



HILLINGDON  
LONDON



# Corporate Services and Partnerships Policy Overview Committee

## Councillors on the Committee

Richard Lewis (Chairman)  
Michael White (Vice-Chairman)  
Beulah East (Labour Lead)  
Robin Sansarpuri  
Neil Fyfe  
Raymond Graham  
Shirley Harper-O'Neill  
Richard Mills

**Date:** THURSDAY, 20 OCTOBER  
2011

**Time:** 7.30 PM

**Venue:** COMMITTEE ROOM 4 -  
CIVIC CENTRE, HIGH  
STREET, UXBRIDGE UB8  
1UW

**Meeting  
Details:** Members of the Public and  
Press are welcome to attend  
this meeting

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further information.**

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This Agenda is available online at:

<http://modgov.hillingdon.gov.uk/ieListDocuments.aspx?CId=243&MId=1100&Ver=4>

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## **About this Committee**

This Policy Overview Committee (POC) will undertake reviews in the areas covered by the Deputy Chief Executive's Office and Finance and Resources Directorate and can establish a working party (with another POC if desired) to undertake reviews if, for example, a topic is cross-cutting.

This Policy Overview Committee will consider performance reports and comment on budget and service plan proposals for the Deputy Chief Executive's Office and Finance and Resources Directorate.

The Cabinet Forward Plan is a standing item on the Committee's agenda.

The Committee will not consider call-ins of Executive decisions or investigate individual complaints about the Council's services.

## **Terms of Reference**

The Constitution defines the terms of reference for Policy Overview Committees as:

1. To conduct reviews of policy, services or aspects of service which have either been referred by Cabinet, relate to the Cabinet Forward Plan, or have been chosen by the Committee according to the agreed criteria for selecting such reviews;
2. To monitor the performance of the Council services within their remit (including the management of finances and risk);
3. To comment on the proposed annual service and budget plans for the Council services within their remit before final approval by Cabinet and Council;
4. To consider the Forward Plan and comment as appropriate to the decision-maker on key decisions which relate to services within their remit (before they are taken by the Cabinet);

Policy Overview Committees will not investigate individual complaints.

This Committee performs the Policy Overview role in relation to the following services:

1. human resources and personnel service;
2. e-Government and ICT;
3. democratic services;
4. legal services;
5. the Council's property portfolio, including property and asset acquisition and disposal, and capital programme;
6. corporate finance, including:
  - a. development of a medium term budget strategy;
  - b. scrutiny of the Council's management of its resources;
  - c. reviewing the operation of the Council's financial rules making proposals to the Cabinet and/or Council for their development
7. the Council's overall performance and corporate improvement work particularly in relation to the Comprehensive Performance Assessment and Corporate Assessment;
8. economic development and single regeneration budget;
9. the Local Strategic Partnership and Community Strategy;
10. Local Area Agreement;

11. community partnerships and the Council's voluntary sector strategy;
12. corporate aspects of diversity & equalities policy;
13. Best Value;
14. any other cross-cutting portfolios that might be created and any functions not included within the remit of the other Policy Overview Committees.

# Agenda

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes of meeting held on 13 September 2011 (**Pages 1-6**)
- 4 Exclusion of Press and Public  
To confirm the items of business marked Part I will be considered in public and that the items marked Part II will be considered in private.
- 5 Major Review - Effectiveness of the Audit Committee and its Terms of Reference - Second Witness Session (**Pages 7-20**)
- 6 Procurement in Hillingdon (**Pages 21-24**)
- 7 Report Back on the Recent Power Cut in the Civic Centre  
To consider an oral report from the Council's Facilities Manager and the Head of ICT and Business Services.
- 8 Update on the Implementation of the Recommendations of the Personal Safety Review  
The Council's Facilities Manager will update Members.
- 9 Work Programme 2011/12 (**Pages 25-28**)
- 10 Cabinet Forward Plan (**Pages 29-32**)

## Minutes

Corporate Services and Partnerships  
Policy Overview Committee  
Tuesday, 13 September 2011  
Meeting held at Committee Room 5 - Civic  
Centre, High Street, Uxbridge UB8 1UW



	<p><b>Members Present:</b> Councillors Richard Lewis (Chairman), Beulah East, Neil Fyfe, Raymond Graham, Shirley Harper-O'Neill, Richard Mills, Robin Sansarpuri and Michael White.</p> <p><b>Apologies:</b> None.</p> <p><b>Officers:</b> Helen Taylor (Head of Audit and Enforcement) and Khalid Ahmed (Democratic Services Manager).</p> <p><b>Witnesses</b> Jonathan Gooding (Senior Audit Manager for the Council – Deloitte) and John Morley (Chairman of the Audit Committee)</p>
18.	<p><b>DECLARATIONS OF INTEREST</b></p> <p>Councillors Raymond Graham and Richard Lewis declared Personal Interests In Agenda Item 5 – First Major Review – Effectiveness of the Audit Committee and its Terms of Reference as they were both Members of the Audit Committee. They both remained in the room and took part in discussions.</p>
19.	<p><b>MINUTES OF THE MEETING HELD ON 21 JULY 2011</b></p> <p>Agreed as an accurate record.</p>
20.	<p><b>EXCLUSION OF THE PRESS AND PUBLIC</b></p> <p>It was agreed that all items of business were considered in public.</p>
21.	<p><b>FIRST MAJOR REVIEW – EFFECTIVENESS OF THE AUDIT COMMITTEE AND ITS TERMS OF REFERENCE – WITNESS SESSION</b></p> <p>On 21 July 2011, the Committee commenced its review into the effectiveness of the Audit Committee and its terms of reference.</p> <p>Members had been provided with documents which provided background information to the issues which would be covered in the review. These included, “Practical Guidance for Local Authorities” from CIPFA and the “Audit Committee Update No.5” which was issued by the CIPFA better governance</p>

