

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Committee Room 1A - County Hall, Durham** on **Thursday 22 November 2012 at 10.00 am**

Present:

Councillor E Bell in the Chair

Members of the Committee:

Councillors 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 C Carr, B Myers and K Larkin-Bramley

Also Present:

C Banks (Mazars)

1 Minutes

The Minutes of the meeting held on 27 September 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). 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.

3 Single Asset Register Phase 2

The Committee considered a report of the Corporate Director, Resources that provided an update on the second phase of the development of the Single Asset Register (for copy see file of Minutes).

Mr I Herberson, Assistant Finance Manager, Corporate Finance informed Members that Phase 1 was completed last year and the Statement of Accounts had received a qualified opinion. Phase 2 would take on board the main priorities from a consistency point of view as the hand over from district councils held different values.

Councillor Southwell queried the valuation of properties and was assured that they were valued by an Internal Valuer at the current market value. The Corporate Director, Resources added that some tenants are given a Right to Buy discount and that a report looking at the best model for managing housing stock would go to Cabinet on 19 December 2012.

Councillor Ord asked for guidance on the process for selling land and property on the open market and how prices are arrived at. The Chairman suggested that a report come back to the next meeting on the process of determining valuations.

Resolved:

That the prioritisation of phase 2, and the work plan in Appendix 2 which aims to complete the housing module of the single asset register by 15 February 2013 be noted.

4 Council Tax Collection Performance and Provision for Bad Debts

The Committee considered a report of the Corporate Director, Resources which gave an overview of in year Council Tax collection performance for 2012/13 and an update on the collection rate for 2010/11 and 2011/12, together with an update on the Council Tax provision for bad and doubtful debts calculation (for copy see file of Minutes).

Members were assured that processes were in place to collect £250m in 2012/13, based on a collection rate of 98.5% which in turn would balance budgets. Performance had improved since the introduction of new systems.

The Committee discussed the impact of single occupancy and were informed that all County Council tenants would be informed. The risks had been identified as to where tenants would be moved to and the impact on Council Tax collections.

Resolved:

That the in year and overall Council Tax collection performance as outlined in the report, together with the update on the provision for bad and doubtful debts, be noted.

5 Earmarked and General Reserves – Briefing Note

The Committee considered a briefing note of the Corporate Director, Resources that informed of the amount held in accounts of earmarked and general reserves (for copy see file of Minutes).

The Corporate Director, Resources stated that at the end of September 2012 £5.5m of earmarked reserves would provide general fund services, £2.14m of the Housing Revenue Account's earmarked reserves are forecast to be used. He added that General Reserves are forecast to increase by £4.48m.

Councillor Southwell asked that all staff be congratulated within the service for the amount of reserves held however he did raise concerns about the cuts in walking to school from 2 to 3 miles. Councillor Hodgson advised that this was being looked at as part of the wider issue in a Scrutiny Working Group.

Resolved:

That the information contained in the briefing note be noted.

6 Internal Audit Progress Report Quarter Ended 30 September 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 June to September 2012 (for copy see file of Minutes).

Councillor Southwell commended the service on a positive report. **Resolved:**

That amendments made to the 2012/13 Annual Audit Plan, work undertaken during the period June to September 2012 and the progress made by service managers in responding to the work of internal audit, be noted.

7 Action Plan – 2011/12 Audit of Accounts

The Committee considered a report of the Corporate Director, Resources that presented an action plan consolidating all agreed recommendations for improving control weaknesses incorporate in the External Auditor's 2011/12 Interim and Final Governance Reports (for copy see file of Minutes).

Members were given assurances that the template used had been updated and that actions suggested are followed through. A robust monitoring framework has been introduced and the Committee would be updated on progress at the meeting in February 2013.

Resolved:

That the action plan at Appendix 2 be noted and to gain assurances that control weaknesses identified through the final account audit process are appropriately addressed.

8 Report of the Audit Committee for the Period April 2012 to September 2012 to County Council

The Committee considered a draft report of the Chair of the Audit Committee (for copy see file of Minutes) of the work of the Audit Committee for the period April to September 2012, for agreement prior to reporting to full Council at its meeting on 5 December 2012.

The Committee asked that, to ensure all parties are represented at Audit Committee, substitute members are appointed to attend meetings if the committee member is unable to attend, subject to having received appropriate training. The Chairman agreed to speak to the relevant party leaders.

Resolved:

That the recommendations in the report be agreed subject to a comment being added about how the committee had helped with the timely production of the year end accounts.

9 Annual Audit Letter 2011/12

The Committee received the Annual Audit Letter 2011/12 from the Audit Commission summarising the 2011/12 audit of Durham County Council, including the Pension Fund that it administers (for copy see file of Minutes).

Resolved:

That the contents of the letter are noted.

10 Strategic Risk Management Progress Report for the Quarter period July to September 2012

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 July to September 2012 (for copy see file of Minutes).

Members were informed of new risks, those that had been removed and key risks.

Councillor Hodgson asked about the impact on service for One-Point and it was agreed to ask the risk owner to give an account at the next meeting.

Resolved:

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

The risk owner of the risk, "Failure to agree an accurate baseline for the One Point service pooled budget with the County Durham and Darlington Foundation Trusts results in a service overspend " , be asked to attend the next meeting of the Committee to provide further assurance on how this risk was being managed.

11 Local Code of Corporate Governance

The Committee considered a report of the Corporate Director, Resources that sought approval of the revised Local Code of Corporate Governance (for copy see file of Minutes).

Mr D Marshall, Risk and Governance Manager, stated that the code had been simplified and streamlined, and that the revisions had been made in line with the Annual Governance Review.

Resolved:

That the report be noted.

12 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.

13 Internal Audit Progress Report - Quarter Ended 30 September 2012

The Committee considered Appendix 7 of the report of the Manager of Internal Audit and Risk which informed members of actions agreed by managers in response to internal audit recommendations that were overdue at the end of September 2012. (for copy see file of Minutes).

Cllr Southwell asked if in future the reporting template could show the name of the action owner. The Chairman agreed that this would help in knowing which officers should be called into account for the lack of action.

Resolved:

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

The Chair and the Vice Chair would consider overdue actions further in consultation with the Manager of Internal Audit and Risk to agree which officers should be asked to attend the next Committee to explain why agreed recommendations had not been implemented as planned.

14 Fraud and Irregularity Update 2012/13

The Committee considered a report of the Corporate Director, Resources which provided an update on fraud and irregularity cases during the period April to September 2012 (for copy see file of Minutes).

The Committee sought assurances that partner agencies are working closely with the Council and that training is consistent for all Council officers that deal with these cases.

Resolved:

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