

## Minutes

**Audit Committee**  
**Wednesday, 28 September 2011**  
**Meeting held at Committee Room 3 - Civic Centre,**  
**High Street, Uxbridge UB8 1UW**



**Published on:**  
**Come into effect on: Immediately (or call-in date)**

<p><b>Independent Member:</b> John Morley (Chairman)</p> <p><b>Members Present:</b> Councillors George Cooper, Phoday Jarjussey, Richard Lewis and Raymond Graham.</p> <p><b>Also Present:</b> Councillor Judith Cooper.</p> <p><b>Apologies:</b> Councillor Paul Harmsworth (Councillor Phoday Jarjussey substituting).</p> <p><b>Officers Present:</b> Garry Coote (Fraud Investigation Manager – Social Care, Health &amp; Housing), Dan Kennedy (Manager – Performance &amp; Intelligence Team – Central Services), Harry Lawson (Corporate Accounting Manager), Steve Palmer (Head of ICT and Business Services), Helen Taylor (Head of Audit and Enforcement), Paul Whaymand (Deputy Director of Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p><b>Others Present:</b> Heather Bygrave (Deloitte) and Jonathan Gooding (Deloitte).</p>
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14.	<p><b>DECLARATIONS OF INTEREST</b></p> <p>John Morley and Councillor Raymond Graham declared Personal Interests in Agenda Item 5 – Approval of the 2010/11 Statement of Accounts and External Audit Report on the Audit for the Year Ended 31 March 2011 as they were former Members of the Board of Hillingdon Homes. They both remained in the room and took part in discussions on the item.</p> <p>Councillors Raymond Graham and Richard Lewis declared Personal Interests in Agenda Item 6 – External Auditor’s Report on the Pension Fund Annual Report and Accounts as Councillor Richard Lewis was a Member of the Pensions Committee and Councillor Raymond Graham was a substitute Member of the Pensions Committee. They both remained in the room and took part in discussions on the item.</p> <p>Councillors George Cooper and Judith Cooper declared Personal Interests in Agenda Item 13 – Internal Audit Progress Report as they were both Trustees of Groundwork Trust. They both remained in the room and took part in discussions on the item.</p>	
15.	<p><b>MINUTES OF THE MEETING HELD ON 27 JUNE 2011</b></p> <p>Agreed as an accurate record.</p>	
16.	<p><b>EXCLUSION OF THE PRESS AND PUBLIC</b></p> <p>It was agreed that Agenda Item 12 – Risk Management Quarter 1 Report and Agenda Item 13 – Internal Audit Progress Report be considered in private.</p>	
17.	<p><b>ICT RECOMMENDATIONS UPDATE</b></p> <p>Members were reminded that at the last meeting of the Audit Committee attention was drawn to a number of ICT recommendations which had remained outstanding for some time.</p> <p>The Head of ICT and Business Services attended the meeting and provided Members with an update on the current status of Audit recommendations in the ICT area. Significant progress had been made with all recommendations either implemented or agreed with Internal Audit to be classed as no longer relevant.</p> <p>Members were informed that a review had taken place on the ICT approach to recording and processing agreed audit recommendations and central monitoring of progress and actions was now fully in place with structured liaison and contact points between Corporate ICT and Internal Audit.</p> <p>Discussion took place on the two outstanding recommendations which related to remote access and a more detailed explanation was given to Members.</p>	<p><b>Action By:</b></p>

