



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, 10
NOVEMBER 2011

Time: 5.30 PM* PLEASE NOTE
START TIME

Venue: COMMITTEE ROOM 5 –
CIVIC CENTRE, HIGH
STREET, UXBRIDGE, UB8
1UW

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

This agenda and associated reports can be made available in other languages, in Braille, large print or on audio tape on request. Please contact us for further information.

Published: 2 November 2011

Contact: Khalid Ahmed
Tel: 01895 250833
Fax: 01895 277373
Email: kahmed@hillington.gov.uk

This Agenda is available online at:

<http://modgov.hillingdon.gov.uk/ieListDocuments.aspx?CId=243&MId=1101&Ver=4>

Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
3E/05, Civic Centre, High Street, Uxbridge, UB8 1UW
www.hillingdon.gov.uk



INVESTOR IN PEOPLE

Useful information

Bus routes 427, U1, U3, U4 and U7 all stop at the Civic Centre. Uxbridge underground station, with the Piccadilly and Metropolitan lines, is a short walk away. Limited parking is available at the Civic Centre. For details on availability and how to book a parking space, please contact Democratic Services

Please enter from the Council's main reception where you will be directed to the Committee Room. An Induction Loop System is available for use in the various meeting rooms. Please contact us for further information.

Please switch off any mobile telephones and BlackBerries™ before the meeting. Any recording of the meeting is not allowed, either using electronic, mobile or visual devices.

If there is a FIRE in the building the alarm will sound continuously. If there is a BOMB ALERT the alarm sounds intermittently. Please make your way to the nearest FIRE EXIT.



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

CHAIRMAN'S ANNOUNCEMENTS

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes of meeting held on 20 October 2011 (**Pages 1-8**)
- 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 9-22**)
- 6 Consideration of Topics for the Committee's Second Major Review (**Oral report**)
- 7 Work Programme 2011/12 (**Pages 23-26**)
- 8 Cabinet Forward Plan (**Pages 27-31**)

Minutes

**Corporate Services and Partnerships
Policy Overview Committee
Thursday 20 October 2011
Meeting held at Committee Room 5 - Civic
Centre, High Street, Uxbridge UB8 1UW**



	<p>Members Present: Councillors Richard Lewis (Chairman), Beulah East, Neil Fyfe, Raymond Graham, Shirley Harper-O'Neill, Richard Mills, Robin Sansarpuri and Michael White.</p> <p>Apologies: None.</p> <p>Officers: Bob Alabaster (Head of Procurement), Steve Palmer (Head of ICT and Business Services) and Khalid Ahmed (Democratic Services Manager).</p> <p>Witness Councillor George Cooper (Member of the Audit Committee)</p>
24.	<p>DECLARATIONS OF INTEREST</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>
25.	<p>MINUTES OF THE MEETING HELD ON 13 SEPTEMBER 2011</p> <p>Agreed as an accurate record.</p>
26.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all items of business were considered in public.</p>
27.	<p>FIRST MAJOR REVIEW – EFFECTIVENESS OF THE AUDIT COMMITTEE AND ITS TERMS OF REFERENCE – WITNESS SESSION</p> <p>Members were provided with a report which provided details of the important points which had been raised by witnesses at the Committee meeting held on 13 September 2011. In addition the Committee was provided with information on the membership of other London Borough's Audit Committees as way of a comparison.</p> <p>Councillor George Cooper, an experienced Member of LBH's Audit Committee attended the meeting and provided the review with his views on the effectiveness of the Audit Committee and</p>

	<p>its terms of reference.</p> <p>Councillor George Cooper – Member of LBH’s Audit Committee</p> <ul style="list-style-type: none"> • The Audit Committee had an important role to play and provided reassurance that procedures were in place to protect the Council • For example in relation to the Corporate Risk Register, the Audit Committee’s role was to scrutinise the processes behind the risk register and to ensure processes were in place to protect the Council • Reference was made to the Internal Audit service within the Council which tried to identify internal weaknesses before weaknesses were exposed. This was an important role of the Audit Committee • It was important that Audit Committee Members were trained to ensure that they could carry out their duties efficiently • Training needed to be on-going and the use of Internal Audit case studies would be a good means of giving Members practical training • Audit Committee substitutes had an important role to play and they also required training • It would be beneficial for Substitute Members of the Audit Committee to attend Audit Committees, and to receive agenda, to ensure they were up-to-date on the workings of the Committee • Reference was made to the importance of building up a number of suitably trained Substitute Members • The membership of the Audit Committee, in relation to both Council and Independent Members could be increased • A second Independent Member would balance up the membership of the Audit Committee and would also ensure that the task of succession planning was much easier should the present Independent Chairman step down • The Chairmen of each of the Policy Overview Committees could be Members of the Audit Committee. Chairmen would have the knowledge and understanding of the service areas under their Policy Overview Committee remit which would be beneficial in their role as Members of the Audit Committee • Reference was made to the proposal contained in the Department for Communities and Local Government consultation on the Future of Local Public Audit whereby local Audit Committees would be responsible for the appointment of External Auditors. An additional Independent Member would provide further impartiality for this task 	<p>Action by:</p>
--	--	--------------------------

