

NORTHUMBERLAND COUNTY COUNCIL

AUDIT COMMITTEE

At a meeting of the **Audit Committee** held at County Hall, Morpeth on Wednesday, 6 December at 2:00 pm.

PRESENT

Councillor G Hill
(Chair)

COUNCILLORS

G Castle
A Hepple
M Purvis

L J Rickerby
E Simpson
D Towns

CO-OPTED MEMBER

A Hall

OFFICERS IN ATTENDANCE

A Elsdon
D Lally
B J McKie
C Mellons
A Mitchell
K Norris

Director of Finance
Chief Executive
Group Assurance Manager
Ernst & Young, External Auditor
Chief Internal Auditor
Democratic Services Officer

ALSO PRESENT

Councillors R Dodd, N Oliver and R Wearmouth.

Cllr Seymour and Cllr Pidcock (part)

22. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Swinburn, Mr Haywood-Smith (Co-opted Member) and Mr Reid (External Auditor).

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23. DISCLOSURE OF MEMBERS' INTERESTS

Councillor Castle declared a non-prejudicial interest stating that he was a Director of Alnwick Youth Hostel which was owned by Arch.

24. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the Agenda as they involved the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item	Paragraphs of Part I of Schedule 12A
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	3, 5 and 7
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Information relating to the financial or business affairs of any particular person (other than the authority holding that information).

Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

Information relating to any action taken or to be taken in connection with the prevention or investigation or prosecution of a crime.

AND the public interest in seeking this exemption outweighs the public interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person/organisation, and could adversely affect commercial revenue.

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25. REPORT OF THE CHIEF EXECUTIVE

(1) OUTCOMES OF STRATEGIC REVIEW

The above report was circulated at the meeting, a copy of which is attached to the signed minutes, coloured pink and marked as “containing exempt information” along with the Strategic Review of Arch Group of Companies: Final Summary Report, coloured pink and marked “Strictly Private and Confidential”.

Members were allocated 30 minutes to read the report which was extended to 40 minutes upon Councillor Hepple’s request.

The Chair reiterated the need for confidentiality and welcomed the report which had been jointly commissioned by the County Council’s Chief Executive and the Chief Executive of Arch. She said members would firstly be given the opportunity to raise points on which they required clarification and then put their opinions forward.

The Chief Executive provided background information about how the review had come about and her role in terms of ensuring standards were met.

The Chief Internal Auditor outlined the background to the audit work performed, and the evidential basis for the opinions reached. The report was being presented to Audit Committee because of the importance of making the Committee aware of matters that were material to the framework of governance, risk management and control within the Council, given the Committee’s role and remit in this regard. Because of the size and scale of Arch’s operations the findings were material to that framework. It was also important that Audit Committee was aware of the management action being taken to address the control issues identified. The new Executive Director of Business Support, and the Chair of Arch Board, had accepted all of Internal Audit’s recommendations and an update report on progress would be provided in due course.

Members were then asked if there were points on which they required clarification. Questions were raised and information was provided.

The Chair then opened the meeting up to opinions and members put forward their views and concerns.

The Chair read out recommendations a) to f), listed in the report, and asked if members were in agreement to which they confirmed they were. The Chair then asked if members had any further recommendations in response to which some issues were raised.

In summary the Chair said the public would need reassurance and the Council would need to be as open and transparent as possible. She referred to the

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beginning of the meeting when some Councillors had been asked to leave because of the confidential nature of the report and suggested that a press release be issued to state that an investigation was ongoing and further details would be released when possible. The Cabinet Member for Corporate Services & Cabinet Secretary said he would liaise with the Chief Executive and appropriate senior officers of the authority in that regard and report back to the Chair.

In summary the Chair said the public would need reassurance and the Council would need to be as open and transparent as possible.

RESOLVED that

- a) recommendations a) to f), as detailed in the report, be agreed; and
- b) the Director of Finance provide a short report to clarify details of debt and the financial position;
- c) consideration be given to the issues raised by members at the meeting.

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