

SEDGEFIELD BOROUGH COUNCIL

AUDIT COMMITTEE

Conference Room 1,
Council Offices,
Spennymoor

Monday,
30 June 2008

Time: 9.00 a.m.

Present: Councillor D. Chaytor (Chairman) and
Councillors J.G. Huntington and B. Stephens
B. Argyle (Independent Member)

Apologies: Councillors T. Brimm, C. Nelson and Mrs. C. Potts

AC.7/08 DECLARATIONS OF INTEREST
Members had no interests to declare.

AC.8/08 MINUTES
The Minutes of the meetings held on 15th April, 2008 and 2nd June, 2008 were confirmed as correct records and signed by the Chairman. (For copies see file of Minutes).

AC.9/08 ANNUAL GOVERNANCE STATEMENT 2007/08
Consideration was given to a report of the Director of Resources regarding the Council's Annual Governance Statement 2007/08. (For copy see file of Minutes).

It was reported that the Account and Audit Regulations 2003 and 2006 required the Council to ensure that its financial management arrangements were adequate and effective and that there was a sound system of internal control in place which facilitated the effective exercise of the Council's functions and which included arrangements for the management or risk.

The regulations also required the Council to conduct a review at least once a year of the effectiveness of its System of Internal Control.

Although the Annual Governance Statement was incorporated in the Annual Statement of Accounts, best practice recommended that it be considered separately from any Review of the Statement of Accounts.

Members attention was drawn to the Annual Governance Statement 2007/08 which was attached to the report.

The Annual Statement covered the following areas :-

- The scope of responsibility
- The purpose of the Governance framework
- The Governance framework
- Review of effectiveness

- Outstanding issues from previous statements
- Significant governance issues 2007/08

Specific reference was made to governance aspects of the Transition Plan as well as the potential risks associated with the reorganisation of Local Government in County Durham.

It was explained that a number of arrangements had been put in place to minimise these risks. A nominated Risk Manager had been identified to be responsible for preparing and maintaining a risk log. The various workstreams involved in the Local Government Review process had also identified key risks which would be managed as part of the preparatory arrangements for the new Council.

- RESOLVED :*
1. *That the Committee approves the Annual Governance Statement for 2007/08 and recommends its acceptance to Council.*
 2. *That the Statement be incorporated into the Statement of Accounts for the 2007/2008 financial year.*

AC.10/08 STATEMENT OF ACCOUNTS (FOR YEAR ENDED 31ST MARCH 2008)

Consideration was given to a report of the Director of Resources regarding the Statement of Accounts for the year ended 31st March 2008. (For copy see file of Minutes).

The report had been prepared to meet the statutory requirements set out in the Accounts and Audit Regulations 2003 for the production and publication of the Annual Statement of Accounts.

It was explained that under the Regulations the Council was required to approve the Accounts of the Authority by no later than 30th June 2008 prior to their publication and formal signing off by the District Auditor.

Members were given details of the outturn financial position for the two principle revenue accounts (Council maintained)

- General Fund
- Housing Revenue Account

Details were also given on how the outturn position had impacted on the levels of the Council's reserves together with the revenue provisions approved by the Director of Resources to be carried forward for use in 2008/09.

Consideration was also given to a report prepared by the Accountancy Services Manager setting out a number of changes to the format of the report and analysis of the figures. It was explained that as a result of these changes the income and expenditure account had been amended. A copy of the amended income and expenditure account for year ended 31st March 2008 was circulated at the meeting.

Members queried whether the current financial position of the Council was similar to that which was forecast when the revenue budgets were prepared for 2007/2008 (and approved by Council in February 2008). In response it was explained that the financial position on the General Fund had improved throughout 2007/08 as a result of savings on general operating expenses and greater than anticipated staff turnover.

With regard to the Housing Revenue Account it was pointed out that although some costs had been incurred earlier than anticipated, reserves in particular relating to the costs associated with the proposed transfer of the Councils Housing Stock and set up costs in respect of the Housing partnership contract for maintenance and major works. These costs had been budgeted to be incurred in 2008/09 and consequently revenue reserves would be subsequently replenished.

RECOMMENDED : That the Council approves the Statement of Accounts for year ended 31st March 2008.