



PETERLEE TOWN COUNCIL

Date of Issue: 29th May 2018

A MEETING OF THE **RESOURCES COMMITTEE** WILL BE HELD ON **MONDAY 4th JUNE 2018** IN THE **COUNCIL CHAMBER SHOTTON HALL, PETERLEE, SR8 2PH** at **6.30pm**

Mr I Morris M.C.I.H.,P.S.L.C.C.

Town Clerk

A G E N D A

Members of the Committee and members of the public are reminded that the public part of the meeting may be recorded in both audio and video, and photographs may be taken.

1. Apologies for Absence

Members are cordially invited to inform the Deputy Town Clerk of their apologies as soon as practicable.

2. To receive declarations of interest

Members are reminded of the need to disclose any interests in items on this agenda, whether pecuniary or otherwise. Please seek advice from the Town Clerk or Deputy Town Clerk prior to the meeting if in doubt.

3. Internal Audit

To welcome Stephen Carter, Audit and Fraud Manager, Internal Audit, Durham County Council, to the meeting to present the following attached reports:-

- (i) Internal Audit Progress Report Quarter ended 31 March 2018
- (ii) Internal Audit Annual Report 2017/18.

4. To approve the minutes of the previous meeting

Members are recommended to approve the minutes of the previous meeting of the Resources Committee on Monday 9th April 2018 as a true and correct record.

(Minutes of previous meeting, copy attached)

5. Report of the Finance Sub Committees of the 27th April & 24th May 2018

Members are requested to note the payments approved at the meetings of this sub committee.

(Minutes of the Finance Sub Committees attached)

6. The Report of the Facilities Sub Committee of the 23rd April 2018

The minutes of this meeting are circulated for approval as a true and correct record.
(attached)

7. Community Related Asset Transfer – North Blunts site

To receive a verbal progress report from the Town Clerk

8. Rugby Club Eden Lane

(i) Floodlights – consent from the Landlord

For Member's to consider granting landlord's consent to the floodlights that have been grant funded on Pitch 2 at Eden Lane

(ii) Roofing Works at Eden Lane

To request endorsement of action taken in arranging for the roof works to be carried out, prior to approval from the Chair and Vice Chair of this Committee

9. Request for Concessionary Use of Facilities

The Pavilion, football tournament, Peterlee Helford Under 9's, 28th July 2018, Use of the main hall and the MUGA

(power: The Local Government Act 1972, s144)

The Deputy Town Clerk shall have a copy of the application available at the meeting for further details should they be requested or required.

10. Request for Financial Assistance
- (a) Peterlee Indoor Bowling Club – towards an excursion
 - (b) Peterlee Helford FC Under 9's – towards strips
 - (c) Jonathon Davies, motorcycle stunt bike – to help with running costs

 - (d) Emma Cusworth, 17th November – 8th December 2018, Bali, working with underprivileged children in the community and local hospitals
(power: The Localism Act 2018, ss1-8, General Power of Competency)
11. Expressions of thanks and Appreciation
- (i) Peterlee 1st Scout Group
 - (ii) County Durham & Darlington NHW
 - (iii) Easington School Sports Partnership
 - (iv) Acre Rigg Infant School
 - (v) Peterlee Cricket Club
- Copies of the letters and picture are available for Members should they wish to see them please contact the Deputy Town Clerk.
12. Exclusion of the Press and Public
- To resolve that in view of the confidential nature of the items to be discussed, the committee pass the formal resolution to exclude the press and public from the meeting, pursuant to the Public Bodies (Admissions to Meetings) Act 1961 & the Local Government (Access to Information) Act, Part 1, paragraphs 4 & 7.
13. Debts to write off
- Members are asked to note debt write offs for the period 1 April - 31st May 2018 as per the Council's debt policy.
(attached)



RESOURCES COMMITTEE

04 June 2018

INTERNAL AUDIT PROGRESS REPORT

REPORT OF THE HEAD OF INTERNAL AUDIT

Purpose of the Report

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2017 and 31 March 2018 with coverage provided in accordance with the second year of our agreed SLA. The report aims to:
 - Provide a high level of assurance, or otherwise, on internal controls operating across the Authority that have been subject to audit.
 - Advise the Committee of significant issues where controls need to improve to effectively manage risks.
 - Advise the Committee of any amendments to the approved Internal Audit plan.
 - Advise the Committee of changes to audit processes and terminology.
 - Track progress on the response to internal audit reports and the implementation of agreed internal audit recommendations.
 - Provide an update on our performance indicators comparing actual performance against planned.

