

DURHAM COUNTY COUNCIL

AUDIT COMMITTEE

AT A MEETING of the **AUDIT COMMITTEE** held at the County Hall, Durham on **THURSDAY 6 JUNE 2008** at **9.00 a.m.**

PRESENT

COUNCILLOR E. Bell in the Chair

Councillors

Carr, Cordon, Ord and Temple

Non Voting – Co-opted Members

Mr Hoban and Ms Larkin-Bramley

A1 Minutes

The Minutes of the Meeting held on 13 March 2007 were confirmed as a correct record and signed by the Chairman.

For the benefit of the New Members of the Committee the County Treasurer outlined the proposals to provide training as the work of the Committee developed. This would include a training package offered by the Audit Commission as well as “just in time” training on specific areas of work throughout the year.

The Chairman also set out his intention to hold “Pre-Audit Committee” briefings on the Monday preceding the formal meeting to identify specific areas/issues for examination.

Councillor Carr also requested that the Corporate Risk Report discussed under Minute A7 be provided to new Members, together with a summary of the Corporate Risk Manager’s oral report given under Minute A8 and the Induction Pack provided to the co-opted Members under Minute A10.

A2 Declarations of interest

Ms Larkin-Bramley informed the Committee that she served as an Independent Member of the Police Authority.

The acting Director of Corporate Services advised that Members would only need to declare an interest as a school governor, if there was a specific issue relating to their school on the agenda.

A3. The Work of Internal Audit in relation to Year Ended 31 March 2008

The Committee considered a report of Head of Internal Audit and Risk Management (for copy see file of Minutes) providing an insight into the work carried out by Internal Audit during the year ended 31 March 2008 and prior to the preparation of the Annual Governance Statement (AGS) (previously the Statement of Internal Control). The Head of Internal Audit and Risk Management is required to give an independent opinion on the adequacy and effectiveness of the systems of internal control operating within the Council and his conclusion for 2007/08 is that the key financial systems continue to provide an adequate basis for effective control ensuring the efficient, effective and economic operation of the Council's affairs. Neither have any significant weaknesses been identified or brought to his attention by senior officers who have responsibility for these controls.

With reference to paragraph 14 the Head of Internal Audit and Risk Management explained that the necessity to reduce the number of audit days had arisen as result of the non-filling of staffing vacancies. These vacancies were being held bearing in mind the need to achieve savings as part of Local Government Reorganisation.

In response to a question from Councillor Ord about the statutory requirement to review the whole audit system the Head of Internal Audit and Risk Management outlined how internal audit was subject to a robust review by the External Auditors every three years. All of the key issues from the last review had been addressed. A copy of the report would be circulated to Committee Members for information.

It was also acknowledged that the Audit Committee had a valuable role to play as [part of this process and this could be specifically addressed as part of the ongoing training.

With reference to paragraph 11 the County Treasurer updated the Committee on the roll out of the Oracle Systems from October 2008.

The County Treasurer also confirmed in response to a question from Mr. Hoban that the comments of the Audit Commission arising from the Annual Audit and Inspection about the economic development of the County had been recognised and were being addressed.

Resolved:

That the report be noted.

A4. Issues for Inclusion with the 2007/08 Annual Governance Statement

The Committee considered a report of Head of Internal Audit and Risk Management (for copy see file of Minutes) about the issues identified for inclusion within the year's Annual Governance Statement, which is to be

presented to the County Council as part of the Statement of Accounts on 26th June 2008.

The County Treasurer explained that the Committee would have further opportunity to comment on the issues within the AGS between the County Council meeting on 26th June and the Statement of Accounts County Council meeting on 23 September 2008.

Resolved:

That the recommendation in the Report be agreed.

A5. Review of the Effectiveness of the System of Internal Audit

The Committee considered a report of Head of Internal Audit and Risk Management (for copy see file of Minutes) about the review of the effectiveness of the Council's system of Internal Audit, which supports the Annual Governance Statement.

Resolved:

That the recommendation in the Report be agreed.