

Appendix B - ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE

1. Background

The purpose of the Audit and Risk Committee is to provide assurance of the adequacy of the risk management framework and control environment, scrutiny of the authority's financial and non-financial performance in that context, and oversee the financial reporting process, including:

- To review summary internal audit reports and actions arising from them.
- To consider reports of external audit and inspection agencies and monitor action arising from them.
- To monitor the effective development and operation of risk management and corporate governance.
- To monitor the effectiveness of the whistleblowing and anti-fraud and anti-corruption policies.
- To approve the annual governance statement.
- To approve the annual statement of accounts for publication

The Terms of Reference can be found in the Constitution.

This report, in line with best practice, sets out the committee's work and performance during the year, including how it has met its terms of reference.

2. Membership of the Committee and meetings

The Committee has met on the following dates with the following attendees:

	June 30 th	Sept 22 nd	Jan 26 th	April 26 th
Cllr MacDuff	X	X	X	X
Cllr Walters	X	-	X	X
Cllr Baines	-	X	X	-
Cllr Lammie	X	X	X	X
Cllr Waller	-	-	X	X

Senior Officers from the Council are also present, including the Director for Resources, Section 151 Officer, the Lead Internal Audit Manager and where appropriate the External Auditor (KPMG) will also attend. The Chair of the Committee also meets in private with Audit Services & the Section 151 Officer on a regular basis.

3. Audit Committee business

During the year the Committee conducted the following business:

- Received the annual internal audit report for 2014/15
- Received the external audit plan for 2014/15
- Received the annual fraud report for 2014/15
- Received limited assurance reports across a number of areas and requested follow up work to assess the implementation of agreed actions
- Reviewed and contributed to a draft of the Annual Governance Statement
- Approved the Internal Audit plan for 2015/16

- Received Internal Audit updates of progress against the Audit Plan
- Considered its training requirements
- Received and scrutinised the risk register
- Approved the Statement of Accounts for 2014/15
- Received the external auditors Annual Governance Report
- Reviewed and recommended a revised Whistle Blowing Policy
- Approved the Internal Audit plan for 2016/17
- Completed an assessment of its own effectiveness

4. The Committee's main achievements

The Committee believes its key achievements during the year were:

- Effective challenge and questioning of officers in respect of audit reports rated as "limited"
- Development of a process for follow up of "limited" audit reports which gives assurance that control weaknesses are being addressed
- Improving its knowledge base through attendance at a fraud training session
- Review of Risk Register in order to seek assurance that key risks are being appropriately mitigated. Thereby, providing additional assurance through a process of independent review.
- Satisfying itself that appropriate investigation was undertaken and action taken in relation to the Section 106 funding loss
- Scrutinising the Statement of Accounts prior to approval

5. Result of Audit Committee effectiveness review

The Committee completed an effectiveness review based on CIPFA guidance. The conclusion of the review is that the Committee is effective in its role but the following action points were noted:

- In order to continue to raise the profile of internal control matters, Directors will be asked to present to the Committee on any area rated by internal audit as 'limited'
- Whilst the Committee has not formally completed a skills assessment, the Chair is satisfied that the individual experience and knowledge of Committee members allows the Committee to adequately discharge its duties
- The Committee has agreed (at its last meeting) to dedicate 30 minutes prior to every other meeting to training.
- The Committee will suggest to the Constitutional Review Working Group that its terms of reference are reviewed to ensure they are still fit for purpose.

6. Conclusion

The Committee was able to confirm:

- That the system of internal control, governance and risk management in the authority was adequate in identifying risks and allowing the authority to understand the appropriate management of these risks.
- That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the

Committee's attention, that had not been adequately resolved or were in the process of being resolved.

The Committee's conclusion is based on assurance gained from its own work and the work of Internal Audit and External Audit.