

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in Committee Room 1A, County Hall, Durham on **Thursday 16 February 2012 at 10.00 am**

Present:

Councillor E Bell (Chairman)

Members of the Committee:

Councillors M Hodgson, 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

Apologies for absence were received from Councillors C Carr, and L Marshall

1 Minutes

The minutes of the meeting held on 5 January 2012 were agreed as a correct record and signed by the Chairman.

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 Strategic Risk Management- Progress Report for the Quarter period October to December 2011

The Committee considered a report of the Corporate Director, Resources that highlighted the strategic risks facing the Council and gave an insight into the work carried out by the Corporate Risk Management Group during the period October to December 2011 (for copy see file of Minutes).

Additional briefing papers were circulated to the Committee which provided further information on two of the significant risks highlighted in the report (for copies see

file of Minutes). The Committee suggested that the briefing note from the Head of Adult Care relating to the increased cost to the Authority on revision to ordinary residence guidance, be referred to Overview and Scrutiny for its consideration of a review being undertaken to challenge inter-Local Authority placement arrangements.

In response to the suggestion of members it was agreed that future reports would include the detail of removed risks from the register, and that a paper be circulated after this meeting on those removed from this quarter.

Resolved

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

4 Internal Audit Progress Report- Quarter Ended 31st December 2011

The Committee considered a report of the Manager of Internal Audit and Risk which informed members of the work carried out by Internal Audit during the period October to December 2011 (for copy see file of Minutes).

Resolved

That the progress made on delivering the internal audit plan for 2011/12 to gain assurance on the adequacy and effectiveness of the Council's internal control environment be noted.

5 Risk Management Strategy and Policy

The Committee considered a report of the Corporate Director, Resources which sought approval of the draft Risk Management Strategy and Policy (for copy see file of Minutes).

Resolved

That the Risk Management Strategy and Policy be approved.

6 Update on AGS Action Plan- Financial Management Standards and Business Continuity

The Committee received an update for the Corporate Director, Resources on the AGS action plan. It was noted that the Business Continuity Plan was a priority of CMT, and a report would be presented to the Committee in due course.

Clarification was provided to the Committee on the approval process for the financial management standards, which lay with the Section 151 Officer. Once complete, further details would be provided to the Committee for information.

7 Consolidated Action Plan- 2010/11 Audit of Accounts

The Committee noted a report of the Corporate Director, Resources which presented an updated action plan, consolidating 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 order to provide clarification it was agreed duplicates and key action priorities for final accounts closure, in future reports be highlighted. Members requested further information in the next report to Committee to provide clarification on the comment relating to the review of payment files. (Recommendation 16 page 50)

Resolved

That the action plan, to gain assurance that control weaknesses identified through the final account audit process are being appropriately addressed, be noted.

8 Update on Single Asset Register

The Committee received an update on the work around the single asset register, and noted the reasons for phase 1 being slightly behind schedule. Assurance was provided that the work should be complete by the end of the following week, and that no key issues had arisen. Members noted the additional resources that had been input into this and that colleagues from assets and finance had been working on this together.

Councillor R Ord questioned the completeness of the register for the Derwentside area, as it appeared that although it was not yet complete, it did not include some grazing land which had been owned by the former Derwentside District Council. The matter would be looked into and reported back to Councillor Ord directly.

It was noted that assurance on the reliability and completeness of the asset register would be provided by both Internal and External Audit, through their periodic testing on capital accounting.

Resolved

That the position be noted.

9 External Audit Progress Report

The Committee considered a report of the External Auditor (for copy see file of Minutes) that provided an update on progress in delivering its' responsibilities as the Council's external auditor.

In response to members requesting further detail on changes to future financial statements, as referred to in the report, the Committee noted that a report would be presented to the next meeting on changes in reporting standards.

There were questions listed in the report for the Committee to consider at some point, and following discussion it was agreed that the Chair and Vice Chair of the Committee consider the issues with the Manager of Internal Audit and Risk on the best way to brief the Committee on the issues listed.

Resolved

That the report be noted.

The Chairman agreed that in order to keep members informed and to make a decision as early as possible the next item could be considered.

10 Annual Governance Statement

The Manager of Internal Audit and Risk explained to the Committee that the draft AGS that is to be considered by Committee on 28 June, had various stages to go through prior to the committee's consideration, and that the statement would not be complete in time to be dispatched along with the agenda for the meeting. The Committee accepted the reasons for this and agreed to the statement being forwarded to them as soon as possible.