

## ITEM NO.

**Report to:** Audit Committee  
**Date:** 13<sup>th</sup> September 2007  
**Report of:** Gordon Fletcher, Audit Manager  
**Subject:** New monitoring procedures of the financial arrangements for District of Easington Tenants and Residents Federation (DETRF)  
**Ward:** All

### **1 Purpose of the Report**

- 1.1. The purpose of this report is to provide the Audit Committee with the new monitoring procedures of the financial arrangements of the DETRF. As recommended by the Audit Committee Working Party, following an investigation into the accounts of the DETRF.

### **2. Consultation**

- 2.1. In preparing this report I have consulted with:  
Head of Financial Management  
Head of Housing

### **3. Background**

- 3.1. A previous joint report by the Audit Manager and the Head of Housing, concerning the annual accounts of the DETRF to the special Audit Committee on the 4<sup>th</sup> June 2007 was deferred and referred to a Working Party Group.
- 3.2. Recommendation from the Working Party Group was for the Audit Manager and the Head of Housing to write new monitoring procedures showing the roles of Housing, East Durham Homes and the DETRF, regarding the finances of the DETRF.

### **4. Position Statement**

- 4.1. The following procedures are recommended to ensure that proper financial monitoring arrangements are in place, which will give better accountability for the Council and the DETRF.
- 4.2. These arrangements are to be put in place immediately for the current set up of the DETRF, and are also to be implemented following a review that is currently being carried out on the future role of a new Group, which is to replace the DETRF.

#### **4.2.1. Bank account of the DETRF**

Budget held by the Council's Housing Department, who will devolve an agreed amount for the day to day running of the DETRF. This funding will be paid into the DETRF bank account and payments made from this.

Funding will only be released when the Housing Department is satisfied that the DETRF have proper financial and governance arrangements in place to ensure that funds are properly controlled i.e

- i. Written Constitution for the DETRF.
- ii. Written financial and operational procedures (to be agreed by Internal Audit), which will include separation of duties of Members of the DETRF.
- iii. Proper audited accounts to be submitted for the previous year.
- iv. Bank mandate to include 2 from 3 signatories to sign cheques. (one to be Council's support worker). The Treasurer should not be a signatory.
- v. Proper receipts and payments book record to be kept by the Treasurer, with receipts/invoices.

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### **4.2.2. Petty cash**

- i. To be kept by the Treasurer and used for payments to Members for travelling expenses on production of receipts to attend meetings, and for very small items of purchase.
- ii. Proper book records kept by the Treasurer, with receipts/invoices.
- iii. Reimbursements of petty cash to be made from the DETRF bank account.

### **4.3. Monitoring and Review**

4.3.1. Monitoring of all income and expenditure is the responsibility of the Members of the DETRF. They should ensure that it is all properly recorded and accounted for by examining a report from the Treasurer at each monthly meeting, which should record all transactions (including petty cash) during that month. The books should be made available by the Treasurer.

4.3.2. The Council should ensure that the above arrangements are followed by:

- i. Ensuring that the constitution is in place and is being followed.
- ii. Ensuring that adequate procedures are in place and are understood by all Members of the DETRF.
- iii. Agreeing the audited annual accounts for the DETRF.
- iv. Attending DETRF meetings.

## **5. CONCLUSIONS**

5.1. Interim arrangements need to be in place for the present DETRF and following the review these need to be extended into the new Group.

## **6. Implications.**

### **6.1. Legal Implications.**

There are no direct legal implications for the Council as a result of this report. The recent criminal investigation into the Chair of the DETRF has not progressed on the advice of the police.

### **6.2 Financial**

The approved budget for the DETRF for 2007/2008 is £20,580, of which £11,000 is highlighted for payment to EDH for direct costs such as rent, bills, etc. Such payments will only be made on receipt of the appropriate bill or invoice from the DETRF until such time as they have satisfied the Head of Housing that the appropriate financial and governance arrangements are in place.

### **6.3. Policy**

There are no direct Policy implications as a result of this report, however, the role of the DETRF as a consultative body for the Council is being reviewed as part of the current corporate review of Community Engaged.

### **6.4 Risk**

A risk assessment of the role of and function of the DETRF has been built into the current review of the DETRF.

### **6.5. Communications**

The decisions made by the Audit Committee will be reported to the DETRF's Executive by the Head of Housing, and the Council's Communications and Marketing Manager will be briefed in the event of negative publicity.

**6.6. Corporate Implications**

**6.6.1. Corporate Plan and Priorities**

Consultation with local residents groups forms an essential part of our delivery of the Housing Strategy and as such the Corporate Objectives of Decent Homes for All and Quality Services to our People.

**6.6.2. Equality and Diversity**

There are no direct issues.

**6.6.3. E. Government**

There are no direct issues.

**6.6.4. Procurement**

There are no direct issues.

**6.6.5. Performance Management and Scrutiny**

This is the second investigation reported to the Audit Committee regarding the governance and financial monitoring arrangements for the DETRF. It is proposed that a further report is presented to the Committee once the current review of the DETRF is completed and the necessary actions are put in place.

**6.6.6. Sustainability**

There are no direct issues

**6.6.7. 'Well being powers'**

There are no direct issues

**6.6.8. Human Resources**

There are no direct issues

**6.6.9. Crime and Disorder**

There are no direct issues

**6.6.10. Human Rights**

There are no direct issues

**6.6.11. Social Inclusion**

There are no direct issues

**7. RECOMMENDATIONS**

7.1. That any future funding of the DETRF (or its equivalent) being dependent on these recommendations being in place to the satisfaction of the Head of Housing and the Audit Manager, which will be confirmed by a follow up audit within 3 months.

**8. Background Papers/Documents Referred to in Preparing this Report**

Audit Managers report to Audit Committee in November 2004.

DETRF Constitution and Standing Orders

Report by Chair of Audit Committee Working Party