

# **DURHAM COUNTY COUNCIL**

## **AUDIT COMMITTEE**

**AT A MEETING** of the **AUDIT COMMITTEE** held at the County Hall, Durham on **WEDNESDAY 25 JUNE 2008** at **9.00 a.m.**

### **PRESENT**

**COUNCILLOR E. Bell** in the Chair

Councillors Ord and Temple

Non Voting – Co-opted Members  
Mr Hoban and Ms Larkin-Bramley

Also Present  
Councillor Southwell

Apologies for absence were received from Councillors Carr and Cordon.

### **A1 Minutes**

The Minutes of the Meeting held on 6 June 2007 were confirmed as a correct record and signed by the Chairman.

The Head of Internal Audit and Risk Management informed Members that the Information Packs were currently being prepared for distribution. The Budget Book, the Corporate Plan and the last Statement of Accounts were also available on the Intranet.

### **A2 Declarations of interest**

Ms Larkin-Bramley declared an interest in relation to the Statement of Accounts as an Independent Member of the Police Authority, a Governor of Durham Johnston School, and a Member of the County Durham Probation Board and as a lecturer at New College.

### **A3 Statement of Accounts 2007/08**

The Committee considered a report of the County Treasurer (for copy see file of Minutes) about the County Council's Statement of Accounts for the financial year ended 31 March 2008, in advance of the County Council considering the report on 26<sup>th</sup> June 2008. The County Treasurer also provided hand-outs of the powerpoint presentation that he was to give to the County Council on

Thursday 26<sup>th</sup> June 2008. The Treasurer explained that the Statement of Accounts is subject to External Audit by the Audit Commission, who will express a view in September. Invariably there will be issues to discuss with the External Auditors in this period and in parallel to this there will be opportunities for the Audit Committee to examine emerging issues as well.

In the ensuing discussion the following points, inter alia, were made –

- From a practical perspective it seemed appropriate to address the issue of Group Accounts from 2009/10 once the New Unitary Authority is in place.
- The County Treasurer provided an assurance that issues that come to light as the 2007/08 Accounts are closed will be brought to the attention of the Audit Committee.
- It was considered that more prominence should be given to where the Annual Governance Statement sits within the Statement of Accounts – this would be addressed in the Statement relating to 2008/09.
- There was a need to establish principles and policies at how the revaluation of assets was undertaken in the future.
- A background briefing note would be provided for Committee Members about the success and continued development of NetPark.
- NewCo was a trading company set up by Service Direct to examine opportunities to expand its business and create additional income opportunities.
- With regard to the Pension Fund, any outstanding amounts from employing authorities would still be due to the Pension Fund on 31<sup>st</sup> March and would be paid by either the District or the new Unitary as appropriate.
- An update was provided about the position in relation to Equal Pay. This was the County Council's second highest strategic risk. Currently it was difficult to estimate whether there was sufficient earmarked reserves to cover the cost, but if this were not so any deficit would need to be met from the General Reserve.
- The County Treasurer outlined the factors that had contributed to the current level of Reserves (e.g. fortuitous investment income accrued from higher than expected interest rates and the equal pay reserve, slippage within the capital programme). The General Reserve was higher than the Reserves Policy but it was not anticipated that this position would continue into future years because of inflationary factors and LGR issues.

**Resolved:**

That the report be noted and the County Treasurer bring any pertinent issues forward for consideration as they emerge.

**A4 The Work of Corporate Risk Management in relation to the Year  
April 2007 – March 2008**

The Committee considered a report of Head of Internal Audit and Risk Management on behalf of the Corporate Risk Management Group (for copy see file of Minutes) providing an insight into the work carried out during 1 April 2007 to 31 March 2008. As well as being good management practice the report also responded to the Key Lines of Enquiry in the Use of Resources element of the Comprehensive Performance Assessment.

The County Treasurer, the Head of Internal Audit and Risk Management and the Risk Manager provided clarification upon a range of questions and also provided assurances on how the LGR risk is being managed.

**Resolved:**

That the report be noted.