	<p>forum.</p> <p>The Chairman of the Audit Committee, John Morley and Jonathan Gooding from Deloitte, the Council's External Auditors attended the meeting and provided Members with their views on the Audit Committee and its terms of reference.</p> <p><b>Chairman of the Audit Committee – John Morley</b></p> <ul style="list-style-type: none"> <li>• Audit Committees in the public sector was a relatively new phenomena, although the NHS and Universities had had Audit Committees for considerably longer than local authorities</li> <li>• The membership of the Audit Committee should be larger and consideration should be given to the appointment of an additional Independent Member. This would balance up the Committee and would fit in with the proposals contained in the Department for Communities and Local Government consultation on the future of local public audit which included a proposal for an Independent Vice-Chairman</li> <li>• Reference was made to the recent problems with a meeting of the Audit Committee which would have been inquorate due to the absence of three Members. Increasing the membership, the number of substitute Members and making the quorum rules less restrictive would eradicate this problem</li> <li>• Reference was made to some sectors where Audit Committees had developed much further and Audit Committees looked at strategic risks. Hillingdon's Audit Committee did not get involved in detailed reviews of Council departments</li> <li>• Members of Audit Committees should preferably have a financial background which would help Members in their role on the Audit Committee. This should be extended to substitutes.</li> <li>• Training was given to substitute Members as well as to newly appointed Members of the Audit Committee and this should be continued</li> <li>• There should be continuity of service with the membership of the Audit Committee to ensure Members were sufficiently skilled to carry out their duties, particularly as local authority accounts were complex</li> <li>• The Audit Committee received a summary of Internal Audit reports as full reports would contain too much detail to enable Members to scrutinise effectively</li> <li>• Consideration could be given to providing more than a summary of Internal reports if requested by the Committee</li> <li>• The Audit Committee invited officers to their meetings</li> </ul>	<p><b>Action by:</b></p>
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	<p>if unsatisfactory levels of assurance were received for internal audits. This, however was not written into the Committee's Terms of Reference although officers always attended if asked to do so. It was agreed that a recommendation of the review could be adding to the Audit Committee's Terms of Reference, the invitation of officers to meetings to be questioned on unsatisfactory assurance levels received from Internal Audit</p> <ul style="list-style-type: none"> <li>• Peer reviews were useful tools to assess the effectiveness of the Audit Committee and the Head of Audit at Southend on Sea Borough Council had carried one out on this authority's Audit Committee</li> <li>• A national forum of Chairmen of local authority Audit Committees could help in terms of networking and best practice</li> <li>• Consideration needed to be given to where the Audit Committee fitted into the Council's Committee structure and which Council decision making body scrutinised Audit Committee minutes</li> <li>• The Audit Committee met in private, both with the External Auditors and the Head of Audit and Enforcement which was good practice and should be written into the Committee's Terms of Reference</li> </ul> <p><b>Senior Audit Manager for the Council (Deloitte) – Jonathan Gooding</b></p> <ul style="list-style-type: none"> <li>• The External Auditor's partnership with the Audit Committee was effective and there was a good relationship</li> <li>• Deloitte was primarily responsible for auditing the Council's Statement of Accounts and considering whether the Council was delivering value for money. The Audit Committee reviewed the External Auditor's reports</li> <li>• The accounting process for local authorities was complex and different to the private sector and the NHS. Local authorities found it a challenge to appoint Independent Members with the knowledge of local government finance</li> <li>• The External Auditor reviewed the work of Internal Audit and used the work of Internal Audit to inform their audit and to assess where the risks were</li> <li>• The membership of Audit Committee of five members was low in comparison to other Audit Committees</li> </ul> <p>Discussion took place on the issues raised and the evidence received and it was agreed that the views expressed be taken into consideration when the Committee developed the recommendations of the review.</p>	<p><b>Action By:</b></p>
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please contact Khalid Ahmed on 01895 250833. Circulation of these minutes are to Councillors, Officers, the Press and Members of the Public.

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## **First Major Review – Effectiveness of the Audit Committee and its Terms of Reference – Second Witness Session**

**Contact Officer: Khalid Ahmed**  
**Telephone: 01895 250833**

### **REASON FOR ITEM**

This is the second witness session of the Committee's review into the effectiveness of the Audit Committee and its Terms of Reference. The report also includes a brief summary of some of the possible initial recommendations of the review.