2. The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

Appendix 1	Risks and Implications
Appendix 2	Progress against the Internal Audit Plan
Appendix 3	Internal Audit Performance Indicators
Appendix 4*	Overdue Actions

Progress against planned work

3. A summary of the agreed plan showing the status of each audit as at 31 March 2018 is attached at Appendix 2.

4. The Appendix shows that the seven assurance reviews included within the 2017/18 plan are complete (draft or final report). This includes the Leisure Gardens – Follow Up review which was added to the original plan mid-year following a Limited Assurance Opinion being provided when this activity was reviewed in 2016/17 and where it was subsequently agreed with the Town Clerk that the review be undertaken in April. It should be noted that further to the review, the Assurance Opinion provided within the Final Report issued on 24 May 2018 has now been revised to Moderate. For the purposes of performance reporting, the revised action raised in relation to this review will be tracked as being issued in 2018/19.

5. Assurance reviews incorporate a consideration of the Council's Risk and Governance arrangements within each activity inspected.
6. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 2.

Advice and Consultancy

7. In addition to the Assurance work undertaken, Internal Audit has provided Advice and Consultancy support to the Council on an ad-hoc basis during the financial year that includes:

Whistle Blowing Policy

- Internal Audit reviewed and provided comment in relation to the Council's newly developed Whistle Blowing Policy which was considered to contain the key information required.

Treatment of Consultants Fees for Capital Purposes

- Internal Audit provided a response to a query from the Town Clerk confirming that the capitalisation of consultant fees is acceptable where it is directly linked to the capital project in question.

Wedding Packages

- Internal Audit met with Finance staff to discuss changes that the Council had made to its wedding packages at Shotton Hall, in terms of an appropriate mechanism for the apportioning of costs and treatment of the packages in both the accounts and bookings system.

Amendments to Annual Audit Plan

8. There have been no amendments to the annual audit plan agreed this period.

Outstanding management response to draft reports

9. There are no management responses to outstanding Draft Reports overdue.

Response to Audit Recommendations

10. To provide independent assurance that adequate progress is made in the implementation of agreed recommendations at the appropriate service operational level, all high and medium recommendations contained within the action plans of individual audit reports are followed up by internal audit. In addition, listings of all recommendations outstanding at the end of each quarter are produced and issued to the Town Clerk to assist the Council in its own internal monitoring processes.
11. To allow the progress made at an operational level to be tracked and monitored, the numbers of all recommendations made arising from each audit complete, and evidenced as implemented, are shown in Appendix 2. It should be noted that Internal Audit will not follow up Best Practice matters raised.

12. A summary of outstanding audit recommendations i.e. those not implemented within original agreed or revised target dates, as evidenced through Internal Audit follow up, is given in the table below:

Risk	Actions	Total	Implemented			Overdue	Target	Overdue
Category	Raised	Due	(Due)	(Not due)	Total	Original	Revised	Revised
2016/17								
High	3	3	3	0	3	0	0	0
Medium	24	24	23	0	23	1	1	0
Total	27	27	26	0	26	1	1	0
2017/18								
High	0	0	0	0	0	0	0	0
Medium	20	17	15	0	15	2	2	0
Total	20	17	15	0	15	2	2	0

13. There are three Medium priority recommendations overdue against original target implementation dates. Revised target dates have been agreed in all cases with no recommendation overdue. Details of all recommendations are shown in Appendix 4.

Unplanned work carried out this quarter

14. There have been no unplanned activities carried out during the period.

Reports issued with a Limited Assurance Opinion

15. No reports were issued in the period that resulted in a Limited Assurance Opinion.

Performance Indicators

16. A summary of target performance indicators is given in Appendix 3.

Recommendation

17. Members are asked to note the outturn position on progress made in delivering the internal audit plan for 2017/18 together with that made by managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the internal control environment.

