

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the Special Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Newcastle Road, Chester-le-Street on Friday 17 October 2008 at 2.00pm.

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

Officers present: R Templeman (Chief Executive), I Herberson (Head of Corporate Finance), J Elder (Acting Head of Resources), H Jones (Interim Support from PSC), M Welsh (Acting Head of Internal Audit), K Roberts (Principal Internal Auditor) and D Humble (Democratic Services Assistant)

Also in attendance: Councillor L Armstrong, R Walker (Audit Manager), C Waddell (District Auditor) and C Eddowes (Principal Auditor)

18 APOLOGIES FOR ABSENCE

There were no apologies for absence.

19 MINUTES OF MEETING HELD 16 SEPTEMBER 2008

RESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 16 September 2008 copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

20 DECLARATIONS OF INTEREST FROM MEMBERS

There were no declarations of interest received from Members.

21 USE OF EARMARKED RESERVES 2007/2008

The Head of Corporate Finance gave a background to the report and highlighted the level and nature of the earmarked reserves held by the Council and the implications of the settlement as set out in the report for both 2007/2008 and 2008/2009.

He advised of the action taken by officers to rectify the settlement costs, which were outlined in section 1.2 of the report. The Chief Executive spoke on the Local Government Reorganisation Implications and advised that if any potential resource issues did arise that were not included in the Authority's budgets for 2008/09 then consultation would take place with the County Treasurer.

RESOLVED: "That the actions taken by officers to finance the settlement costs highlighted in section 1.2 of the report be noted and the resulting use of earmarked reserves in 2007/2008 and 2008/2009 be approved."

22 TREASURY MANAGEMENT ANNUAL REPORT 2007/2008

Consideration was given to the Annual Treasury Report, which covered the treasury activity for 2007/08 and the actual prudential indicators for 2007/08.

RESOLVED:

"1. That the actual 2007/08 prudential indicators detailed in the report be approved.

2. That the Treasury Management stewardship report for 2007/08 be noted."

23 ANNUAL GOVERNANCE REPORT

Consideration was given to the Annual Governance Report. The District Auditor summarised the findings from the 2007/08 audit and identified the key issues to be considered.

He referred in particular to the key areas of judgement and audit risk and highlighted the following issues:

- Stock transfer issues
- Financial guarantees
- Pension issues
- Deeds and Land Registry Title (proof of assets)
- Strengthening of Quality control

Particular mention was made in relation to internal control and the fact that there was a good knowledge base. The Chief Executive advised that this would be an area that would need to be monitored in light of the Local Government Review. The Chief Executive also spoke in relation to compatibility of financial management systems and dealing with the close down of the accounts.

The District Auditors gave thanks to all the Officers who had supported them through the audit particularly Ian Herberson and Henry Jones for all their hard work and support. The Chairman also gave thanks to all the Officers and the District Auditors on behalf of the Audit Committee.

RESOLVED:

"1. That the matters raised in the report be considered before approving the revised financial statements.

2. That adjustments be made to the financial statements as set out in the recommendations.
3. That the representation letter be approved on behalf of the Council prior to issue of the Auditor's opinion, conclusion and certificate.
4. That the proposed action plan be agreed."

24 STATEMENT OF ACCOUNTS 2007/2008

Consideration was given to a report on the Statement of Accounts for 2007/2008 that had now been completed.

The Head of Corporate Finance spoke on the report and highlighted the key adjustments, which were listed in Section 5.3 of the report. He thanked the Chief Executive for the work he had undertaken on future years impact and regulations on proof of ownership.

RESOLVED: "That the 2007/08 Statement of Accounts following audit, be approved."

25 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Acting Head of Internal Audit giving an update of the findings of Internal Audit work completed within the first half of the 2008/09 financial year. The report contained summaries of audits on Leisure Vending Machines, Accounts Receivable and Treasury Management.

Leisure Vending Machines

The Principal Internal Auditor spoke to the report and advised of the key findings. He advised that recommendations to address the current issues and further improve the arrangements had been agreed with the Leisure Services Manager and Assistant Operations Manager.

Accounts Receivable

The Principal Internal Auditor spoke to the report and advised of the key findings. He advised that recommendations to address the current issues and further improve the arrangements had been agreed with the relevant Managers.

It was suggested that in light of the Local Government Review there would be a need to re-issue guidance for the debtor system to be considered across the District. The Acting Head of Internal Audit agreed to raise this at the next meeting of Chief Auditors.

Treasury Management

The Principal Internal Auditor spoke to the report and advised of the key findings. He advised that no recommendations were made as part of this audit.

RESOLVED: "That the reports on completed audit assignments and progress on the implementation of recommendations be noted."

26 INTERNAL AUDIT PERFORMANCE

Consideration was given to a report from the Acting Head of Internal Audit on the activity and performance of Internal Audit for the first half of the financial year 2008/09.

The Chairman made reference to the good sickness performance within the section.

The Acting Head of Resources gave thanks to the Officers in the Audit Team for their support and also to the Members.

RESOLVED: "That the information contained in the report be noted."

The Meeting terminated at 3.15pm.