

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Audit Committee** held in Committee Room 1A, County Hall, Durham on **Thursday 22 March 2012 at 10.00 am**

**Present:**

**Councillor E Bell (Chairman)**

**Members of the Committee:**

Councillors C Carr, M Hodgson, L Marshall, B Myers, R Ord, D J Southwell and O Temple

**Co-opted Members:**

Mr T Hoban and Ms K Larkin-Bramley

Attendance by External Auditor- C Waddell, and C Banks

### **1 Minutes**

The minutes of the meeting held on 16 February 2012 were agreed as a correct record and signed by the Chairman.

Consideration was given to all current items on the Committee's Action Plan (for copy of action plan see file of Minutes). Several items on the Plan were considered later in the meeting, the position with others was provided and dates were set when these would be reported back to Committee. The Plan would be updated accordingly.

### **2 Declarations of Interest**

Declarations of interest were provided by Members of the Committee. A generic declaration of interest would be recorded given that Members were school governors, members of various Committees of the Council, former District Councillor's and bodies such as the Probation Board, Fire Authority and Police Authority. Together with other declarations from Ms Larkin-Bramley, a declaration be provided that she is a lecturer at New College Durham.

### **3 Budget and Medium Financial Plan Setting Process**

The Head of Corporate Finance provided a briefing to members on the Council's budget and financial procedure rules, and how they are followed in the

development of the budget and medium term financial plan setting process (for copy of briefing paper see file of Minutes).

Members welcomed the briefing and the detailed information provided, and following clarification to their questions, assurance was received on the processes and procedures in place.

Members requested that they be provided with the timetable for setting the MTFP, Council Plan and Service delivery for the following year once it was set.

#### **4 Action Plan for Corporate Governance Improvements**

The Committee considered a report of the Corporate Director, Resources that provided an update on progress in implementing the agreed governance action plan, which highlights areas of improvement arising from the annual review of the effectiveness of corporate governance arrangements (for copy see file of Minutes).

##### **Resolved**

That the report provided assurance that action is being taken to address areas of improvement in corporate governance arrangements, as set out in the action plan.

#### **5 Consolidated Action Plan- 2010/11 Audit of Accounts**

The Committee noted a report of the Corporate Director, Resources that presented an updated action plan which consolidated all agreed recommendations for improving control weaknesses incorporated in the External Auditor's 2010/11 Interim and Final Governance Reports (for copy see file of Minutes).

In relation to recommendation 10 of the General Ledger, it was reported that there had been further slippage due to difficulties with the journal, however these should be input into the ledger in the next couple of days, and not 16 March, as identified in the report.

Clarification was provided in respect of final recommendation 2, which was to ensure quality control on the internal review processes are strengthened as part of the closedown procedures for 2011/12, and that weekly monitoring of this would be undertaken.

##### **Resolved**

That the action plan, to gain assurance that control weaknesses identified through the final account audit process are being appropriately addressed, be noted, and that significant improvement had been made since the previous year.

## **6 Certification of Claims and Returns- Annual Report**

The Committee received the annual report of the External Auditor on the outcomes of the Council's 2010/11 claims and returns (for copy see file of Minutes).

The Audit Manager advised of their work in order to provide assurance to grant paying bodies that claims for grant and subsidies are made properly and that information on financial returns is reliable. She provided further information on the outstanding claims and of the robust financial control measures in place.

### **Resolved**

That the report be noted.

## **7 Audit Plan for 2011/ 12 Accounts**

The Committee received a report of the External Auditor on the audit plan for 2011/12 Accounts for the DCC Pension Fund (for copy see file of Minutes). The audit plan for DCC, which was referred to, would be considered at the next meeting.

### **Resolved**

That the audit plan for DCC Pension Fund 2011/12 be noted.

## **8 Changes to the Code of Practice for Local Authority Accounting in the UK for 2011/12**

The Committee noted a report of the Corporate Director, Resources that provided members with a summary of the key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK, which will apply to 2011/12 accounts (for copy see file of Minutes).

It was pointed out that this would bring about changes to the recording of the heritage assets owned by the Authority, and that there would need to more robust arrangements in place for the completion of the related party transaction forms by members of the Authority.

### **Resolved**

That the accounting changes be noted.

## **9 Update on Single Asset Register**

The Committee received an update of the Corporate Director, Resources on the work around the single asset register. Phase 1 was now complete. A report on phase 2 would be brought to a future meeting.

Councillor R Ord advised that he still had concerns on the completeness of the register for the Derwentside area, which he had referred to at the last meeting, and that although he had met with officers from the Asset Management Section he had some unanswered questions. The Corporate Director, Resources agreed to refer the matter back to the appropriate officers.

### **Resolved**

The Committee required further assurance on the policies and procedures in place, as it appeared there was a fragmented approach to the valuation and disposal of land. A report would be brought to the next meeting.

## **10 Deferred Internal Audit Work**

The Manager of Internal Audit and Risk updated members on the position on the internal audit work which had been deferred and reported at the last meeting. The Chair and Vice Chair had met with officers of the service, and an explanation was provided on the reasons for the deferment, and that assurance had been received that this work would commence in six months time.

Councillor Southwell advised that he still had concerns at the deferment of work.

The Corporate Director, Resources, would speak to the officers of the service in order to gain personal assurance.

The Chairman agreed that in order to keep members informed the next two items of business could be reported.

## **11 Icelandic Banks**

The Committee received an update from the Corporate Director, Resources on the position with the recovery of funds following the collapse of the Icelandic banks. To date £4.775m had been recovered, and it was expected that most of the £7m owed would be received.

## **12 Audit Commission**

The External Auditor updated the Committee on the position with the Audit Commission, and the future changes for the Authority's external auditor.

## **13 Exclusion of the Public**

That under Section 100 (A) of the Local Government Act 1972, the public 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 Schedule 12A to the said Act.

#### **14 Minutes**

The minutes of the meeting held on 16 February 2012 were agreed as a correct record and signed by the Chairman.