	<ul style="list-style-type: none"> • It would be preferable for Members (and Independent Members) to have auditing skills or a similar background • The Audit Committee was reliant on the professionalism of the Audit officers who worked on a daily basis on audit issues. Therefore the balance was correct in terms of officers providing the agenda for the Audit Committee for Members to monitor and oversee • The Audit Committee did receive sufficient assurances from officers on internal audit matters and there were occasions where Corporate Directors and Heads of Service attended Audit Committees to update Members on agreed recommendations from Internal Audit findings and opinion, which had not been implemented • The summary of Internal Audit reports was sufficient in detail for the Audit Committee to scrutinise as full reports would be too detailed for the Audit Committee to scrutinise. Officers provided more detail if required • The Audit Committee worked very well and made challenges to the Head of Audit and Enforcement when required <p>Members thanked Councillor George Cooper for the information he had provided the review. Members noted that for the next meeting of the Committee Ian Luder an Independent Member of the Royal Borough of Kensington and Chelsea’s Audit Committee would provide evidence to the review.</p> <p>RESOLVED -</p> <ol style="list-style-type: none"> 1. That the information provided as part of the witness session be noted. 	Action By:
28.	<p>PROCUREMENT IN HILLINGDON</p> <p>The Head of Procurement attended the meeting and provided Members with a brief presentation on the procurement process within the Council.</p> <p>Members were reminded at their meeting in June consideration was given to a briefing paper which provided an overview of the procurement process within the Council.</p> <p>The following issues were covered in the presentation:</p> <ul style="list-style-type: none"> • In its simplest terms, Procurement was the acquisition of goods and services • Within the context of the Council, Procurement service was about ensuring robust control of external 	

	<p>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</p> <ul style="list-style-type: none"> • The Council's Procurement Cycle worked as follows:- Understanding the Council's requirements, assessing how the goods / service could be provided, agreeing the process of acquiring the goods / service, carry out competitive tender exercise, letting the contract in accordance with the Council's Constitution and then managing the contract and supplier performance • The authority levels and delegations for contract were set out in the Council's Constitution in Schedule H, Procurement & Contract Standing Orders • Tenders less than £50,000 could be accepted by the appropriate delegated officer • Tenders more than £50,000 but less than £250,000 could be accepted by the relevant Cabinet Member • Tenders more than £250,000 had to be agreed by the Cabinet • Contracts over £100,000 had to be sealed by the Council • Contract Management was led within the service areas but support was given by Procurement • Procurement had introduced a cross Council Contract Management Framework which set out which suppliers required formal relationship management (strategic, critical & key suppliers) and how the relationship management would be carried out • A Contract Register was maintained of contracts entered into by the Council. This ensured transparency around public expenditure. The Register included details of contracts for the full duration of the contract period • Contract management was used to inform the delivery plan in each directorate for when contracts were to be tendered • The Council's Forward Plan contained details on forthcoming tenders to ensure there was engagement with Councillors and that decisions were planned properly • Procurement was a support function within Central Services which reported to the Chief Finance Officer • Business Partners were resources which were co-located within the Directorates that reported centrally to the Head of Procurement • The Business Partner model was used to influence, lead and where appropriate, challenge officers to deliver efficiency and service improvement • The Business Partner model was the proven method 	<p>Action By:</p>
--	--	--------------------------

	<p>As expected there had been a few problems and these were already being investigated. A particular area where there had been problems was within the West Quadrant of Phase 1 of the Civic Centre, where power sockets had not worked.</p> <p>The Head of ICT and Business Services commented that he had confidence that the Generator would operate if there was another power cut in the future. The generator would operate for a four hour period due to the size of the diesel tank. Local diesel suppliers would be on stand-by as they operated a 24 hour service.</p> <p>A further test would be carried out in January and testing would take place twice a year to ensure the Council would be prepared.</p> <p>RESOLVED -</p> <p>1. That the information provided be noted.</p>	Action By:
30.	<p>UPDATE ON THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE PERSONAL SAFETY REVIEW</p> <p>The Council's Facilities Manager provided the Committee with an update on the implementation of the recommendations of this Committee's review into the Personal Safety of Members.</p> <p>Members asked that in relation to notices with emergency telephone numbers in meeting rooms, this be extended to <u>ALL</u> meeting rooms within the Civic Centre.</p> <p>Officers were also asked to look at providing paper copies of the Restricted Persons Register for both Group Offices.</p> <p>Officers also undertook to take forward looking at providing emergency telephone numbers on the back of Members' security passes.</p> <p>RESOLVED -</p> <p>1. That the information provided be noted and the Council's Facilities Manager and other relevant officers be thanked for the implementation of the recommendations.</p>	<p>Steve Smith</p> <p>Christine Barker</p> <p>Steve Smith</p>
31.	<p>WORK PROGRAMME</p> <p>The work programme was noted.</p>	
32.	<p>CABINET FORWARD PLAN</p>	

	Noted.	
	Meeting closed at 9.20pm Next meeting: 10 November 2011 at 5.30pm.	

