

DURHAM COUNTY COUNCIL

AUDIT COMMITTEE

At a Meeting of the **Audit Committee** held at the **County Hall** on **Friday 18 March 2011** at **10.00 a.m.**

Present:

Councillor E Bell in the Chair

Members of the Committee:

Councillors B Harrison, M Hodgson, L Marshall, D J Southwell, R Ord and O Temple.

Co-opted Members

Mt T Hoban and Ms K Larkin-Bramley

Apologies for absence were received from Councillors C Carr and D Morgan.

A1 Minutes

The Minutes of the meeting held on 10 February 2011 were agreed as a correct record and signed by the Chairman.

Consideration was given to all current items on the 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.

A2 Declarations of Interest

Declarations of interest were provided by Members of the Committee. A generic declaration of interest would be recorded as Members were school governors, members of various committees of the Council and of the former District Council'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.

A3 Partnership Governance Framework

The Committee noted a report of the Assistant Chief Executive (for copy see file of Minutes) that provided an update on progress being made to improve the assurance provided over the effectiveness of partnership governance arrangements.

Members referred to the recommendations in Appendix 2 of the report and requested that the external auditor be consulted on proposals.

Resolved:

That the report be noted

A4 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.

Resolved:

That the report be noted

A5 External Audit Opinion Plan 2010-11

The Committee considered a report of the External Auditor (for copy see file of Minutes) that detailed the work proposed to be undertaken for the audit of financial statements and the value for money conclusion for 2010/11.

The Committee sought assurances that the dates contained within the Plan would be met. The Auditor replied that most of the dates were on target, and undertook to report those which were not to the next meeting of the Committee.

Resolved:

That the report be noted.

A6 External Audit Grant Report

The Committee considered a report of the External Auditor (for copy see file of Minutes) that provided a summary from the certification of 2009/10 grant claims, including messages arising from the assessment of the Council's arrangements for preparing claims and information on claims that were amended or qualified.

In response to a query raised by the Committee regarding the references made under HRA Subsidy on page 64 the External Auditor explained that these were merely cell references.

The Committee referred to Appendix 1 of the report, in particular to there being no adequate control environment for the Housing and Council Tax Benefit Scheme for 2009/10 and asked whether there was one in place for 2010/11. The Manager of Internal Audit and Risk replied that Internal Audit was working closely with the Housing Revenue Benefit section to look at control implications. The Committee sought assurance that improvements required to establish an adequate control framework have been implemented.

The Committee requested further information in relation to the scale of the administration of housing benefits.

Resolved:

- (i) That the report be noted
- (ii) That the Action Plan be updated to include assurance on the adequacy of the control environment for the Housing and Council Tax Benefit Scheme
- (iii) That the Corporate Director Resources would provide summary details.

A7 Icelandic Banks - Update

The Committee considered a report of the Corporate Director, Resources (for copy see file of Minutes) that provided an update on investments in Icelandic Banks.

Resolved:

That the report be noted.

A8 Interim Internal Audit Plan April to June 2011

The Committee considered a report of the Manager of Internal Audit and Risk (for copy see file of Minutes) that sought agreement to a programme of work to be carried out by Internal Audit during the period April to June 2011 (for copy see file of Minutes).

Resolved:

That the report be approved

A9 Pension Fund Assurance

The Committee considered a report of the Manager of Internal Audit and Risk (for copy see file of Minutes) that provided an update on action taken to improve internal audit assurance on the Pension Fund.

Resolved:

That the report be approved

A10 Proposed Changes to the Accounts and Audit Regulations

The Committee considered a report of the Corporate Director, Resources (for copy see file of Minutes) that advised of a consultation exercise being undertaken by the Department of Communities and Local Government relating to the revision and consolidation of the Accounts and Audit Regulations 2003 (SI 2003 No 533), as amended, with effect from 31 March 2011.

Resolved:

That the report be approved

A11 Final Accounts

The Committee considered a report of the Corporate Director, Resources (for copy see file of Minutes) that provided an update on the progress being made changing from reporting under UK Generally Accepted Accounting Principles to International Financial Reporting Standards.

Resolved:

That the report be noted

A12 Contract Procedure Rules Annual Review

The Committee considered a report of the Corporate Director, Resources (for copy see file of Minutes) that advised of proposed changes to Contract Procedure Rules following the annual review.

Councillor Temple expressed concern that the detailed reasoning for the changes to the Procedure Rules and potential consequences had not been provided to the Committee and suggested that the report be brought back to the next Audit Committee meeting with greater detail included. Following a debate the Committee agreed that the matter be deferred to the Chairman and Vice-Chairman to be provided with further details, so that the updated Contract Procedure Rules could be included in the updated Constitution to be taken to County Council in May 2011.

Resolved:

That the report be approved, subject to further information being provided to the Chairman and Vice-Chairman on the detailed reasoning for the changes to the Procedure Rules and potential consequences.

A13 Action Plan for Corporate Governance Improvements

The Committee considered a report of the Corporate Director, Resources (for copy see file of Minutes) that provided an update on progress in implementing the agreed governance action plan which highlighted areas of improvement arising from the annual review of the effectiveness of corporate governance arrangements.

Resolved:

That the report be noted.

A14 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 3 of Schedule 12A to the said Act.

B15 Minutes

The Minutes of the meeting held on 10 February 2011 were agreed as a correct record and signed by the Chairman.