

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the Meeting of the Audit Committee held in Conference Room No. 4, Civic Centre, Newcastle Road, Chester-le-Street on Thursday 12 March 2009 at 3.00pm.

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

Officers present: J Elder (Acting Head of Resources), M Welsh (Acting Head of Internal Audit), K Roberts (Principal Internal Auditor) and D Humble (Democratic Services Assistant)

35 APOLOGIES FOR ABSENCE

There were no apologies for absence.

36 MINUTES OF MEETING HELD 22 JANUARY 2009

RESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 22 January 2009, copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

37 DECLARATIONS OF INTEREST FROM MEMBERS

There were no declarations of interest received from Members.

38 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 2008/09 financial year.

Housing Benefits

The Acting Head of Internal Audit spoke to the report and advised of the key findings, which did not require any recommendations as result of this audit.

Main Accounting

The Acting Head of Internal Audit spoke to the report and advised of the key findings of this audit. He advised that recommendations to address the current issue and further improve the arrangements had been agreed with the Head of Corporate Finance and implemented.

Capital Accounting

The Principal Internal Auditor spoke to the report and advised of the key issues of the audit. He advised that recommendations to address the current issues and further improve the arrangements had been agreed with the relevant officers and would be followed up.

Schedule of Recommendations

Consideration was given to the Schedule of Recommendations set out in Appendix D of the report. The Principal Internal Auditor and the Acting Head of Internal Audit proceeded to go through each of the recommendations that were still outstanding in the schedule and updated Members on the current status.

Discussion ensued on the process for handing over the outstanding recommendations to the new unitary authority. It was suggested that the Acting Head of Resources write on behalf of the Committee to the Risk and Audit Manager at County Hall to advise them of the outstanding issues that were required to be included in their Audit Plan.

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

39 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 financial year 2008/09.

Councillor Armstrong praised the Audit Team for achieving 100% of recommendations agreed in their performance schedule as set out in Appendix A of the report.

RESOLVED: "That the report on the performance of Internal Audit be accepted."

40 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT 2008/09

Consideration was given to a report from the Acting Head of Internal Audit on the Review of Effectiveness of Internal Audit function for the 2008/09 financial year.

The Acting Head of Internal Audit briefed Members on the report required against the CIPFA Code of Practice and the CIPFA Better Governance Forum publication, which was recommended for adoption by the new Authority.

It was also noted that an independent review had been carried out by the Head of Internal Audit at Derwentside District Council and thanks were conveyed to them for undertaking this work.

RESOLVED: "That the Audit Committee notes and receives the Review of Effectiveness of Internal Audit 2008/09."

41 INTERNAL AUDIT ANNUAL REPORT 2008/09

Consideration was given to a report from the Acting Head of Internal Audit on the Internal Audit Annual Report 2008/09 that contains the opinion on the effectiveness of the control environment for the 2008/09 financial year.

RESOLVED: "That the Audit Committee notes and receives the Internal Audit Annual Report 2008/09."

42 MEMBER APPROVAL OF ANNUAL GOVERNANCE STATEMENT

Consideration was given to the Annual Governance Statement for 2008-09 that would be considered at the Council Meeting on 19 March 2009.

The Acting Head of Resources spoke on the report and gave a background and summary of the purpose of the Annual Governance Statement. He drew Members attention to page 14 of the report on the review of the effectiveness of government arrangements during 2008-09 and the key features considered.

RESOLVED: "That the Audit Committee recommends that the Annual Governance Statement be approved by Council on 19 March 2009"

43 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 that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act."

44 INTERNAL WORK COMPLETED

Consideration was given to a report to update the Audit Committee with the findings of Internal Audit work completed within the 2008/09 financial year. The report contained a summary on the Riverside Car Park Income investigation.

The Director of Development Services had written a letter of proposed actions to address the issues raised in this investigation. Members expressed their concern and disappointment on this case and previous cases involving Leisure Services and agreed upon a number of actions as listed in the recommendations below.

RESOLVED:

- "1 That the Principal Internal Auditor provide any further progress on the Riverside Car Park Income investigation to Audit Committee Members before the Council Meeting on 19 March 2009.

- 2 That a response to the Director of Development Service's letter be drafted to seek assurance that the actions he proposed on points 2 and 3 of his letter have been implemented and would be carefully monitored.
- 3 That a list of outstanding audit cases be drafted for handing over to the new unitary authority."

The Chairman advised that this was the last Audit Committee of this Council and took the opportunity to thank the Acting Head of Resources, Acting Head of Internal Audit and the Principal Internal Auditor for the work they had undertaken over the years which was echoed by the Members present.

Councillor Shiell gave thanks to Councillor Armstrong for the support and guidance he had given Members in his role as Chairman of the Audit Committee over the years.

The Acting Head of Resources also conveyed his thanks to all Officers and Members who had been involved in the Audit Committee work.

The Meeting terminated at 4.20pm.