Stephen Carter, Audit and Fraud Manager, Tel: 03000 269665

Appendix 1: Risks and Implications

Finance -

The programme of work undertaken by Internal Audit supports the Council in maintaining safe and efficient arrangements for the proper administration of its financial affairs

Staffing -

None

Risk -

None

Equality and Diversity / Public Sector Equality Duty -

None

Accommodation -

None

Crime and Disorder -

None

Human Rights -

None

Consultation -

None

Procurement -

None

Disability Issues -

None

Legal Implications -

None

Other Risks

Control risks identified / considered in relation to reviews undertaken

Appendix 2: Summary of the status of work undertaken and recommendations made and implemented

INTERNAL AUDIT SERVICES				High		Medium		Best Practice
Reviews	Schedule	Status	Opinion	M	I	M	I	M
Corporate Governance Risks								
Corporate Governance Arrangements	Q1-4	Complete	N/A					
Risk Management Arrangements	Q3-4	Complete	N/A					
Financial Management								
Core Financial Systems	Q2-3	Final Report	Moderate			7	5	2
Shotton Hall Bar and Catering Arrangements	Q1	Final Report	Moderate			8	8	4
Capital	Q2-3	Final Report	Moderate			4	1	
Activities and Events (Peterlee Show and Bonfire Night)	Q1	Final Report	Substantial			1	1	
Unplanned Activities								
Leisure Gardens – Follow Up*	Q4	Final Report	Moderate					
Management								
Audit Planning and Reporting	Q1-4	Complete	N/A					
Total						20	15	6

Note: For the purposes of performance reporting, the revised action raised in relation to the Leisure Gardens – Follow Up review will be tracked as being issued in 2018/19.

Appendix 3 Performance Indicators for 2017/18

Efficiency			
Objective: To provide maximum assurance to inform the annual audit opinion			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2018	90% (Quarterly)	100% (7 out of 7 reviews completed)
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	100% (5 reports issued) 6 days
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also to be reported for information	95% (Quarterly)	100% (5 reports issued) 1 day
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (5 TORs issued)
Quality			
Objective: To ensure that the service is effective and adding value			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (26 accepted out of 26 made)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100% (Quarterly)	100% (4 out of 4 returned) Overall average score 4.38
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (4 returns from 4 surveys issued in 2017/18)

RESOURCES COMMITTEE

04 June 2018

INTERNAL AUDIT ANNUAL REPORT 2017/18



REPORT OF THE HEAD OF INTERNAL AUDIT

Purpose of the Report

1. The purpose of this report is to present the Annual Internal Audit Report for 2017/18, which is attached as Appendix 2.

Background

2. This report fulfils the requirements of Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and report that can be used by the Committee to inform its Annual Governance Statement.
3. The Annual Opinion makes conclusions on the overall adequacy and effectiveness of the Council's Framework of governance, risk management and control.
4. Based on work undertaken, and in particular that relating to core financial systems and the follow up review of Leisure Gardens, where previously Limited Assurance Opinions had been provided, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a Moderate overall assurance opinion on the adequacy and effectiveness of internal control operating across the Council in 2017/18.
5. This Moderate opinion identifies that whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
6. There are no adverse implications for the Annual Governance Statement arising from any of the work that Internal Audit has undertaken in 2017/18. All of the risks raised within Internal Audit reports have been accepted. Internal Audit's recommendations, or alternative proposed actions made by Management in response to the risk issues, have been agreed to be implemented. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report. Internal Audit will follow up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practically possible, after the target implementation dates. Progress on the implementation of audit recommendations will be reported through to this Committee in future reports on Internal Audit work.

Recommendation

7. Members consider the content of the Annual Internal Audit Report and the overall 'Moderate' opinion provided on the adequacy and effectiveness of the Council's control environment for 2017/18.

