

ITEM NO 4

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of the Audit Committee held on Thursday 5 October 2006 at 4.00pm.

Members Present: Councillors Carr (Chairman), R Richardson, G Armstrong and JM Proud.

Officers Present: J McConnell (Chief Internal Auditor), M Welsh (Principle Auditor) and C Turnbull (Democratic Services Officer).

S High (Acting Leisure Services Manager), J Elder (Risk and Financial Services Manager), I Broughton (Director of Community Services) and P Stephens (Head of Housing Services) attended for part of the meeting.

61 APOLOGIES FOR ABSENCE

There were no apologies from Members.

62 MINUTES OF SPECIAL MEETING HELD 27 JUNE 2006

RESOLVED: "That the minutes of the proceedings at the Special Meeting of the Committee held 27 June 2006 copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

63 MINUTES OF MEETING HELD 6 JULY 2006

RESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 6 July 2006 copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

64 DECLARATIONS OF INTEREST BY MEMBERS

There were no declarations of interest from Members.

65 OUTSTANDING AUDIT ISSUES

(a) Leisure Centre

Simon High, Acting Leisure Services Manager, was present for this item to give an update on the outstanding issues from a recent audit at the Leisure Centre, and to answer questions from Members.

RESOLVED:

"1. That a letter be sent to the Director of Development Services expressing the Committees concern over the delay in linking the new

Gladstone system with the Council's Agresso system and urging that the implementation date be advanced to December 2006.

2. That the Chief Internal Auditor and Acting Leisure Services Manager report to the next meeting of the Audit Committee on the matter."

Simon High left the meeting at 4.45pm

(b) Payroll

Jim Elder, Risk and Financial Services Manager, was present for this item to advised of his proposals to respond to the recommendations of the audit on the Council's Payroll system, and to answer questions from Members.

RESOLVED: "That the Risk and Financial Services Manager liaison with the Chief Internal Auditor on implementation of proposed actions in response to the issues raised at the audit."

Jim Elder left the meeting at 5.06pm

At this point the Chairman advised the Committee would consider item no 12 on the agenda which required the passing of a resolution to exclude public and press from the meeting.

66 EXCLUSION OF PUBLIC AND PRESS

RESOLVED: "That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act."

67 TENANTS PANEL ACCOUNTS

With reference to minute no 60 of the meeting held on 6 July 2006 further consideration was given to a report on the accounts of the Tenants Panel for 2005/06, when an update from the Chief Internal Auditor was submitted.

Ian Broughton, Director of Community Services, and Paul Stephens, Head of Housing Services, attended the meeting for this item and answered questions from Members.

RESOLVED: "That in view of the information provided on the update report from the Chief Internal Auditor and answers given by the Director of Community Services and the Head of Housing Services, no further action be taken on the matter."

The Director of Community Services and the Head of Housing Services left the meeting at 5.35pm

The meeting then reverted to the open part of the agenda.

68 INTERNAL AUDIT ANNUAL REPORT

Consideration was given to the annual report from the Chief Internal Auditor on the findings and conclusions of Internal Audit and providing an opinion on the effectiveness of the internal control environment.

The Chief Internal Auditor spoke to the report and advised of her opinion that the Internal Audit Section complied with the ten standards of the CIPFA Code of Practice for Internal Audit. Following on from the 2004/05 Annual Report, she was pleased to report that there had been progress in the effectiveness of the overall financial control framework. Significant improvement had also been achieved in the process for selection of contractors by the housing Department.

RESOLVED: "That the Annual Report be endorsed and submitted to Council."

69 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Chief Internal Auditor giving an update of the findings of Internal Audit work completed in the first six months of the 2006/07 financial year. The report contained details of the following high profile audits that covered areas where the control environment is subject to high levels of risk:

- Accounts Payable
- Main Accounting

The Principle Auditor spoke to the reports and took Members through the recommendations and action plans

RESOLVED: "That the recommendations and action plans associated with the reports be noted."

70 INTERNAL AUDIT PERFORMANCE

Consideration was given to a report from the Chief Internal Auditor on the activity and performance of Internal Audit during the six months from April to September 2006.

RESOLVED: "That the information contained in the report be noted."

71 NEW REPORTING ARRANGEMENTS AND LETTER OF REPRESENTATION

A letter was submitted from the Audit Commission advising of new reporting arrangements, the key changes being:

- The introduction of an annual governance report to be presented to the Council in September. This will include draft proposed audit opinion on the accounts and conclusion on the value for money arrangements.
- A change in the style to the annual audit letter that will be a more high level, concise report covering only the key issues arising from the audit

- and inspection programme and including the results of the direction of travel assessment

RESOLVED: "That the advice be noted."

72 Exclusion of Public and Press

RESOLVED: "That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act."

73 UPDATE ON INVESTIGATIONS

The Chief Internal Auditor advised of successful outcomes to investigations affecting Property Services and Environmental Services.

RESOLVED: "That the information be noted."

The meeting terminated at 6.15pm