

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of the Audit Committee held in Conference Room 3, Civic Centre, Chester-le-Street on Thursday 17 January 2008 at 3.30pm.

Members Present: Councillors G Armstrong, R Harrison and JM Proud.

Officers Present: J Henderson (Acting Head of Resources Directorate), J Elder (Risk and Financial Services Manager), M Welsh (Principal Internal Auditor), K Roberts (Principal Internal Auditor) and C Turnbull (Democratic Services Officer).

The Chairman requested that the thanks of the Committee be recorded to Jacqueline McConnell and best wishes in her future employment.

27 APOLIGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor J Shiell.

28 MINUTES OF MEETING HELD 4 OCTOBER 2007

RESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 4 October 2007 copies of which had previously been circulated, be confirmed as a correct record."

The Chairman proceeded to sign the minutes.

29 DECLARATIONS OF INTEREST FROM MEMBERS

There were no declarations of interest from Members.

30 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Principal Internal Auditors giving an update of the findings of Internal Audit work completed within the third quarter of the 2007/2008 financial year. The report contained executive summaries of audits on Local Taxation, Rent Accounting, Housing Benefits and Rent Allowances, and Market Income and an extract of schedule of recommendations.

Local Taxation

M Welsh, Principal Internal Auditor, spoke to the report and advised of the key findings. Recommendations to address current issues and further improve the arrangements had been agreed with the Revenues and Benefits Assistant Manager.

Rent Accounting

K Roberts, Principal Internal Auditor, spoke to the report and advised of the key findings. The audit opinion was strong for the third year in a row and there were no recommendations for improvement.

Housing Benefits and Rent Allowances

M Welsh, Principal Internal Auditor, spoke to the report and advised of the key findings. The audit opinion was strong for the second year running and there were no recommendations for improvement.

Market Income

K Roberts, Principal Internal Auditor, spoke to the report and advised of the key findings. Recommendations to address the current issues and further improve the arrangements had been agreed with the Regeneration Programme Manager.

Leisure Income Follow Up

Members expressed their concerns over the delay in implementing the recommendations and agreed that the delay was not acceptable.

RESOLVED: "That the Chairman and the Principal Internal Auditor meet with the Leisure Services Manager on the matter and if necessary the Leisure Services Manager be requested to attend the next meeting of the Committee."

31 INTERNAL AUDIT PERFORMANCE

Consideration was given to a report from the Principal Internal Auditors on the activity and performance of Internal Audit between April and November 2007.

M Welsh, Principal Internal Auditor, advised that two issues had affected performance in the quarter, one of the Principal Internal Auditors had left the authority and not been replaced, and Officers had spent 32 days residual work from three investigations carried out during the summer. The impact on performance of the Head of Internal Audit leaving the authority was yet to be determined.

32 LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT

Consideration was given to a report prepared by the Head of Internal Audit and the Risk and Financial Services Manager seeking approval of the Local Code of Corporate Governance and to the process for the preparation of the Annual Governance Statement.

The Risk and Financial Services Manager spoke to the report, outlining the legal and regulatory framework and arrangements for 2007/2008.

RESOLVED:

- “1. That the Governance Action Plan attached to the report as appendix 1, be approved.
2. That the new Local Code of Corporate Governance attached to the report as appendix 2, be approved.
3. That the process for preparation of the Annual Governance Statement for 2007/2008 as detailed on appendix 3 to the report, be approved.
4. That an appropriate method of review of the effectiveness of Internal Audit for 2007/2008 be adopted.”

33 ARRANGEMENTS FOR MANAGEMENT OF INTERNAL AUDIT

Consideration was given to arrangements for the future management of Internal Audit when the Acting Head of Resources advised of a number of options:

- Home grown approach i.e. Officers acting up
- Shared service with external sources i.e. Neighbouring Councils
- Internal resources
- Combination of external and internal resources
- Replacement of Head of Internal Audit

Members discussed the advantages and disadvantages of each option.

The Risk and Financial Services Manager offered to provide management support in the event of the in-house approach being preferred.

Members agreed that an in-house solution was the preferred option.

34 EXCLUSION OF PUBLIC AND PRESS

RESOLVED: “That under Section 100A of the Local Government Act 1972, the Public and Press be excluded from the meeting for the following item of business on the grounds it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.”

35 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Principal Internal Auditor giving an update on the findings of Internal Audit work. The report contained an executive summary on a cemeteries investigation.

M Welsh, Principal Internal Auditor, spoke to the report and gave a verbal update on a regeneration investigation

RESOLVED: "That the reports be accepted."

The meeting terminated at 4.20pm