### **OPTIONS OPEN TO THE COMMITTEE**

1. Question the witnesses
2. Highlight issues for further investigation
3. To make a note of possible recommendations for the review

### **INFORMATION**

1. At this Committee's last meeting held on 21 July 2011, a review into the effectiveness of the Audit Committee and its Terms of Reference commenced. The scoping report for the review is attached as **Appendix 1** to this report.
2. The first witness session for the review took place on 13 September when the Chairman of the Audit Committee, John Morley and Jonathan Gooding from Deloitte, the Council's External Auditors attended the meeting. The following information was provided by the witnesses which is pertinent to the review:
  - The membership of the Audit Committee could be expanded and consideration could be given to the appointment of an additional Independent Member
  - The possible addition of another Independent Member would also tie in with the proposals contained in the Department for Communities and Local Government consultation on the future of local public audit
  - The rules on the quorum for the Audit Committee are strict (currently 80% of Members have to be present) and could be made less restrictive to ensure there are no problems with meetings being inquorate due to Member absences
  - It would be advantageous for Audit Committee Members (and substitutes) to have financial backgrounds

- There should be continuity of service for Audit Committee Members to ensure that expertise and knowledge is not lost
- Consideration could be given to providing the Audit Committee with full Internal Audit reports, rather than the summaries which were currently produced
- The invitation of officers to meetings to be questioned on unsatisfactory assurance levels received from Internal Audit should be added to the Committee's terms of reference
- Consideration needed to be given to which Council body scrutinised and received Audit Committee minutes
- There should be included in the Audit Committee's Terms of Reference, that the Audit Committee meets with both the External Auditors and the Head of Audit and Enforcement in private. This currently happened and was good practice.

3. As way of comparison, the following table provides details on the membership of other London Borough's Audit Committees.

<b>Local Authority</b>	<b>Number of Cllrs</b>	<b>Independent Members</b>
City of London	11	3 (1 vacancy)
Hounslow	10	0
Camden	10	0
Haringey	10	0
Croydon	7	1
Bromley	7	0
Greenwich	7	1
Newham	7	3
Enfield	7	0
Harrow	7	0
Bexley	6	0
Hammersmith and Fulham	6	1
Tower Hamlets	6	0
Hackney	6	0
Lewisham	6	0
Havering	6	0
Barking and Dagenham	6	1
Waltham Forest	6	0
Hillingdon	4	1
Lambeth	5	0
City of Westminster	5	0
Wandsworth	5	0
Southwark	5	0
Ealing	5	1
Richmond	5	0
Kingston	5	0

Sutton	5	0
Redbridge	5	0
Merton	4	1
Islington	4	2
Kensington & Chelsea	4	3 (co-opted)
Barnet	7	2
Brent	3	1

### **Terms of Reference**

4. The existing Terms of Reference of the Audit Committee (**Appendix 2**) were agreed by Cabinet when the Audit Committee was set up in 2006. Members are asked to look at the Terms of Reference to assess the appropriateness of them and where necessary to suggest amendments or changes.

### **Witnesses**

5. At this Committee's last meeting Members agreed that Councillor George Cooper, an experienced Member of the Audit Committee, together with an Independent Member from another local authority be invited to attend a meeting to provide their perspective on the review.
6. For this meeting Councillor George Cooper will be in attendance and for the meeting in November, Mr Ian Luder, an Independent Member of Kensington and Chelsea's Audit Committee has kindly agreed to attend the meeting to help the review.

### **Key Issues and areas of possible questioning for the witnesses**

1. What role do Members of the Audit Committee have?
2. What level of financial expertise and training should Audit Committee members have?
3. Is the scope of Hillingdon's Audit Committee sufficient to enable it to function effectively? If it is not sufficient what changes could be made to make it more effective?
4. Is the composition of the Audit Committee sufficient to enable the Committee to operate effectively? Is the level of expertise and knowledge of Members sufficient to enable them to carry out their tasks and duties to a high standard?
5. What are the advantages and disadvantages of the Audit Committee having an independent Chairman?

6. How does the Audit Committee provide effective challenge across the Council, independent assurance on the risk management framework and associated internal control environment and effective leadership on governance, financial reporting and audit issues?
7. Is the agenda for the Audit Committee looking at the right things and does the Committee receive assurance on everything it needs?

### **PAPERS WITH THE REPORT**

Scoping Report (Appendix 1).

Existing Terms of Reference of the Audit Committee (Appendix 2)

### **SUGGESTED COMMITTEE ACTIVITY**

1. Question the witness
2. Highlight issues for further investigation
3. To make a note of possible recommendations for the review





# HILLINGDON

LONDON

## Corporate Services & Partnerships Policy Overview Committee Review Scoping Report 2011/12

### **OBJECTIVE**

#### **THE EFFECTIVENESS OF THE AUDIT COMMITTEE AND ITS TERMS OF REFERENCE**

##### **Aim of review**

This review will assess the effectiveness of the Audit Committee and its terms of reference since it was set up by this Council in January 2007 and review the Committee's role in terms of its responsibilities for audit activity, the regulatory framework and the annual statement of accounts.