	<p><b>RESOLVED –</b></p> <p>1. That the progress made in the implementation of outstanding Audit recommendations within ICT be noted, and the Head of ICT and Business Services be thanked for his attendance.</p>	<p><b>Action By:</b></p>
<p>18.</p>	<p><b>APPROVAL OF THE 2010/11 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT ON THE AUDIT FOR THE YEAR ENDED 31 MARCH 2011</b></p> <p>Consideration was given to a report which summarised the findings of the External Auditor on the audit of the 2010/11 Statement of Accounts and the Value for Money audit.</p> <p>Deloitte reported that an unmodified opinion would be given and the Statement of Accounts would be given a ‘true and fair’ view. Members were informed that these were the first set of accounts which had been prepared since the adoption of IFRS.</p> <p>The Committee was informed of two issues which had been raised by members of the public in relation to the Statement of Accounts. A Member of Parliament had written to the Audit Commission regarding the Council’s spend on the High Speed 2 Rail link campaign. This was not a formal objection and Deloitte was satisfied that it would not impact on the Accounts.</p> <p>In addition a member of the public had expressed concern regarding the procurement process within the Council. Deloitte reported that it was expected to issue an unmodified opinion on the financial statements and the value for money conclusion but they expected state in the completion section that an issue was outstanding and was being investigated.</p> <p>Members were informed that electors of the Borough, had the opportunity to raise an objection up to the date of the signing of the accounts and external auditors had 9 months to investigate this. At this stage it was unknown whether this concern was from an elector of the Borough and whether the concern constituted a formal objection. If confirmation was received that it was an objection, the guidance regarding objections would be followed and Deloitte would issue their completion statement once the matter was resolved.</p> <p><b>Pension Liability</b> –This was identified as a risk because it was substantial and its calculation was sensitive to comparatively small changes in assumptions made about future changes in salary, mortality etc. The move from the use of the Retail Price Index to the Consumer Price Index as the principal measure of inflation had resulted in a past service gain being recognised in the comprehensive income and expenditure statement of</p>	



	<p>cover was re-tendered in 2010/11 where the Council benefited from reduced premiums by increasing the level of excess. It was noted that an incident should be treated as one claim without multiple excesses</p> <ul style="list-style-type: none"> <li>• Acquired and Discontinued operations – Reference was made to assets and liabilities of Hillingdon Homes which were transferred back to the Council and which were now included in the accounts</li> <li>• External Audit costs – The slight reduction in the total External Audit costs for 2010/11 was noted</li> <li>• Officer Emoluments – Reference was made to the high earnings of some school employees and Members noted that school employee salaries were a matter for the particular schools’ Governing Body</li> <li>• Events after the Balance Sheet date – It was noted that there were a number of Council schools which were expecting Academy status and these schools would not form part of the Council’s accounts in the future</li> <li>• Pension Fund Accounts. It was noted that the Pensions Committee had approved the Pension Fund Accounts at its meeting held on 20 September 2011</li> <li>• Annual Governance Statement – Particular reference was made to weaknesses which had been identified in the monitoring and control of some construction projects and some sub-systems were not being regularly reconciled to the main Oracle creditors system. These were detailed within the Internal Audit progress report</li> </ul> <p>Members expressed their appreciation at the efforts made by both Deloitte and Finance officers on the production of the accounts and the good joint working which had taken place. Deloitte confirmed that the Council’s Finance team had been well prepared for IFRS, and that the process had been handled smoothly.</p> <p><b>RESOLVED -</b></p> <ol style="list-style-type: none"> <li>1. That approval be given to the Statement of Accounts for 2010/11 and the Auditors findings and adjustments as outlined in Appendix 1 to the report be noted.</li> </ol>	<b>Action By:</b>
19.	<p><b>EXTERNAL AUDITOR REPORT ON THE PENSION FUND ANNUAL REPORT AND ACCOUNTS</b></p> <p>Members were reminded that regulations required the auditor’s report to be communicated to the Audit Committee as the body charged with governance of the Council’s accounts. The report had also been considered by the Pensions Committee on 20 September 2011.</p> <p>Members were informed that on completion of the outstanding</p>	

