Authorities. From 1 September these bodies will be combined into a Single Fraud Investigation Service (SFIS) managed by DWP and with prosecutions instigated by a single source, the Crown Prosecution Service.

The implications of the changes for this Council are being reviewed by officers and will be reported to the next meeting of the Committee on 30th September.

3. The Committee regularly reviews the risks that the Council faces, not just those which are inherently financial but those which arise from failure of service delivery, but which carry a financial consequence. Each risk is examined, assessed and management recommendations made. A scoring matrix indicates those risks which are most likely, or which carry the highest consequence.

It is perhaps unsurprising that the risks which currently have highest score (in fact the maximum possible score) are to do with the financial position of the council, the delivery of sufficient savings to balance the budget and insufficient reserves to meet the deficit.

**Councillor Stuart Hutchinson
Chairman of Audit Committee**