##### **Terms of Reference**

- To review the Terms of Reference of the Audit Committee and whether they are fit for purpose and have delivered the recommendations arising from the original Policy Overview Committee review of 2006
- To fully examine the Department for Communities and Local Government's (DCLG) recent proposals on the Future of Local Public Audit and the likely impact on local authority Audit Committees
- To assess the value (or otherwise) that the Audit Committee adds to this Council's financial and non-financial performance, the financial reporting process, financial compliance, governance and risk management procedures.
- To examine the role of the Audit Committee within the Council's decision making structure and reporting arrangements.
- To examine the roles and responsibilities of Officers advising the Committee and the External Auditor.
- To investigate best practice in Audit arrangements in the private sector and public sector.
- To make recommendations to Cabinet on the outcome of this review, and where there are any constitutional changes required, onto full Council following Cabinet approval.

## **Reasons for the review**

The Council at its meeting in May 2006 agreed to the establishment of an Audit Committee and asked the Corporate Services & Partnerships Policy Overview Committee to look at the Committee's role and scope. The results of the review were reported to Cabinet in December 2006 when the Audit Committee's role and scope, together with the terms of reference of the Committee were agreed.

Some four years after its formation, the time is ripe to review the effectiveness of the Audit Committee. The review will assess the Committee's effectiveness in relation to the independent assurance it provides on the Council's risk management framework and associated internal control environment. In addition it will look at how effective it is in relation to leadership on governance, financial reporting and audit issues.

A review would also be timely in view of recent proposals launched and consultation undertaken by the Department for Communities and Local Government on the future of local public audit. With this proposal and the recent announcement of the abolishment of the Audit Commission, the Government wants to refocus the audit of public bodies and give local people the power to hold local public bodies to account for local spending decisions.

The Government's proposals are for a new audit framework which would be designed to be more closely aligned with the statutory arrangements, professional ethical and technical standards that currently apply to the private sector.

However, it should be noted that the proposals contained in the DCLG consultation will not become legislation during the time span of the review.

## **Supporting the Cabinet & Council's policies and objectives**

The Audit Committee is responsible for independently assuring that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control. This also includes consideration of risk management issues and performance reports that are covered under the Cabinet's responsibility.

It executes much of its role independently from the Cabinet and other Committees of the Council. It provides an annual report to full Council each year.

## **INFORMATION AND ANALYSIS**

### **Key Issues**

- To examine the Audit Committee's terms of reference and to look at how the Audit Committee fits into the Council decision-making structure
- The independence of the Audit Committee and the experience of the members of the Committee

- The implications of the DCLG consultation on the Future of Local Public Audit on the role of local audit, particularly in relation to the Audit Committee having a role in the appointment and monitoring of the External Auditors
- The transparency of the audit process within the Council and giving careful consideration to whether the results of local audit work was easily accessible
- How effective is the assurance the Committee gets from Council officers that appropriate action has been taken to address risk and control issues and to respond to issues raised by the external auditor
- How does the Audit Committee provide effective challenge across the Council, independent assurance on the risk management framework and associated internal control environment and effective leadership on governance, financial reporting and audit issues?
- To look at the workings of other local authority Audit Committees and best practise used

### **Remit - who / what is this review covering?**

The review will be looking at the financial controls within the Council, with emphasis on Internal Audit. Also the External Auditor of the Council. Other local authorities.

The Cabinet Member for Finance, Property and Business Services but other Cabinet Members if appropriate.

### **Connected work** (recently completed, planned or ongoing)

The Corporate Services and Partnerships Policy Overview Committee Final Report on "Members' Role in Audit: Terms of Reference for the Audit Committee – Approved by Cabinet – 12 December 2006

Report to Audit Committee on 27 June 2011 on Briefing Note on the Consultation on the Future of Local Public Audit

### **Key information required**

DCLG – Consultation on Future of Local Public Audit

Guidance produced by Chartered Institute for Public Finance & Accountancy (CIPFA)  
The Chartered Institute of Public Finance and Accountancy (CIPFA) Scotland and the Financial Reporting Council

Surveys of other London Borough Council's and their Audit Committee arrangements

Written reports from Head of Audit and Enforcement, Deputy Director of Finance etc  
CIPFA/SOLACE framework – "delivering good governance in local Government"

Requirements of the Accounts and Audit Regulations 2011

## **EVIDENCE & ENQUIRY**

### **Witnesses**

Head of Audit and Enforcement – LBH

Chairman of Audit Committee and other Committee Members- LBH

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PART 1 – MEMBERS, PUBLIC & PRESS

Deputy Director of Finance – LBH  
Deloitte – External Auditors  
Officers from other Local Authorities  
A representative from CIPFA  
A Chairman of an Audit Committee in the private sector

### **Intelligence**

*Are there existing surveys, intelligence or feedback from service users or residents that can be used? (Seek advice from Customer Engagement Team / Policy Team).*

*There should also be reference made to relevant literature and websites for background reading for Members.*

### **Consultation and Communications**

Survey / questionnaire to other LAs  
London Democratic Services Forum survey

### **Lines of enquiry**

1. What is Audit? Please describe its purpose, scope and function.
2. What are the key linkages between Audit and other business disciplines and processes such as accounting, financial management, business planning, risk management and performance management?
3. What is the role of Members in Audit?
4. What are the advantages of Hillingdon having a separate Audit Committee?
5. Is the scope of Hillingdon's Audit Committee sufficient to enable it to function effectively?
6. What are the powers that Hillingdon's Audit Committee have in relation to (a) Council, Cabinet and other Member-level committees and (b) officers?
7. Is the composition of the Audit Committee sufficient to enable the Committee to operate effectively? Is the level of expertise and knowledge of Members sufficient to enable them to carry out their tasks and duties to a high standard?
8. What are the advantages and disadvantages of the Audit Committee having an independent Chairman? What would the advantages be of the Audit Committee consisting of a majority of independent Members?
9. How effective is the relationship that Audit Committee has with the External Auditors?
10. What level of training do Audit Committee Members require?