	<p>matters, the Council would be issued with an unmodified audit opinion.</p> <p>Members reviewed the Pension Fund Annual Report &amp; Accounts, and noted that these had been approved by the Pensions Committee. Members noted the creation of an Investments Strategy Sub-Committee.</p> <p><b>RESOLVED –</b></p> <p>1. That the auditor’s findings contained in the report be noted.</p>	<p><b>Action By:</b></p>
<p><b>20.</b></p>	<p><b>INTERNAL AUDIT PROGRESS REPORT</b></p> <p>The Head of Audit and Enforcement reported that based on the work undertaken from June 2011 to 31 August 2011, there were no significant causes for concern at this time with levels of assurance.</p> <p>Five audits in the current report had received limited assurance but plans had been put in place to address the weaknesses identified. All other audits had satisfactory assurance, with five, including one school having full assurance.</p> <p>Members were provided with details of the four additions to the audit plan and these were noted.</p> <p>The following issues were raised by Members:</p> <ul style="list-style-type: none"> <li>• Homecare ECMS – Manual Logins – The audit review had brought to attention where it appeared that homecare services had been charged for when the service had not been actually provided. A more detailed report would be submitted to a future meeting of this Committee</li> <li>• Oracle Financials – Debtors IT System – This system had been implemented in October 2010 and an audit review had been undertaken to assess the processes to enable weaknesses to be quickly addressed</li> <li>• Fusion Contract Management Audit 2010/11 – All the outstanding control issues were being dealt with as a high priority. It was noted that an update on progress made would be made at the December meeting of the Committee</li> <li>• Residential to Independent Living (Swakeleys Road) 10/11 – Reference was made to the Social Services, Health &amp; Housing Policy Overview Committee which was carrying out a policy review into independent living and it was agreed that a summary of the audit report be provided for the Policy Overview Committee to assist</li> </ul>	<p><b>Helen Taylor</b></p> <p><b>Helen Taylor</b></p> <p><b>Helen Taylor / Charles Francis</b></p>

	<p>their review</p> <ul style="list-style-type: none"> <li>• Project Management – Major Construction Projects (2010-11) – Discussion took place on the investigation which would be taking place into the sudden cost escalation on the Laurel Lane Primary School project and Members noted that the control improvements identified by Audit would rectify any future problems</li> <li>• Parking Cash Collection – Members were informed that the tender process for the cash collection contract was due to start shortly</li> <li>• Safeguarding Children &amp; Quality Assurance – A number of control improvements were required and the Head of Audit and Enforcement reported that it was expected that the outstanding issues would be implemented by the next meeting of this Committee</li> <li>• Mortuary – the Head of Audit and Enforcement would clarify the numbers of post mortems carried out at Kingston Lane and inform Members</li> <li>• Assurance levels – Members questioned the assurance levels given to individual audits as these appeared to be inconsistent with the number and grading of recommendations. The Head of Audit and Enforcement agreed to review this with her managers.</li> </ul> <p>Consideration of the follow up audits detailed in the report would be deferred until the next meeting of this Committee</p> <p><b>RESOLVED-</b></p> <p>1. That the in year progress against the Internal Audit Plan for 2011/12 be noted and the updated position of those audits undertaken in 2007-8, 2008-9, 2009-10 and 2010-11 be deferred for consideration at the next meeting of this Committee.</p>	<p><b>Helen Taylor</b></p> <p><b>Helen Taylor</b></p> <p><b>Helen Taylor</b></p>
<p><b>21.</b></p>	<p><b>CORPORATE FRAUD REPORT</b></p> <p>Members noted a report which provided details on counter fraud measures which this Council carried out. Members commended the work being carried out, and noted the deterrent effect of the publicity being achieved.</p> <p>Members asked that they be informed when the Panorama television programme which this Council officers had been involved in, was due to be televised.</p>	<p><b>Garry Coote</b></p>
<p><b>22.</b></p>	<p><b>REVISED TREASURY MANAGEMENT PRACTICES</b></p> <p>The minor revisions to the Treasury Management Practices were noted.</p>	

23.	<p><b>WORK PROGRAMME 2011/12</b></p> <p>It was agreed that this Committee's Work Programme for 2011/12 be updated outside the meeting by the Chairman in consultation with officers.</p>	<p><b>Helen Taylor / Nancy Le Roux / Khalid Ahmed</b></p>
24.	<p><b>RISK MANAGEMENT REPORT – 2011/12 – QUARTER 1</b></p> <p>The report on this item was included in Part II as it contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12 A to the Local Government (Access to Information) Act 1985 as amended.</p> <p><b>RESOLVED –</b></p> <p>1. That the information contained in the report be noted.</p>	
25	<p><b>INTERNAL AUDIT PROGRESS REPORT</b></p> <p>The report on this item was included in Part II as it contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12 A to the Local Government (Access to Information) Act 1985 as amended.</p> <p><b>RESOLVED –</b></p> <p>1. That the information contained in the report be noted.</p>	
	<p><b>The meeting which commenced at 5.00pm, closed at: 6.50pm</b></p> <p><b>Next meeting: 8 December 2011 at 5.00pm</b></p>	

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes are to Councillors, Officers, the Press and Members of the Public.