

Minutes

Audit Committee

Thursday, 15 March 2012

Meeting held at Committee Room 3 - Civic Centre,
High Street, Uxbridge UB8 1UW



HILLINGDON
LONDON

	<p>Independent Member: John Morley (Chairman)</p> <p>Members Present: Councillors George Cooper, Raymond Graham, Paul Harmsworth and Richard Lewis.</p> <p>Officers Present: Kevin Byrne (Head of Policy, Performance and Partnerships), Nancy Le Roux (Senior Services Manager – Corporate Finance), Helen Taylor (Head of Audit and Enforcement), Paul Whaymand (Deputy Director of Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Heather Bygrave (Deloitte) and Jonathan Gooding (Deloitte)</p> <p>The Chairman reported that Members had held a scheduled private meeting with the Head of Internal Audit and Enforcement prior to the meeting.</p>
36.	<p>DECLARATIONS OF INTEREST</p> <p>John Morley and Councillor Raymond Graham both declared Personal Interests in Agenda Item 7 – Internal Audit Progress Report 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 4 – Deloitte – 2011/12 Annual Audit Plan 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 Raymond Graham and Richard Lewis declared Personal Interests in Agenda Item 12b – Corporate Services & Partnerships Policy Overview Committee review into the Effectiveness of the Audit Committee and its Terms of Reference as both Members were Members of the Corporate Services & Partnerships Policy Overview Committee. They both remained in the room and took part in discussions on the item.</p>

37.	<p>MINUTES OF THE MEETING HELD ON 8 DECEMBER 2011</p> <p>Agreed as an accurate record subject to an amendment to Minute No. 28 – Exclusion of the Press and Public – to clarify that Agenda Item 11 – Internal Audit Progress Report which was in Part II of the agenda, was considered in private.</p>	
38.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that Agenda Items 13 – Risk Management Report and Agenda Item 14 – Internal Audit Progress Report which were in Part II of the Agenda be considered in private. The rest of the Agenda was considered in public.</p>	
40.	<p>DELIVERING THE ANNUAL GOVERNANCE STATEMENT (AGS) 2011-12</p> <p>Members were provided with an update on the process to be adopted in preparation of the Annual Governance Statement.</p> <p>The AGS was the process for self assessing the Council's management of internal control systems across all services, with the publication of a formal statement outlining overall performance and measures needed to address any identified risks. The framework combined an assessment of governance arrangements and risk controls, which made it a holistic approach towards conducting an annual internal review that related to the whole organisation.</p> <p>The key sources of management information and assurances from across the Council and external sources included:</p> <ul style="list-style-type: none"> • Performance management & data quality • Risk Management processes • Improvement and transformation • Legal and regulatory assurance • Financial control assurances • Service delivery assurances from Directors and Heads of Service • Annual Internal Audit report and assurance • External inspection reports and assurances <p>RESOLVED –</p> <p>1. That the sources of management information and assurance used to produce the AGS be noted.</p>	<p>Action By:</p>
41.	<p>DELOITTE – 2011/12 ANNUAL AUDIT PLAN</p> <p>Heather Bygrave and Jonathan Gooding from Deloitte attended the meeting and introduced the report to Members.</p>	

	<p>Members were informed that the report set out the initial plans for the audit of the Statement of Accounts 2011/12. The plan highlighted the key financial and non-financial audit risks which were:-</p> <ul style="list-style-type: none"> • Revaluations of property • Valuation of Pension Liability • Recognition of grant income • Bad debt provisions for sundry debt • HRA self-financing settlement payment • Recording of capital spend • Accounting for schools • Management override of key controls <p>Members were informed that the preliminary assessment of materiality was £7.8m which was based on prior year results. The scope and approach for the audit would be the same as last year, with the specified criteria for Value for Money conclusion being that there were proper arrangements in place for securing financial resilience and for securing economy, efficiency and effectiveness.</p> <p>In addition the report set out an audit plan for the Pension Fund audit which highlighted the following risks:-</p> <ul style="list-style-type: none"> • Contributions • Benefits • Financial instruments • Management Override of key controls <p>Members were informed that the report would be considered by the Pensions Committee on 28 March 2012.</p> <p>RESOLVED -</p> <ol style="list-style-type: none"> 1. That the information contained in the report be noted. 	Action By:
42.	<p>BALANCES AND RESERVES STATEMENT 2012/13</p> <p>Members were provided with details on the Council's approach to management and measurement of the requirement to hold balances and reserves.</p> <p>The Committee was informed that the Council's Section 151 officer had a legal duty to comment on the robustness of budget estimates for the forthcoming year, including the adequacy of the Council's reserves as part of the statutory annual budget setting process.</p> <p>Discussion took place on the Council's level of reserves in comparison to other Councils, and the Deputy Director of Finance provided assurance to the Committee that the</p>	