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PART 1 – MEMBERS, PUBLIC & PRESS

## **PROPOSALS**

*Are there any early ideas or recommendations emerging from the Committee to meet the objective of this review? This section will, of course, be fleshed out in more detail towards the end of the review.*

## **LOGISTICS**

### **Proposed timeframe & milestones**

<b>Meeting Date *</b>	<b>Action</b>	<b>Purpose / Outcome</b>
21 July 2011	Agree Scoping Report	Information and analysis
13 September 2011	Witness Session 1	Evidence & enquiry
20 October 2011	Witness session 2	Evidence & enquiry
10 November 2011	Witness session 3	Evidence & Enquiry and consideration of initial recommendations

*\* Specific meetings can be shortened or extended to suit the review topic and needs of the Committee*

### **Risk assessment**

There are no high risk factors that have been identified which might hinder the success of the review, however it should be noted that there are proposals contained within the “Future of Local Public Audit” consultation which when enacted will change the arrangements for local audit. The review should bear this in mind when reaching its conclusions.

### **Equality Implications**

The Council has a public duty to eliminate discrimination, advance equality of opportunity and foster good relations across protected characteristics according to the Equality Act 2010. Our aim is to improve and enrich the quality of life of those living and working within this diverse borough. Where it is relevant, an impact assessment will be carried out as part of this review to ensure we consider all of our residents' needs.

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### **This Committee**

This Committee will be responsible for ensuring that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control. This Committee will also consider risk management issues and performance reports.

### **Terms of Reference**

The Constitution defines the terms of reference for the Audit Committee as:

#### **Statement of Purpose**

The purpose of Audit Committee is to:

- provide independent assurance of the adequacy of the Council's risk management framework and the associated control environment
- provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
- oversee the financial reporting process.

#### **Audit Activity**

The Audit Committee will:

1. Approve but not direct Internal Audit's strategy and plans, ensuring that work is planned with due regard to risk, materiality and coverage. This will not prevent Cabinet directing internal audit to review a particular matter.
2. Review the Head of Internal Audit's Annual Report and Opinion and Summary of Internal Audit Activity (actual and proposed) and the level of assurance this can give over the Council's corporate governance arrangements.
3. Review summaries of Internal Audit reports and the main recommendations arising.
4. Review a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.

## **AUDIT COMMITTEE – TERMS OF REFERENCE – APPENDIX 2**

5. Consider reports dealing with the management and performance of the providers of internal audit services.
6. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
7. Monitor management action in response to issues raised by External Audit.
8. Receive and consider specific reports as agreed with the External Auditor.
9. Comment on the scope and depth of External Audit work and ensure that it gives value for money.
10. Liaise with the Audit Commission over the appointment of the Council's External Auditor.
11. Commission work from Internal and External Audit, following a formal request by the Committee to and a joint decision from the Leader of the Council and Cabinet Member for Finance & Business Services.
12. Ensure that there are effective arrangements for ensuring liaison between Internal and External audit.

### **Regulatory Framework**

The Audit Committee will:

1. Maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour. And, where necessary, bring proposals to the Cabinet and/or Council for their development.
2. Review any issue referred to it by the Chief Executive or a Director, or any Council body.
3. Approve and regularly review the authority's risk management arrangements, including regularly reviewing the corporate risk register and seeking assurances that action is being taken on risk related issues.
4. Review and monitor Council policies on 'Raising Concerns at Work' and anti-fraud and anti-corruption strategy and the Council's complaints process.

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2011

Part 1 – Members, Public and Press



## **AUDIT COMMITTEE – TERMS OF REFERENCE – APPENDIX 2**

5. Oversee the production of the authority's Statement of Internal Control and recommend its adoption.
6. Review the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice.
7. Consider the Council's compliance with its own and other published standards and controls.

### **Accounts**

The Audit Committee will:

1. Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the auditor that need to be brought to the attention of the Council.
2. Consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

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# Agenda Item 6

## Procurement in Hillingdon

**Contact Officer:** Bob Alabaster

**Telephone:** 01895 556349

### REASON FOR ITEM

At the June meeting of the Committee Members asked that officers produce a briefing paper on the procurement process within the Council. Unfortunately the Head of Procurement could not attend the two subsequent meetings of the Committee. However he produced a briefing paper to Members which is reproduced below.

