

## **DURHAM COUNTY COUNCIL**

### **AUDIT COMMITTEE**

**AT A MEETING** of the **AUDIT COMMITTEE** held at the County Hall, Durham on **MONDAY 10 DECEMBER 2007** at **9.00 a.m.**

#### **PRESENT**

**COUNCILLOR PYE** in the Chair

Councillors Chaplow, Douthwaite and Holroyd.

#### **A1 Durham County Council: Terms of Reference of the Audit Committee and Revisions to the Constitution**

The Committee considered a report of the Acting Director of Corporate Services (for copy see file of Minutes) providing the background to the establishment of the Audit Committee and its terms of reference and advising of some revisions to the County Council's Constitution since it was approved in May 2007.

##### **Resolved:**

That the report be noted.

#### **A2 Appointment of Co-opted Members to the Audit Committee: Proposed Arrangements and Procedures**

The Committee considered a report of the Acting Director of Corporate Services (for copy see file of Minutes) about the proposals for the appointment of 2 co-opted non-voting members to the Audit Committee.

##### **Resolved:**

That the recommendation in the Report be agreed, on the basis that the 2 co-opted non-voting members to be appointed for a fixed term of three years.

#### **A3 Internal Audit 2007/08 Progress Update**

The Committee considered a report of the Head of Internal Audit (for copy see file of Minutes) about the work undertaken by Internal Audit between 1 April and 30 September 2007 and providing details of the progress made against the annual audit plan for 2007/08.

In response to questions from Members of the Committee the Head of Internal Audit explained:

- The position regarding the new Financial Management System for schools, for which training and information pack had been provided by Internal Audit. Audits and inspections were planned in such a way to cause as little disruption as possible to the schools.
- Whilst the County Council use the new Oracle and Payroll system, some of the District Councils currently have alternative systems. Therefore from April 2009 it would be a matter for the new Unitary Authority to determine which system it preferred to use.
- With regard to appendix 3, this would be amended for future reports to show a further column, providing details regarding the implementation of reviews.

**Resolved:**

That the recommendations in the Report be agreed and the Internal Audit Charter and the mechanisms for reporting key observations be approved as detailed therein.

**A4 The Work of Corporate Risk Management in the Quarter Period July to September 2007**

The Committee considered a Report of the County Treasurer on behalf of the Corporate Risk Management Group (for copy see file of Minutes) providing an insight into the work carried out by the Corporate Risk Manager and the Corporate Risk Management Group during the period 1 July to 30 September 2007.

The County Treasurer explained that because of the dual process involved in Members' consideration of Risk Management issues (i.e. Audit Committee and Cabinet's respective roles) there was need to determine how this would be dealt with in the future. Accordingly he would discuss this with the Chairman and the Leader of the Council to establish the best practice.

**Resolved:**

That the report be noted.

**A5 External Auditor's Progress Report**

The Committee considered a Report from Catherine Banks, Audit Commission (for copy see file of Minutes) providing a summary of progress against the 2006/07 and 2007/08 audit programmes as at 27 November 2007 and detailing other matters of interest.

The County Treasurer also alerted the Committee to the need to respond to the Audit Commission's consultation about proposed increases in their fees. Nationally the Society of County Treasurers had expressed some concerns

about the proposed levels involved. As the timescale for the County Council's response to these consultations was before the next quarterly meeting in March 2008, the County Treasurer sought approval to a proposal that he agree his response in consultation with the Chairman.

**Resolved:**

1. That the report be noted.
2. That the County Treasurer be authorised to agree the County Council's response to the Audit Commission's consultations about fee increases in consultation with the Chairman, because of the timescales involved.