

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of the Audit Committee held in the Council Chamber, Civic Centre, Chester-le-Street on Friday 22 June 2007 at 2.00pm

Members Present: Councillors G Armstrong (Chairman), R Harrison and J Shiell.

Officers Present: J McConnell (Chief Internal Auditor), L Chambers (Director of Resources), I Herberson (Accountancy Manager), J Elder (Risk and Financial Services Manager) and C Turnbull (Democratic Services Officer).

Also Present: J Dafter and Cathie Eddowes (Audit Commission representatives)

8 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor JM Proud.

9 MINUTES OF MEETING HELD 15 JUNE 2007

RRESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 15 June 2007 copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

10 DECLARATIONS OF INTEREST BY MEMBERS

There were no declarations of interest by Members.

11 STATEMENT OF ACCOUNTS 2006/07

Consideration was given to a report on the Statement of Accounts for 2006/07 that the Director of Resources was submitting for approving to the Council Meeting on 28 June 2007.

The Director of Resources introduced the report and advised that the views of the Committee should be made known to the Council when it considers the report and Statement.

The Director of Resources advised of an underspend of £29,354 as compared with the probable budget. Leisure, Regeneration and Revenues and Benefits had all underspent on their budgets whereas Environmental Services had overspent mainly due to a reduction in income from the highways agency service carried out for Durham County Council.

The Director of Resources spoke to each section of the report and highlighted the following: -

- The minimum General Fund Reserve figure of £349,000 included in the Medium Term Financial Strategy was acceptable.
- paragraph 6.6 should refer to an underspend on leisure services
- the Director of Resources to provide details of the overspend on Legal and Democratic services
- the Director of Development Services was to examine the contact with Durham County Council regarding highways works.
- PSA grant and the LAGBI grant income was included in the earmarked reserves
- The balance on the HRA on transfer of the housing service to Cestria Housing Association would be transferred to the Council. The set up cost of £2.5M was a loan to Cestria and would be repaid to the Council.
- The Director of Resources to report on the level of recovery of arrears

With regard to borrowing, the Accountancy Manager explained the relevance of Operational Boundary and Affordable Borrowing Limits.

Councillor Proud advised credit was due to the Accountancy Team for not exceeding the borrowing limits and for the format and presentation style of the Statement of Accounts.

12 STATEMENT OF INTERNAL CONTROL

Consideration was given to a report on the Statement of Internal Control that the Director of Resources was submitting for approval to the Council Meeting on 28 June 2007.

The Risk and Financial Services Manager explained the consultation process that fed into the production of the Statement and advised that the Council's Corporate Governance Steering Group was responsible for conducting a review of the effectiveness of the systems of internal control.

The Director of Resources gave an assurance that training would be arranged for Members and Officers.

The Risk and Financial Services Manager confirmed there was a plan to action the control issues highlighted in the report and would be reported to the Committee.

RESOLVED: "That the Chairman report the Committee's consideration of the Statement of Accounts and Statement of Internal Control to the Council Meeting on 28 June 2007."

The meeting terminated at 3.08pm