Appendix 1: Risks and Implications

Finance

The broad programme of work undertaken by Internal Audit supports the Council in maintaining safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Children's Act 2004

None

Stakeholder/Community Engagement

None

Environment

None

Collaboration and Partnerships

None

Value for Money and Productivity

None

Potential Impact on Police and Crime Plan Priorities

Compliance with Public Sector Internal Audit Standards

Other risks

Control risks identified / considered in relation to reviews undertaken

Contact Officer:	Stephen Carter
Job Title:	Audit and Fraud Manager
Telephone:	03000 269665
Email:	stephen.carter@durham.gov.uk SCarter-gcsx@durham.gcsx.gov.uk



Internal Audit Annual Report 2017-2018

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Appendices

Appendix A	Performance Indicators
Appendix B	Key Advice and Consultancy Work Undertaken
Appendix C	Assurance Opinion Methodology
Appendix D	Summary of Assurance Work

Introduction

1. This report summarises work carried out by Durham County Council Internal Audit and Risk Service during 2017/18, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2019.
2. The report provides assurance on the effectiveness of the Council's control environment, risk management and corporate governance arrangements in place during the year.
3. The requirement for an internal audit function is implied by Section 151 of the Local Government Act 1972 which requires all relevant bodies to, "make arrangements for the proper administration of their financial affairs and ensure that one of its officers has responsibility for the administration of those affairs".
4. The Accounts and Audit Regulations 2015 require those bodies to "undertake an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control".
5. All Internal Audit work carried out in 2017/18 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS) that came into effect from 01 April 2013 and revised from 01 April 2017.
6. This report fulfils the requirements of PSIAS and the CIPFA Local Government Application Note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
7. The report sets out:
 - The annual internal audit opinion on the overall adequacy and effectiveness of the governance, risk and control framework (the control environment).
 - A summary of the audit work carried out from which the opinion is derived.
 - Details of the quality assurance arrangements in place during 2017/18.

Service Provided and Audit Methodology

8. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
9. The primary objective of Internal Audit is to provide an independent and objective opinion on the Council's control environment which is comprised of the systems of governance, risk management and internal control.
10. The audit strategy to provide independent assurance, is summarised as follows:
 - To carry out planned assurance reviews of the effectiveness of the management of operational risks in all key service activities/systems.
 - To carry out assurance reviews of the management of strategic risks where the effective management of risk is heavily dependent on identified controls.
 - To carry out annual reviews of key risks where a high level of assurance is required to demonstrate the continuous effectiveness of internal controls, for example those associated with key financial and non-financial systems.
 - To use a Control Risk Assessment (CRA) methodology to focus audit resources on providing assurance on key controls where there is little or no other independent assurance on their adequacy or effectiveness.

Types of Audit Work Carried Out in 2017/18

Assurance Reviews

11. Assurance reviews are those incorporated into annual audit plans where the CRA methodology is to be applied. They also include service requests to provide assurance on more specific risks within a particular service activity.
12. On completion of each assurance review an opinion on the adequacy and / or the effectiveness of the control framework in place is provided to inform the annual audit opinion.
13. The audit methodology for arriving at audit opinions on individual assurance reviews is attached at **Appendix C**.

Advice and Consultancy Work

14. In addition to planned assurance reviews, provision may also be made in annual audit plans to support service managers by undertaking advice and consultancy type work. The outcomes from this work can also provide assurance on the control framework even though an assurance opinion is not provided on the completion of this work.

Counter Fraud Work

15. Provision is made within audit reviews undertaken to support service managers at an operational level to mitigate the strategic risk of fraud and corruption. Control weaknesses identified when fraud is suspected or proven also impacts on the overall opinion on the adequacy and effectiveness of the internal control system.