The Head of Procurement has agreed to attend this meeting to give Members a brief presentation on procurement. Members will recall that at their meeting on 21 July it was asked that the Head of Procurement, where possible cover the following areas in his presentation:

- The process for procurement (simple diagram if possible)
- The various authority levels and delegations for contracts
- Contract Management and Calendaring
- How Procurement interfaces with other Council departments
- What have been the changes that have been made to the service under the Hillingdon Improvement Programme
- What was the Business Partner Model

### OPTIONS OPEN TO THE COMMITTEE

1. The Committee is asked to note the report and the presentation from the Head of Procurement.
2. The Committee is asked to consider any other information or areas it may wish to raise with the Head of Procurement.

### Background

In 2008 the Hillingdon Improvement Programme (HIP) recognised the need to improve the Council's approach to Procurement. Under the leadership of Cllr Scott Seaman-Digby, an accelerated work programme was undertaken to rebuild the Procurement service. By February 2009 a fully staffed professional team was in place under the leadership of a Head of Service reporting into the Corporate Director of Finance & Resources.

In line with the structural changes to the Council introduced in 2011, the Head of Procurement reports to the Chief Finance Officer Paul Whaymand and the function is part of Central Services, led by Deputy Chief Executive and Corporate Director, Fran Beasley.

The Corporate Services & Partnerships Policy Overview Committee has requested this basic, descriptive briefing paper on Procurement in Hillingdon for the July POC.

## **Scope of Procurement**

In its simplest form, procurement is the acquisition of goods and services. In reality, professional procurement is much broader and strategic than just purchasing the right thing at the right price.

In the context of the Council, the Procurement service is about ensuring robust control of external expenditure, understanding the business requirements, tendering and letting contracts in a compliant manner and enabling the management of supplier relationships in an effective and productive way.

Through this strategic approach to procurement the Council can demonstrate that it delivers the desired outcome for our residents at the best value for money.

## **Regulatory & Legal context**

The European Union (EU) Directives set out the legal framework for public procurement activity. The EU Directives are implemented into national law in the UK by the Public Contract Regulations 2006 (as amended). The Regulations set out the procedures which must be followed by public sector contracting authorities (eg. Local Authorities) to ensure that public procurement is conducted in a fair, open and transparent manner.

The Council Constitution sets out in the Procurement & Contract Standing Orders how the Council conducts procurement activity to maintain compliance and probity. Based upon these Standing Orders, the Procurement team conduct tenders and seek approval for award of contracts. Approval to award a contract to a supplier is provided by Members or the Cabinet based upon the total contract value.

With the increasing environment for challenge of public sector procurement decisions, it is vital to protecting the Council's reputation and interests in maintaining strong compliance. The Procurement team play a key role in this by ensuring the Council follows the due process in the letting of supplier contracts.

## **Organisation & Operating model**

Since February 2009, the Procurement team has evolved and aligned its resources to support the directorates of the Council. Through the Business Improvement Delivery (BID) programme the Business Partner operating model has been adopted and Procurement resource is now co-located alongside colleagues in their directorates. This co-location allows for strong internal working relationships to be created, to ensure that Procurement expertise and effort is aligned to deliver against the specific financial and budgetary objectives of the group.

These strong internal relationships also allow for credible challenge to be made on how services are provided to drive out inefficiency and intelligently approach the supply markets to secure the best solutions from suppliers as possible.

As part of the transformation of Finance, in October 2010 the eProcurement team was added to the Procurement service to complete the end to end management of the purchasing cycle, from requisition up to invoice payment.

This part of the team is leading the development and improvement of the Oracle system to ensure the Council has robust processes in place to manage the commitment of external expenditure. These system developments are on track for completion during winter 2011.

Therefore in total the Procurement service consists of 14.5 full time equivalent staff (FTE). The breakdown of the resource is as follows:

- Head of Procurement
- Procurement Managers (4.5 FTE)
- Procurement Executives (6 FTE)
- eProcurement Officers (3 FTE)

## **Achievement**

The key focus of any Procurement service is to deliver savings in external expenditure to support the delivery of the financial objectives of the Council. Since February 2009 the Procurement service has played a key role in reducing the Council's overall external expenditure by over £9M to an annual figure of £178M (2010/11 financial year).

By leading compliant tender exercises, improved value for money contracts have been let and Procurement have supported colleagues in challenging how Council services are provided to improve efficiency. The key areas of expenditure that Procurement has targeted are:

- Temporary contingent labour
- ICT services
- Transport
- Social Care (domiciliary care and floating support for service users)
- Connexions service for Children
- Facilities Management
- Stationery and office equipment

The Procurement team also support the major capital projects of the Council and have supported colleagues in such projects as Library Refurbishment programme and New Years Green Lane development. The key programme going forward will be the Primary School capital programme and Procurement are supporting colleagues in Corporate Construction to ensure this is delivered successfully, on time and on budget.

Procurement also leads on collaborative opportunities, where they make sense for Hillingdon to participate. This collaboration takes place on a national, regional and sub-regional basis. A key achievement has been delivered in Adults Social Care where, at a West London level, a joint procurement unit has been formed to tackle the external expenditure on care services. By taking this collaborative, sub-regional approach all Boroughs in the West London Alliance have benefited from better value contracts for domiciliary care and the introduction of an accredited supplier scheme for residential care.