	<p>reserves the Council had were adequate.</p> <p>Reference was made to the announcement in the Local Government Finance Bill that Councils would be able to retain a portion of the locally generated business rates, which would replace formula grant. The Deputy Director of Finance reported that the likely impact of this would be assessed.</p> <p>RESOLVED –</p> <p>1. That the information contained in the report be noted.</p>	<p>Action By:</p>
<p>43.</p>	<p>REPORT ON THE REVISIONS TO THE TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2012/13 TO 2014/15</p> <p>Members were reminded that the Audit Committee had considered the draft at its December meeting and this report provided Members with details of the changes from the draft to the final version of the Statement.</p> <p>The Chairman noted that he was attending a training course in April and would explore whether the Committee would need an external specialist adviser to attend meetings for Treasury Management matters.</p> <p>RESOLVED –</p> <p>1. That the information contained in the report be noted.</p>	<p>John Morley</p>
<p>44.</p>	<p>INTERNAL AUDIT PROGRESS REPORT</p> <p>The Head of Audit and Enforcement provided Members with a summary of Internal Audit activity in the period from 14 November 2011 to 19 February 2012.</p> <p>Six audits in the current report had received limited assurance, twelve had received Satisfactory Assurance, of which eight were school audits, and four received Full Assurance of which three were school audits. Members were informed that although six received Limited Assurance, action plans had been agreed with management to address the weaknesses identified and these would be closely monitored to ensure implementation by the agreed timetable.</p> <p>The following issues were raised by Members:</p> <ul style="list-style-type: none"> • Internal Audit – staffing – the Head of Audit and Enforcement updated Members on the situation regarding staffing in the Team and reported that two new trainees had started in January 2012, replacing two who had resigned earlier in the year. Staff 	

	<p>and the associated Annual Internal Audit Operational Plan. This detailed how the service would be delivered, the assurance that it would provide and how the Head of Audit and Enforcement would contribute to corporate governance arrangements, risk management processes and key internal control systems.</p> <p>RESOLVED –</p> <p>1. That approval be given to the audit strategy.</p>	Action By:
46.	<p>INTERNAL AUDIT OPERATIONAL PLAN</p> <p>Members were informed that the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government required the Head of Audit and Enforcement to produce a risk based plan, which was fixed for no longer than a year and was designed to implement the Audit Strategy.</p> <p>Reference was made to the work planned for the year but with changes in service delivery during the year or newly emerged risks, this would mean that there would be occasions when audits needed to be added or deleted from the plan.</p> <p>Discussion took place on staff resources and the planned number of audit days. There had been 2 new trainees appointed, but there had been three resignations this had had an effect on 2011-12 resources but it was expected that all trainee positions would be filled by the end of April. The General Audit (formerly School's auditor) post could be filled in time to audit all planned schools in year</p> <p>The Deputy Director of Finance considered that the present staffing structure was sufficient to cover the audits detailed in the plan and assured the Committee that if there was a need for specialist resources or temporary staff it would be bought in. Heather Bygrave questioned whether there were sufficient days for IT audit taking into account the systems changes, but noted that the overall resource compared well with other Councils.</p> <p>RESOLVED –</p> <p>1. That approval be given to the Internal Audit Operational Plan.</p>	
47.	<p>REVIEW OF INTERNAL AUDIT TERMS OF REFERENCE</p> <p>Members were informed that the changes to the Terms of Reference were minor changes, reflecting changing legislation and internal structural changes within the Council.</p>	

	<p>RESOLVED –</p> <p>1. That approval be given to the risk management arrangements and the information contained in the report be noted.</p>	
51	<p>INTERNAL AUDIT PROGRESS REPORT</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>RESOLVED –</p> <p>1. That the information contained in the report be noted.</p>	
	<p>The meeting which commenced at 5.20pm, closed at: 7.0pm</p> <p>Next meeting: 26 June 2012 at 5.00pm</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.