Audit Quality Assurance framework

16. The Internal Audit performance and quality framework reflects the requirements of the PSIAS.
17. Key elements of the quality assurance framework operating during 2017/18 include:
 - Independent quality reviews undertaken by Audit and Fraud Managers as a matter of routine and periodically by the Chief Internal Auditor and Corporate Fraud Manager to ensure consistent application of agreed processes and procedures and to ensure expected quality standards are maintained.
 - Key contacts, determined by the Council, agree the Terms of Reference for each audit review and are able to challenge the findings and content of draft reports prior to them being finalised.
18. A summary of performance against agreed indicators is given in **Appendix A**.
19. As at the 31 March 2018, the % of planned work completed indicated that the service achieved 100% of the audit plan against a 90% target.
20. The Accounts and Audit Regulations 2015 requires that an annual review of the effectiveness of Internal Audit is carried out. The outcome of the review is reported to Committee.
21. The County Council's Audit Committee at its meeting on 28 June 2017 received an evaluation, in the form of a self-assessment carried out by the Chief Internal Auditor and Corporate Fraud Manager, with regards to compliance with the key elements of the PSIAS that considered the following matters:
 - The structure and resourcing level, including qualifications and experience of the audit team;
 - The extent of conformance with the PSIAS in producing quality work;
 - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis;
 - The overall performance of the Internal Audit team.
22. For 2016/17, this demonstrated that the Section was conforming to the Code's requirements. This self-assessment was based on the PSIAS that were in place during 2016/17 and future assessments will be conducted against the new PSIAS which were brought into effect on 01 April 2017.
23. A self-assessment for 2017/18 is currently being undertaken against the new PSIAS and whilst no issues have been identified at the time of writing this report, the final outcome of the review will be reported to County Council's Audit Committee at its meeting on 29 June 2018.

Summary of audit work carried out

Assurance Work

24. Our work programme for the year was determined by the approved Internal Audit Plan. The assurance opinion takes in account the individual opinions provided across all reviews undertaken in year, together with the most recent opinion for those activities not included in the plan in order to provide a better informed opinion on the entire control environment, a summary of which is attached at **Appendix D**.

Advice and Consultancy Work

25. All planned reviews are designed to add value as they provide independent assurance, through evaluation and challenge, on the adequacy and effectiveness of arrangements in place to manage risks. This evaluation and challenge supports the effective and efficient use of resources and VFM.
26. Through our advice and consultancy work we are able to add value pro-actively and reactively.
27. Reactive work involves responding to ad-hoc requests for advice and reviews added to the plan to address new or emerging risks. It also includes responding to potential fraud or irregularities and we ensure that all such incidents are properly investigated and that appropriate action is taken by managers, whether or not fraud or malpractice is proven.
28. A summary of key advice and consultancy work completed during the year is attached at **Appendix B**

Key Areas for Opinion

29. The key areas of the control environment where assurance is required to inform our overall opinion are:
 - Financial Management
 - Risk Management
 - Corporate Governance
30. Assurance has been provided on some aspects of key financial systems during the year. Reviews undertaken considered creditors, debtors, income collection and banking, payroll, main accounting and budgetary control. A review of financial arrangements for bar and catering activities at Shotton Hall was also undertaken.
31. Assurance reviews incorporate a consideration of the Council's Risk and Governance arrangements within each activity inspected. In addition the Internal Audit Service assisted the Council in developing Policies and Procedures to support and strengthen its corporate governance framework.

Audit Opinion Statement

32. The Council has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
33. Internal Audit is required to provide an opinion on the Council's risk management, control and governance process.
34. In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.
35. In assessing the level of assurance to be given, we based our opinion on:
 - All audits undertaken during the year
 - Follow up action on audit recommendations
 - Any significant recommendations not accepted by management and the consequent risk
 - Limitations which may have been placed on the scope of the internal audit
 - Reliability of other sources of assurance when determining the scope of audit reviews.
36. We are satisfied that sufficient Internal Audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's system of internal control.
37. Based on work undertaken, and in particular that relating to core financial systems and the follow up review of Leisure Gardens, where previously Limited Assurance Opinions had been provided, but which were subsequently revised to Moderate, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a Moderate overall assurance opinion on the adequacy and effectiveness of internal control operating across the Council in 2017/18.
38. This Moderate opinion identifies that whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
39. Where Internal Audit has identified areas for improvement, recommendations are made to minimise the level of risk, and action plans for their implementation were drawn up and agreed by management. Whilst the % of actions implemented within target dates is high, in many cases there is a time gap between a control weakness being reported and the date determined by management for when the action can practically and realistically be implemented. Consequently, the added assurance provided on implementation cannot always be recognised and evidenced in arriving at our overall annual assurance opinion. Work is ongoing with management with regard to timely and realistic implementation dates for actions being agreed.

