

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in Committee Room 1A - County Hall, Durham on **Thursday 31 May 2012 at 10.00 am**

Present:

Councillor E Bell (Chairman)

Members of the Committee:

Councillors O Temple (Vice-Chairman), R Ord and D J Southwell

Co-opted Members:

Mr T Hoban and Ms K Larkin-Bramley

External Auditors:

C Banks, S Kenny

Apologies:

Apologies for absence were received from Councillors C Carr, B Harrison, M Hodgson, L Marshall and B Myers and Mr D McLure

1 Minutes

The minutes of the meeting held on 31 May 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), with several items on the Plan to be considered later in the meeting. In reply to a question from Ms Larkin-Bramley the Manager of Internal Risk and Audit informed the Committee that an update on the dates of reports shown as TBA would be brought to the next meeting.

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 January to March 2012

The Committee considered a report of the Corporate Director, Resources that highlighted the strategic risks facing the Authority and gave an insight into the work carried out by the Corporate Risk Management Group during the period January to March 2012 (for copy see file of Minutes).

The Risk and Governance Manager informed the Committee that two new risks had been identified during the quarter and provided an update on the risk relating to Seaham North Pier.

Resolved:

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

4 The Work of Corporate Risk Management April 2011 - March 2012

The Committee considered a report of the Corporate Director, Resources which demonstrated the effectiveness of risk management across the Council during the year April 2011 to March 2012 and the effectiveness of the Corporate Risk Management Group in supporting Services in their management of risk, and also provided evidence to support the Annual Governance Statement (for copy see file of Minutes).

Councillor Southwell raised concerns regarding attendance by Members at risk management seminars. The Head of Legal and Democratic Services informed the Committee that an induction pack for Members following the elections in 2013 was currently being considered and agreed to include risk management as part of the pack.

Resolved:

That the Committee note the report and confirm it provided assurance that strategic risks were being effectively managed within the risk management framework.

5 Internal Audit Progress Report Quarter Ended 31 March 2012

The Committee considered a report of the Manager of Internal Risk and Audit that provided information on the work carried out by Internal Audit during the period April 2011 to March 2012 (for copy see file of Minutes).

Councillor Temple referred to the target of 90% around planned assurance and expressed some concern that this target was not being met. He asked whether 90% was an achievable target, and if so, whether resource or other factors were causing the target not being met. The Manager of Internal Risk and Audit replied that an update on the resource position would be provided to the next meeting when the 2012/13 Audit Plan was to be presented for approval.

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.

6 External Audit - Durham County Council Audit Plan 2011/12

The Committee considered a report of the External Auditor that set out the work for the 2011/12 audit, based on a risk-based approach to audit planning (for copy see file of Minutes).

Resolved:

That the 2011/12 Audit Plan be approved.

7 Update on Duplicate Payments

The Committee considered a report of the Corporate Director, Resources that provided an update of the actions being taken and further plans to reduce the Authority's risk of making duplicate payments and received an update on the situation regarding duplicate payments up to 31 March 2012 and the amounts of money recovered (for copy see file of Minutes).

The Committee noted that good progress had been made on the amounts recovered but raised concern that in some cases, the resource required to recover small amounts may not be cost effective. Priority needed to be given to preventing duplicate payments occurring.

Resolved:

- (i) That the level of duplicate payments made in 2011/12 and the progress made to date with regards to recovering these sums be noted
- (ii) That the work being undertaken by the Procure to Pay review team to address compliance issues with regards to the corporate policy and system control weaknesses be noted.

8 External Audit - Interim Governance Report Pension Fund

The Committee considered an Interim Governance Report of the External Auditor on the Durham County Council Pension Fund (for copy see file of Minutes).

The Committee referred to those recommendations within the report where action was not taken or planned and requested that full management explanations be provided to the next meeting.

Resolved:

That the Interim Governance Report be noted.

9 External Audit - Interim Governance Report Durham County Council

The Committee considered an Interim Governance Report of the External Auditor County Council's annual financial statements (for copy see file of Minutes).

The Committee referred to those recommendations within the report where action was not taken or planned and requested that full management explanations and updates be provided to the next meeting.

Resolved:

That the Interim Governance Report be noted.

10 Compliance with International Auditing Standards

The Committee considered a report of the Corporate Director, Resources that sought approval to a draft response from the Chair of the Committee relating to a letter sent from the Audit Commission regarding compliance with International Auditing Standards (for copy see file of Minutes).

The Committee informed the Corporate Director, Resources that the draft response was in the name of Edward Bell and this should be shown as Councillor Edward Bell.

Resolved:

That the response provided by the Corporate Director, resources be noted and the response to be provided by the Audit Committee be approved, subject to the inclusion of the designation of Councillor, as discussed.

11 Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

Resolved:

That under Section 100A(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.

12 Internal Audit Progress Report Quarter Ended 31 March 2012

The Committee considered a report of the Manager of Internal Risk and Audit that provided information on the work carried out by Internal Audit during the period April 2011 to March 2012 (for copy see file of Minutes).

Resolved:

That the progress made on delivering the internal audit plan for 2011/12 together with that made by service managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the Council's internal control environment be noted.