

REPORT FROM THE AUDIT COMMITTEE CHAIRMAN TO THE MEETING OF FULL COUNCIL ON WEDNESDAY, 20 JULY 2016

During a time of so much change for the Council, in the financial challenges facing it, the changes necessary to ensure effective interaction with partner agencies and its own internal restructuring, it is appropriate to review how the Audit Committee has undertaken its work.

The routine but important functions have been carried out through the last year. These include reviewing the Council's draft and final accounts – and in this respect the Committee was pleased to note at its last meeting on 27 June that the tight financial control exercised during the financial year is likely to result in a saving of some £1.8M on the revenue account.

The Committee has reviewed the Annual Governance statement, and the Council's Treasury Management Strategy. It has also reviewed financial regulations and has agreed some changes to them to reflect best practice and to comply with current legislation.

The Committee has also focused on examining key risks such as the impact of austerity measures on the Council's capacity for good governance, strict internal controls and in particular, with the rapid changes in structures and staff, the risks arising from the diminution of “corporate memory”. It has looked at the requirement for different approaches to governance as a result of innovative and partnership working and in particular at the changing nature of the Council's financial risk as a result of it becoming more of a commissioning body, rather than delivering service through the use of its own directly employed staff.

As part of this latter focus the Committee has received reports and presentations from the Head of Contracts, and at its last meeting, a presentation from the Strategic Manager, Economic Development and Assets on the Rural Broadband project. The nature of the audit function is changing and will continue to change as the council's structures and strategy alters. There will continue to be the need for stringent financial checks and control, but contract management and “value for money” reviews will require increased attention

Procurement policy is also currently being reviewed and the Committee will receive a report on that later this year.

Committee Members have received training on key elements of their work, including on fraud management, overall risk management and strategic risks in respect of contract management. In addition to the scheduled calendar of meetings the Committee has also held informal meetings on risk management and on the scope of the internal audit plan.

The Committee has had the benefit over the last two years of impartial comment and advice from its independent co-opted member Paul Wilkinson, who has for personal reasons had to step down and my thanks go to him for his work with us during that

time. The Committee's constitution allows for up to two such members. I am working with officers to identify possible candidates.

Councillor Stuart Hutchinson
Chair of Audit Committee