PERFORMANCE INDICATORS

Efficiency		Objective: To provide maximum assurance to inform the annual audit opinion	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Q4 Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2018.	90% annually	100% (7 out of 7 reviews complete)
Timeliness of Draft Reports	% of draft reports issued within 30 Calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	100% (5 out of 5 reports issued) 6 days average
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also reported for information	95% (Quarterly)	100% (5 out of 5 reports issued) 1 day average
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (5 out of 5 TOR's issued)
Quality		Objective: To ensure that the service is effective and adding value	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (26 out of 26 recommendations accepted)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100% (Quarterly)	100% (4 out of 4 returns) Average score 4.38
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (4 returns from 4 surveys issued in 2017/18)

ADVICE AND CONSULTANCY WORK UNDERTAKEN IN 2017/2018

Whistle Blowing Policy

Internal Audit reviewed and provided comment in relation to the Council's newly developed Whistle Blowing Policy which was considered to contain the key information required.

Treatment of Consultants Fees for Capital Purposes

Internal Audit provided a response to a query from the Town Clerk confirming that the capitalisation of consultant fees is acceptable where it is directly linked to the capital project in question.

Wedding Packages

Internal Audit met with Finance staff to discuss changes that the Council had made to its wedding packages at Shotton Hall in terms of an appropriate mechanism for the apportioning of costs and their treatment in the accounts and bookings system.

ASSURANCE OPINION METHODOLOGY

Findings

Individual findings are assessed on their impact and likelihood based on the assessment rationale in the tables below:

Impact Rating	Assessment Rationale
Critical	A finding that could have a:
	Critical impact on operational performance (Significant disruption to service delivery)
	Critical monetary or financial statement impact (In excess of 5% of service income or expenditure budget)
	Critical breach in laws and regulations that could result in significant fine and consequences (Intervention by regulatory body or failure to maintain existing status under inspection regime)
	Critical impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users)
	Critical impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
Major	A finding that could have a:
	Major impact on operational performance (Disruption to service delivery)
	Major monetary or financial statement impact (1-5% of service income or expenditure budget)
	Major breach in laws, regulations or internal policies and procedures (non compliance will have major impact on operational performance, monetary or financial statement impact or reputation of the service)
	Major impact on the reputation of the service within the Council and/or complaints from service users
Minor	A finding that could have a:
	Minor impact on operational performance (Very little or no disruption to service delivery)
	Minor monetary or financial statement impact (less than 1% of service income or expenditure budget)
	Minor breach in internal policies and procedures (non compliance will have very little or no impact on operational performance, monetary of financial statement impact or reputation of the service)

Likelihood	Assessment criteria
Probable	Highly likely that the event will occur (>50% chance of occurring)
Possible	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
Unlikely	The event is not expected to occur (<10% chance of occurring)

Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	M
	Minor	Major	Critical
	IMPACT		

Priority of our recommendations

We define the priority of our recommendations arising from each overall finding as follows;

High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls.
Medium	Action required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote value for money.

Overall Assurance Opinion

Based upon the ratings of findings and recommendations arising during the audit as summarised in the risk matrix above we define the overall conclusion of the audit through the following assurance opinions:

Substantial Assurance	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate Assurance	Whilst there is a basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

				APPENDIX D
SUMMARY OF ASSURANCE WORK CARRIED OUT				
Audit Area				Latest Opinion
Core Financial Systems				2017/18
Creditors				
Debtors				
Income collection and banking				
Payroll				
Main accounting and budgetary control				
Pavilion				2016/17
Parks				2016/17
Leisure Gardens (Follow Up)				2017/18
Shotton Hall Bar and Catering				2017/18
Capital				2017/18
Activities and Events				2017/18
Cemetery				2018/19
Assurance Opinion	Substantial	Moderate	Limited	
Key				