Another example of collaboration is the London Energy project, where Hillingdon has benefited from accessing collaborative contracts for the supply of electricity and gas.

Where Hillingdon's specific requirements can be met, this type of collaboration ensures that even greater Procurement results can be achieved than if Hillingdon were to approach this type of supply market alone.

### **Next steps**

Going forward there is the continued requirement to meet the challenges of the Medium Term Financial Forecast (MTFF). In every area of the Council, external expenditure must be subject to review and challenge to ensure that every pound spent is done so in the best value for money way.

Through the Business partner operating model, Procurement is best placed to provide this challenge and support colleagues in maximising the value through its external suppliers. Robust Procurement delivery plans will be agreed with Members and Service Directors to ensure that Procurement resources are targeted on the priority objectives of the groups, to deliver the results required.

Some key priorities for the next period are:

- Supporting the ICT transformation of the Council (tender for Desktop and Managed Services contracts during summer 2011)
- Introduction of Council wide Contract Management Framework (commenced summer 2011) to improve the management of all Council suppliers
- Purchase of priority vehicles as part of broader Fleet review
- Review of Looked After Children (LAC) fostering contracts
- Delivery of further savings from outsourced FM contract with Mitie
- Increased availability of Telecare to service users (contract to be awarded summer 2011)
- Award of contracts for delivery of Primary Schools capital programme

**Bob Alabaster**  
**Head of Procurement**

# Agenda Item 9

## WORK PROGRAMME 2011/12

**Contact Officer:** Khalid Ahmed  
**Telephone:** 01895 250833

## REASON FOR ITEM

This report is to enable the Committee to review meeting dates and forward plans. This is a standard item at the end of the agenda.

## OPTIONS AVAILABLE TO THE COMMITTEE

1. To confirm dates for meetings
2. To make suggestions for future working practices and/or reviews.

## INFORMATION

*All meetings to start at 7.30pm except where stated*

Meetings	Room
9 June 2011	CR 5
21 July 2011 (7.00pm)	CR 5
13 September 2011	CR 5
20 October 2011	CR 4
10 November 2011	CR 5
18 January 2012	CR 5
21 February 2012	CR 6
14 March 2012	CR 5
18 April 2012	CR 5

Corporate Services & Partnerships Policy Overview Committee

**2011/12 DRAFT Work Programme**

<b>Meeting Date</b>	<b>Item</b>
<b>9 June 2011</b>	Corporate Services & Partnerships Policy Overview Committee Review Topics 2011/12
	Work programme for 2010/11
	Cabinet Forward Plan

<b>21 July 2011</b>	First Major Review in 2010/11 Effectiveness of the Audit Committee and its Terms of Reference - Scoping Report
	The Compact and Third Sector Commissioning
	Procurement
	Budget Planning Report for Central Services
	Recent Power Cut in the Civic Centre
	Work Programme
	Cabinet Forward Plan

<b>13 September 2011</b>	First Major Review in 2011/12 - Effectiveness of the Audit Committee and its Terms of Reference Witness Session 1
	Cabinet Forward Plan
	Work Programme

<b>20 October 2011</b>	First Major Review in 2011/12 – Effectiveness of the Audit Committee and its Terms of Reference Witness Session 2
	Presentation on Procurement
	Report back on the generator testing after the recent power cut in the Civic Centre



	Report back on the implementation of the recommendations of the Personal Safety Review
	Cabinet Forward Plan
	Work Programme
<b>10 November 2011</b>	First Major Review in 2011/12 – Effectiveness of the Audit Committee and its Terms of Reference Witness Session 3
	Consideration of topics for 2 <sup>nd</sup> Major Review
	Cabinet Forward Plan
	Work Programme
<b>18 January 2012</b>	Budget Proposals Report for Central Services
	Second Major Review in 2011/12 – Scoping Report
	Cabinet Forward Plan
	Work Programme
<b>21 February 2012</b>	Second Major Review in 2011/12 – Witness Session 1
	Cabinet Forward Plan
	Work Programme
<b>14 March 2012</b>	Second Major Review in 2011/12 – Witness Session 2
	Cabinet Forward Plan
	Work Programme
<b>18 April 2012</b>	Second Major Review in 2011/12 – Draft Final Report
	Cabinet Forward Plan
	Work Programme

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## **Cabinet Forward Plan**

**Contact Officer:** Khalid Ahmed  
**Telephone:** 01895 250833

### **REASON FOR ITEM**

The Committee is required to consider the Forward Plan and provide Cabinet with any comments it wishes to make before the decision is taken.

### **OPTIONS OPEN TO THE COMMITTEE**

1. Decide to comment on any items coming before Cabinet
2. Decide not to comment on any items coming before Cabinet

### **INFORMATION**

1. The Forward Plan is updated on the 15<sup>th</sup> of each month. An edited version to include only items relevant to the Committee's remit is attached below. The full version can be found on the front page of the 'Members' Desk' under 'Useful Links'.

