

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Audit Committee** held in Committee Room 1A, County Hall, Durham on **Tuesday 19 May 2015 at 10.00 am**

### **Present:**

**Councillor E Bell (Chairman)**

### **Members of the Committee:**

Councillors J Rowlandson (Vice-Chairman), C Carr and J Hillary

### **Co-opted Members:**

Mr T Hoban and Ms K Larkin-Bramley

### **Also Present:**

Councillor A Surtees

The Chairman welcomed Councillor A Surtees, Cabinet Support Member to the meeting.

### **1 Apologies for absence**

Apologies for absence were received from Councillors L Armstrong, S Forster, T Smith, O Temple and W Stelling.

### **2 Minutes**

The minutes of the meeting held on 26 February 2015 were agreed and signed by the Chairman as a correct record.

Consideration was given to the current item on the Committee's Action Plan (for copy of action plan see file of Minutes) with the date set when this would be reported back to Committee.

### **3 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 and Fire Authority.

Councillor C Carr declared an interest in Item No. 7 with respect to Licensing matters.

### **4 External Audit - Durham County Council Audit Strategy Memorandum Year Ended 31 March 2015**

The Committee received a report from the External Auditor explaining the scope of the audit, the risks identified and the procedures that will be performed to deliver the audit for Durham County Council (for copy see file of Minutes).

Catherine Banks, Mazars, highlighted the key points in the report including significant risks, value for money, fees and explained in detail the materiality section.

**Resolved:-**

That the report be noted.

**5 External Audit - Durham County Council Pension Fund Audit Strategy Memorandum Year Ended 31 March 2015**

The Committee received a report from the External Auditor explaining the scope of the audit, the risks identified and the procedures that will be performed to deliver the audit for Durham County Council Pension Fund (for copy see file of Minutes).

Members discussed the potential future risks in relation to the pension fund with regards to funding cuts and further reductions in the workforce. Councillor Carr assured members that the Pension Fund Committee do regularly check that inputs are less than outputs and hold investors to account on their performance.

Mr Hoban referred to unquoted investments and queried why a third of investments were not quoted on the stock exchange. Ms Banks said that property type investments are not listed this way but investments are made in accordance with the agreed strategy. Ms Banks suggested that feedback could be given from the Corporate Director of Resources and it was agreed that a short presentation by officers to the Committee giving an update on the Pension Fund would be arranged.

**Resolved:-**

That the report be noted.

**6 Strategic Risk Management Progress Report for the Quarter period January to March 2015**

The Committee considered a report of the Corporate Director, Resources which highlighted the strategic risks facing the Council and that gave an insight into the work carried out by the Corporate Risk Management Group during January to March 2015 (for copy see file of Minutes).

The Risk, Assurance and Governance Manager informed the Committee that there were 29 strategic risks with the removal of three since the last report. One new risk had been added.

Following a question from Mr T Hoban concerning risk 3 of Appendix 3, the Risk, Assurance and Governance Manager advised that wording would be investigated.

**Resolved:**

That the report provides assurance that strategic risks are being effectively managed within the risk management framework across the Council.

## **7 Internal Audit Progress Report Quarter Ended 31 March 2015**

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period January to March 2015 ( for copy see file of Minutes).

The Chief Internal Auditor and Corporate Fraud Manager highlighted the movements in the plan, removed audits and unplanned reviews added to the plan. The service had completed 96% of the total plan, exceeding the target by 6%. The Committee were advised that there were no draft audit reports outstanding and that 94% of actions had been implemented. There had been two audits finalised in the quarter that had been given a limited assurance opinion. The Chief Internal Auditor and Corporate Fraud Manager informed the Committee that 100% of audit recommendations had been accepted by managers. Plans were underway to breakdown responses to surveys by service groupings, and this finer detail would highlight where there was a lack of response.

The Committee congratulated the Chief Internal Auditor and Corporate Fraud Manager and his team on the excellent performance achieved and the progress that continues to be made.

### **Resolved:**

- (i) That the amendments made to the 2014/2015 Annual Audit Plan, be noted.
- (ii) That the work undertaken by Internal Audit during the period ending 31 March 2015 and the assurance on the control environment provided, be noted.
- (iii) That the performance of the Internal Audit Service during the period, be noted.
- (iv) That the progress made by service managers in responding to the work of Internal Audit, be noted.

## **8 Exclusion of the public**

That under Section 100 A (4) 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.

## **9 Internal Audit Progress Report Quarter Ended 31 March 2015**

The Committee considered Appendices 5 and 6 of the report of the Chief Internal Auditor and Corporate Fraud Manager which detailed the actions agreed by managers in response to internal audit recommendations that were outstanding (for copy see file of Minutes).

Members were advised that there were two audits finalised in the quarter that had been issued with limited assurances.

**Resolved:**

That the report be noted.