THE MINUTES OF THE MEETING OF THE
RESOURCES COMMITTEE HELD IN THE COUNCIL CHAMBER, SHOTTON HALL,
PETERLEE ON MONDAY 9th APRIL 2018 AT 6.30PM

PRESENT: COUN A WATSON (CHAIR)

Mesdames:- K Liddell, S Simpson, A C Long, K Hawley, L Fenwick, K J Duffy & M A Cartwright

Messrs:- G L Carne, S Miles, S P Franklin, R Moore, A Watson, T Duffy & S Kirkup

The Chairman advised Members of the committee that part of the meeting may be recorded by both audio and video, and it may be that photographs were taken.

93. Apologies for Absence

Apologies had been submitted and accepted from Councillors S Meikle, A Wilkinson, S McGlen, C Watkins and J Robinson. **RESOLVED the Council approve the reasons submitted at the meeting for absence received from the Councillors listed, and their apologies for absence be recorded.**

94. To receive declarations of interest

Members were reminded of the need to disclose any interests in items on this agenda, whether pecuniary or otherwise. Councillor Long and Cartwright declared an interest in item 9(b) being members of Neighborhood Watch.

95. The Minutes of the Last Meeting

Members approved the minutes of the last meeting of this Committee held on 5th March 2018 and they were signed as a true and correct record.

96. Report of the Finance Sub Committees of the 8th & 29th March 2018

Members were requested to note the payments approved at the meeting of these sub committees held on 8th & 29th March 2018, a copy of the minutes had been previously circulated. Mention was made to the cost of hire of the pool table at the Pavilion, and assurances were given that this would be considered further in terms of cost effectiveness. **RESOLVED the payments made at the meeting held on 8th March & 29th March 2018, be endorsed.**

97. The Report of the Health & Safety Sub Committee of the 19th March 2018

Members approved the minutes of the Health & Safety Sub Committee held on 19th March 2018, subject to the following amendment Minute Number 8 - MUGA, Councillor A Watson "requested that considering the poor weather on Sunday, checks be made etc" being added to the minute.

98. Community Asset Transfer: Former North Blunts School Site, Peterlee

It was reported this item submitted by Councillor A Watson. Members were asked to consider the feasibility of applying for an asset transfer of this former school site into Town Council ownership. It had been suggested that Members view the guidance information on the "Durham Ask" ahead of the meeting: <https://www.durham.gov.uk/communityassets>. An aerial photograph of the site had been circulated for Member's reference. Members supported this suggestion and it was **RESOLVED the Town Clerk approach Durham County Council about the possibility of an asset transfer for land at the former North Blunts School site, Peterlee.**

99. Catering Tenders

The Report of the Show Co Ordinator presenting Members with the list of catering options and tender amounts received to attend the Peterlee Show 2018, a copy of which had been circulated to each Member, was considered. **RESOLVED the tenders as listed in the report, be accepted.**

100. Learning & Development Policy

The document setting out the Council's Learning & Development Policy, applying both to Members and staff, had been circulated for consideration and approval. **RESOLVED the learning and development policy for staff and Members be adopted by the Town Council.**

101. Request for Concessionary Use of Facilities

(a) The Pavilion, Peterlee Cricket Club, Saturday 8th September 2018, Presentation Night

RESOLVED free use of the Pavilion be granted for this event.

- (b) Shotton Hall, Meeting Room, County Durham & Darlington Neighbourhood Watch Force Association, last Wednesday of every month

RESOLVED free use of a meeting room be granted for these monthly meetings.

- (c) Easington Schools Sports Partnership, Year 2 Outdoor & Adventure Activities, 22/23/24th May 2018, Banqueting Suites, garden and lawned areas of Shotton Hall

RESOLVED free use be granted for this event.

- (d) Charity Event, Ear for Alex, Bradley Lowery Foundation, Sunday 13th May 2018, The Pavilion

It was asked that it be clarified if this event was inside or outdoors and then be re considered at the Community & Environment Meeting to be held on 16th April 2018.

RESOLVED this course of action be agreed.

