

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in Committee Room 1A - County Hall, Durham on **Friday 31 May 2019 at 10.00 am**

Present:

Councillor J Rowlandson (Chair)

Members of the Committee:

Councillors C Carr, J Clark, B Kellett, J Nicholson and J Shuttleworth

Co-opted Members:

Mr I Rudd and Mr C Robinson

1 Apologies for absence

Apologies for absence were received from Councillors E Bell, J Robinson and O Temple.

2 Minutes

The Minutes of the meeting held on 26 February 2019 were confirmed as a correct record and were signed by the Chairman.

3 Declarations of interest

Declarations of interest were provided by Members. A general declaration of interest would be recorded given that Members were school governors, members of various Committees of the Council, former District Councillors and bodies such as the Fire Authority.

4 Draft Annual Governance Statement for the year April 2018 to March 2019

The Committee considered a report of the Corporate Director Resources which sought approval of the draft Annual Governance Statement (AGS) for 2018/19 (for copy see file of Minutes).

The Principal Risk and Governance Officer advised that there were nine actions that would be included in the plan of improvements to strengthen governance arrangements during 2019/20.

Further to a question from Mr Robinson about actions 1 and 9 of Appendix C and the rule of law for members and staff, the Principal Risk and Governance Officer gave assurances that there had been no failings in this respect.

Resolved:

- (i) That actions 1 to 9 in appendix C be included in the plan of improvements to strengthen governance arrangements during 2019/20.
- (ii) That the draft Annual Governance Statement to be approved.

5 Internal Audit, Plan, Strategy and Charter 2019/2020

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which submitted for approval the revised Internal Audit Strategy, Charter and Plan for 2019/2020 (for copy see file of Minutes).

The Chief Internal Auditor and Corporate Fraud Manager advised that there had been some minor changes to the plan since reported to committee in February 2019.

With regards to 14.15 of the Internal Audit Charter, Mr Robinson asked that when management did not respond within the 20 days why were they given an extra ten days, and suggested that this be brought down to 5 working days. The Chief Internal Auditor and Corporate Fraud Manager assured members that this had not been a problem but that he would take the suggestion on board.

Councillor Shuttleworth, referring to section 10 of the Internal Audit Charter, asked why the scope of the Audit work had not been included the report on the valuation of property. The Chief Internal Auditor and Corporate Fraud Manager explained that this would fall within the remit of External and not Internal Audit, but he would follow this up with the Corporate Director of Resources.

Referring to paragraph 21 of the report, Mr Rudd asked if comparisons were made on the previous year to see if the emphasis had changed. The Chief Internal Auditor and Corporate Fraud Manager advised that the draft report in February touched upon this especially around key financial systems and moving focus to Adult and Health Services. Mr Rudd asked if this could be more evident.

Resolved:

- (i) That the Internal Audit Strategy be approved.
- (ii) That the Internal Audit Charter be approved.
- (iii) That the proposed Internal Audit Plan for 2019/20 be approved.

6 Audit Committee Terms of Reference and Self-Assessment

The Committee received a report from the Chief Internal Auditor and Corporate Fraud Manager that presented the amended Audit Committee Terms of Reference and Self-Assessment of good practice checklist and evaluation of effectiveness of the Audit Committee as prescribed by CIPFA (for copy see file of Minutes).

The Chief Internal Auditor and Corporate Fraud Manager assured members that no significant gaps had been identified and he asked that they complete the core knowledge and skills assessment prior to the next meeting.

Mr Robinson asked that more information and assurance be given on partnerships and collaboration working. The Chief Internal Auditor and Corporate Fraud Manager advised that following discussions with the Chair, it had been agreed for Corporate Directors to be invited to future Audit Committees to give an undertaking of the areas of work they covered. Mr Robinson said that this would be helpful and would like them to share the key issues operating within their remit.

Councillor Carr asked that the new Asset Manager be invited to a future meeting and was advised that this would be done when the officer was in post.

Resolved:

That the recommendations included within the report be agreed.

7 Internal Audit Progress Report Quarter Ended 31 March 2019

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which informed Members of the work that had been carried out by Internal Audit during the period as part of the 201/ Internal Audit Plan (for copy see file of Minutes).

The Chief Internal Auditor and Corporate Fraud Manager highlighted progress against the Plan for each Service Grouping, and informed Members of the amendments to the plan and the unplanned audit reviews in the quarter. The report also provided a summary of the survey response rate, progress on actions due, implemented and overdue, and the finalised audit that had been issued with a limited assurance opinion.

The Chair was pleased to see positive responses from each service and the improvements being made year on year.

Resolved:

- (i) That the amendments made to the 2018/2019 Annual Internal Audit Plan be noted;
- (ii) That the work undertaken by Internal Audit during the period ending 31 March 2019 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

Resolved:

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that

they involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Act.

9 Internal Audit Progress Report Quarter Ended 31 March 2019

The Committee considered the report of the Chief Internal Auditor and Corporate Fraud Manager which presented the appendices in the Internal Audit Progress Report referred to in Part A of the Agenda (for copy see file of Minutes).

Members were advised that there were three audits finalised in the quarter that had been issued with a limited assurance opinion, and three follow up audits had been completed.

Resolved:

That the content of Appendices 6 and 7 be noted, and the proposed actions in respect of the overdue areas as outlined, be agreed.