

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Committee Room 1A - County Hall, Durham** on **Thursday 27 September 2012 at 10.00 am**

Present:

Councillor E Bell in the Chair

Members of the Committee:

Councillors C Carr, B Myers, R Ord, and D J Southwell

Co-opted Members:

Mr T Hoban and Ms K Larkin-Bramley

Apologies:

Apologies for absence were received from Councillors M Hodgson and O Temple

Also Present:

C Waddell and C Banks (Audit Commission)

1 Minutes

The Minutes of the meeting held on 30 July 2012 were agreed as a correct record and signed by the Chairman.

Mr I Herberson, Assistant Finance Manager, Corporate Finance provided members with an update on minute 4, concerning the increase in corporate and democratic core costs. He explained that a review had been undertaken on the costs post LGR, with an analysis of the charging going to the core to identify what constitutes a central core cost. It had been identified that overall there had been a decrease in the overall costs of £3.5m. He advised that the new methods of recording were more aligned to the code of practice, and provided a greater level of transparency.

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 Statement of Accounts for the year ended 31 March 2012

The Committee considered a report of the Corporate Director, Resources which presented the Statement of Accounts for the year ended 31 March 2012 (for copy see file of Minutes).

In response to a question from Councillor Southwell on the financial position of Newcastle airport, Members were referred to the information relating to the Newcastle International Airport Limited (NIAL) on page 89 of the accounts. The Committee was also advised that a report on the future partnering and finance arrangements for the airport was due to be considered by Cabinet on 24 October.

The Corporate Director, Resources updated the Committee on the position with the recovery of funds from Icelandic banks, which had been reported to the last Council meeting. Reasons for the variations in the forecast percentage of funds to be repaid between what was reported in the draft accounts in July and those reported in the final accounts were explained.

Councillor Ord commented on the general reserves. He hoped that part of this could be used to fund repairs to some of the dilapidated schools in the county. The Corporate Director, Resources advised that decisions of this nature are made in line with policies and strategies in place in the Authority. This being said, Cllr Ord, requested that assurance be provided to the Committee that the level of reserves was appropriate.

Resolved:

That the statement of accounts for the County Council for the financial year ended 31 March 2012 be approved.

4 Final Annual Governance Statement 2011/12

The Committee considered a report of the Corporate Director, Resources which proposed amendments to the draft Annual Governance Statement (AGS) and sought approval to the final AGS to be published as part of the Council's audited Statement of Accounts 2011/12 (for copy see file of Minutes).

Councillor Southwell requested that for a future meeting, assurance be provided on the group working arrangements with East Durham Homes and Dale and Valley Homes referred to in paragraph 4 of the report.

Resolved:

The Committee approved the amendments listed in the report that would be reflected in the revised AGS included in the Statement of Accounts.

5 Final Durham County Council Annual Governance Report 2011/12

The Committee considered the Annual Governance Report relating to Durham County Council (for copy see file of Minutes).

The External Auditor presented the report to the Committee. He advised that he expected to complete his final review and closure procedures, and issue an unqualified opinion, after the Committee had considered the Annual Governance Report, and had approved the revised financial statements.

He would issue an unqualified opinion on the accounts, the group accounting statements, and the Value for Money Conclusion. He advised that overall the accounts produced were a significant improvement to the previous year in terms of the quality of the accounts. They had been received on time and with an asset register. There were, however, improvements still to be made on the working papers particularly relating to capital accounting.

He circulated a draft letter for the information of the Committee which provided an update on the work undertaken on the audit since the report was circulated to the Committee (for copy see file of Minutes).

Resolved:

1. That the Annual Governance Report of the Audit Commission be noted.
2. That the letter of representation be approved.
3. An action plan summarising recommendations and progress made by managers on implementation to be brought back to Committee.

6 Final Pension Fund Annual Governance Report 2011/12

The Committee considered the Annual Governance Report relating to the Pension Fund (for copy see file of Minutes).

The External Auditor presented the report to the Committee. He advised that he expected to complete his final review and closure procedures, and issue an unqualified opinion, on the pension fund financial statements.

He advised that overall the accounts produced were significantly improved to the previous year, and this was partially due to using the Cipfa model of accounting statements. He reported there were some minor errors however nothing significant to report.

Resolved:

That the Annual Governance Report of the Audit Commission be noted.

7 Internal Audit Progress Report- Quarter Ended 30 June 2012

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 April to June 2012 (for copy see file of Minutes).

Resolved:

That the outturn position on delivering the internal audit plan for the period April to June 2012 to gain assurance on the adequacy and effectiveness of the Council's internal control environment, be noted.

8 Training Workshop

The Manager of Internal Audit and Risk advised that a training workshop on risk based approach to internal audit was to be arranged for members.

Resolved:

That the workshop be held on 30 October at 10 a.m.

9 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.

10 Internal Audit Progress Report- Quarter Ended 30 June 2012

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 April to June 2012 (for copy see file of Minutes).

The Committee noted options to be considered to secure additional IT Audit skills and requested an update at a future meeting.

Resolved:

That the report together with the recommendations included therein be approved.