These requests were given consideration by the Town Council using its powers under The Local Government Act 1972, s144.

102. Helford Road Fencing

RESOLVED consideration of this item be deferred to the Community & Environment Meeting to be held on 16th April 2018.

PETERLEE TOWN COUNCIL

FINANCE SUB-COMMITTEE

HELD IN THE COUNCIL CHAMBER,

SHOTTON HALL, PETERLEE

ON THURSDAY 24TH MAY 2018

Present:-

Councillors K J Duffy, L Fenwick & R Moore

1. DIRECT DEBIT AND CARD PAYMENTS

RECOMMENDED the payments listed for April 2018, be accepted.

2. ACCOUNTS FOR PAYMENT

The accounts for payment up until the end of May 2018 amounting to £41,899.33, a copy of which had been circulated to each Member, were considered.

RECOMMENDED the payments as listed, be made.

PETERLEE TOWN COUNCIL

FINANCE SUB-COMMITTEE

HELD IN THE COUNCIL CHAMBER,

SHOTTON HALL, PETERLEE

ON FRIDAY 27TH APRIL 2018

Present:-

Councillor K J Duffy, K Hawley, M A Cartwright, V Watson, T
Duffy & A Watson

20. DIRECT DEBIT AND CARD PAYMENTS

RECOMMENDED the payments listed for March 2018, be accepted.

21. ACCOUNTS FOR PAYMENT

The accounts for payment up until the end of April 2018 amounting to £39,316.55, a copy of which had been circulated to each Member, were considered.

There were several queries raised. It was confirmed that payment for memorial benches was taken before an order was made for the bench. It was also requested that a Scrutiny Committee be arranged to consider some of the suppliers and sources in more detail.

RECOMMENDED the payments as listed, be made.

THE MINUTES OF THE MEETING OF THE
FACILITIES SUB COMMITTEE HELD IN THE COUNCIL CHAMBER, SHOTTON HALL,
PETERLEE ON MONDAY 23RD APRIL 2018 AT 6.30PM

PRESENT: COUN A WATSON (CHAIR)

Mesdames:- K Liddell, S Simpson, A C Long, K Hawley & K J Duffy

Messrs:- G L Carne, S Miles, S P Franklin, R Moore, T Duffy, A Wilkinson
& C Watkins

The Chairman advised Members of the committee that part of the meeting may be recorded by both audio and video, and it may be that photographs were taken.

The Chair explained that whilst the invitation to attend this sub committee meeting had been sent to all Councillors, it was at his discretion if he allowed those that were not members of the sub committee and merely observers, speak and take part.

1. Apologies for Absence

Apologies had been submitted and accepted from Councillors S McDonnell, L Fenwick, M A Cartwright, S McGlen, S Kirkup and J Robinson. **RESOLVED the Council approve the reasons submitted at the meeting for absence received from the Councillors listed, and their apologies for absence be recorded.**

2. To receive declarations of interest

Members were reminded of the need to disclose any interests in items on this agenda, whether pecuniary or otherwise.

3. The Future of Shotton Hall

The Town Clerk made a presentation on the current situation regarding investment costs, income and expenditure and future options for business generation and Shotton Hall. Officers and Members took part in an in depth conversation about the past, current and future provision of a banqueting function at Shotton Hall. During the presentation Members asked questions and were encouraged to ask the Team questions should they have any.

4. Exclusion of the press and public

RESOLVED that in view of the confidential nature of the items to be discussed, the committee passed the formal resolution to exclude the press and public from the meeting, pursuant to the Public Bodies (Admissions to Meetings) Act 1961 & the Local Government (Access to Information) Act, Part 1, paragraphs 2 & 8.

5. Potential Future Use

RECOMMENDED:

- (i) Further detail on the financial contribution Shotton Hall could make to the Council be prepared;
- (ii) The Town Clerk investigate the future potential uses for Shotton Hall including arranging valuations as appropriate
- (iii) Council endorse the action taken in developing options for Shotton Hall, which includes the in house delivery option
- (iv) The appointment of an Operations Manager be deferred until further notice.