### **SUGGESTED COMMITTEE ACTIVITY**

1. Members decide whether to examine any of the reports listed on the Forward Plan at a future meeting.

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# The Cabinet Forward Plan

Period of Plan: October 2011 to February 2012 onwards

Ref	Report Title	Advance information	Ward(s)	Report to Full Council	Cabinet Member(s) Responsible	Officer Contact	Consultation	Background Documents	NEW ITEM
<b>CABINET - 29 September 2011</b>									
SI	<b>Voluntary Sector Leases Report</b>	Regular report on discounted leases to voluntary sector organisations that benefit residents and the wider community	All		Cllr Jonathan Bianco	PEECS - Gregory Morrison			
654	<b>Queens Walk Learning and Development Centre</b>	Cabinet will be asked to make decisions on future options regarding the use of Council's Learning and Development Centre, based adjacent to Queensmead School.	South Ruislip		Cllr Ray Puddifoot / Cllr Jonathan Bianco	PEECS - Steve Smith	Staff and Users		
656	<b>Uxbridge Library - Appointment of Integrated Project Management &amp; Design Team Services</b>	The report will provide information on the outcome of a tendering exercise to select an integrated Project Management & Design Team Service to progress the proposed refurbishment of Uxbridge Library. The tendering framework being used is the Government Procurement Service Framework, working closely with the Corporate Procurement Team	Uxbridge South		Cllr Jonathan Bianco / Cllr Scott Seaman-Digby	PEECS - Mohamed Bhimani	Corporate Procurement		
632	<b>Total approach to Town Centre Regeneration - Support for Hillingdon's small, independent traders</b>	Following a competitive tender process, this report recommends the award of a consultancy contract for a 2-year visual merchandising programme supporting small independent traders in three town centres, Hayes, Ruislip Manor and Northwood Hills. This initiative has been funded in full through the Local Area Agreement Reward Grant as agreed with partners within the Local Strategic Partnership	Various		Cllr Douglas Mills / Cllr Scott Seaman-Digby	CS - Jales Tippell / Kevin Byrne / Helena Webster	Corporate Procurement		
<b>CABINET - 27 October 2011</b>									
625	<b>Future ICT Applications - Desktop Review Tender</b>	Following a tendering exercise, Cabinet will be asked to make the necessary decisions in relation to awarding a software license contract and services agreement to support the future desktop computing model for the Council. Cabinet will receive details of how the project will proceed and also precipitate the savings identified for future years as part of the MTFP.	N/A		Cllr Jonathan Bianco and Cllr Scott Seaman-Digby	PEECS - Steve Palmer			<b>NEW</b>
SI	<b>Monthly Council Budget - monitoring report</b>	The Cabinet receives a monthly report setting out in detail the council's revenue and capital position.	All		Cllr Jonathan Bianco	CS - Paul Whaymand			
<b>CABINET - 24 November 2011</b>									
584	<b>Responsible Retailer Pilot</b>	Cabinet requested a further report back following the implementation of the pilot scheme and to consider any roll-out across the Borough.	All		Cllr Douglas Mills	PEECS - Peggy Law / Sue Pollitt	Feedback from pilot		
<b>Cabinet - 15 December 2011</b>									

ASCH&H = Adult Social Care, Health & Housing; DCEO = Deputy Chief Executive's Office; E&CS = Education & Children's Services; F&R = Finance & Resources; PE&CS = Planning, Environment & Community Services

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Ref	Report Title	Advance information	Ward(s)	Report to Full Council	Cabinet Member(s) Responsible	Officer Contact	Consultation	Background Documents	NEW ITEM
ASCH&H = Adult Social Care, Health & Housing; DCEO = Deputy Chief Executive's Office; E&CS = Education & Children's Services; F&R = Finance & Resources; PE&CS = Planning, Environment & Community Services									
647a	<b>The Council's Budget - Medium Term Financial Forecast 2012/13 - 2015/16</b>	This report will set out the Medium Term Financial Forecast (MTFF), which includes the draft General Fund reserve budget and capital programme for 2012/13 for consultation, along with indicative projections for the following three years.	All		Cllr Jonathan Bianco	CS-Paul Whaymand	Public consultation through the Policy Overview Committee process and statutory consultation with businesses & ratepayers		
648	<b>Financial Support to Voluntary Organisations</b>	The report to Cabinet will make recommendations on the level of financial support to voluntary organisations for the 2011/12 financial year.	All		Councillor Douglas Mills	CS - Nigel Cramb			
<b>Cabinet Member Decisions - January 2012</b>									
674	<b>Appointment of supplier for the provision of translation, interpretation and alternative communication services</b>	This report will seek Cabinet approval following the outcome of the tender exercise to provide the council's translation, interpretation and alternative communication services.	All		Cllr Scott Seaman-Digby	CS - David Holdstock	Corporate Procurement		<b>NEW</b>
<b>Cabinet - 16 February 2012</b>									
647b	<b>The Council's Budget - Medium Term Financial Forecast 2012/13 - 2015/16</b>	This report will set out the Medium Term Financial Forecast (MTFF), which includes the proposed General Fund reserve budget and capital programme for 2012/13, along with indicative projections for the following three years.	All	23-Feb-12	Cllr Jonathan Bianco	CS-Paul Whaymand	Public consultation through the Policy Overview Committee process and statutory consultation with businesses & ratepayers		

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