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.

This page is intentionally left blank

First Major Review – Effectiveness of the Audit Committee and its Terms of Reference – Third Witness Session

Contact Officer: Khalid Ahmed
Telephone: 01895 250833

REASON FOR ITEM

This is the third 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 areas and issues explored with witnesses in the other two witness sessions.

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. This is the third witness session of this Committee's review into the Effectiveness of the Audit Committee and its Terms of Reference. For this meeting Ian Luder, an experienced Independent Member of the Royal Borough of Chelsea and Kensington's Audit Committee, and the Vice-Chairman of the City of London's Audit and Risk Management Committee has kindly agreed to attend the meeting to pass on his experience of Audit Committees, particularly as an Independent Member.
2. Ian is a Chartered Accountant and Chartered Tax Adviser, and a partner in the London Office of Grant Thornton UK LLP. Ian was President of the Chartered Institute of Taxation in 1994/95. Prior to this Ian was a Member of Bedford Borough Council for 23 years, including 5 as Chairman of its Policy Committee. It will be interesting for the review to gain his perspective on the role of the Audit Committee within a local authority from both Member and Independent Member perspectives.
3. In addition, John Morley, this Council's Independent Chairman of the Audit Committee has been invited to attend this meeting.
4. For the benefit of Members, below is a brief summary of some of the issues and areas which have been covered in the previous two witness sessions:

John Morley, Independent Chairman of this Authority's Audit Committee and Jonathan Gooding of Deloitte

- 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.

Councillor George Cooper, Member of this Authority's Audit Committee

- The Audit Committee had an important role to play and provided reassurance that procedures were in place to protect the Council
- For example in relation to the Corporate Risk Register, the Audit Committee's role was to scrutinise the processes behind the risk register and to ensure processes were in place to protect the Council
- Reference was made to the Internal Audit service within the Council which tried to identify internal weaknesses before weaknesses were exposed. This was an important role of the Audit Committee
- It was important that Audit Committee Members were trained to ensure that they could carry out their duties efficiently
- Training needed to be on-going and the use of Internal Audit case studies would be a good means of giving Members practical training
- Audit Committee substitutes had an important role to play and they also required training

- It would be beneficial for Substitute Members of the Audit Committee to attend Audit Committees, and to receive agenda, to ensure they were up-to-date on the workings of the Committee
 - Reference was made to the importance of building up a number of suitably trained Substitute Members
 - The membership of the Audit Committee, in relation to both Council and Independent Members could be increased
 - A second Independent Member would balance up the membership of the Audit Committee and would also ensure that the task of succession planning was much easier should the present Independent Chairman step down
 - The Chairmen of each of the Policy Overview Committees could be Members of the Audit Committee. Chairmen would have the knowledge and understanding of the service areas under their Policy Overview Committee remit which would be beneficial in their role as Members of the Audit Committee
 - Reference was made to the proposal contained in the Department for Communities and Local Government consultation on the Future of Local Public Audit whereby local Audit Committees would be responsible for the appointment of External Auditors. An additional Independent Member would provide further impartiality for this task
 - It would be preferable for Members (and Independent Members) to have auditing skills or a similar background
 - The Audit Committee was reliant on the professionalism of the Audit officers who worked on a daily basis on audit issues. Therefore the balance was correct in terms of officers providing the agenda for the Audit Committee for Members to monitor and oversee
 - The Audit Committee did receive sufficient assurances from officers on internal audit matters and there were occasions where Corporate Directors and Heads of Service attended Audit Committees to update Members on agreed recommendations from Internal Audit findings and opinion, which had not been implemented
 - The summary of Internal Audit reports was sufficient in detail for the Audit Committee to scrutinise as full reports would be too detailed for the Audit Committee to scrutinise. Officers provided more detail if required
 - The Audit Committee worked very well and made challenges to the Head of Audit and Enforcement
5. Attached to this report is the Audit Committee present Terms of Reference (**Appendix 1**) and the review's scoping report (**Appendix 2**). For the purpose of the review it would be beneficial for Members to discuss the Terms of Reference to assess the appropriateness of them and where necessary to suggest amendments or changes.

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. In relation to other Authorities Audit Committee Terms of Reference, which areas of good practice could Hillingdon adopt?
4. Is the scope of Hillingdon's Audit Committee's Terms of Reference sufficient to enable it to function effectively? If it is not sufficient, what changes could be made to make it more effective?
5. 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?
6. What are the advantages and disadvantages of the Audit Committee having Independent Members and should there be a balance of Elected Members and Independent Members on an Audit Committee?
7. How does the Audit Committee at other Authorities provide effective challenges 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?
8. Where does the Audit Committee fit into the Decision Making Structure other Authorities? Where do the Minutes / decisions of Audit Committee go?

PAPERS WITH THE REPORT

Existing Terms of Reference of the Audit Committee (Appendix 1)
Scoping Report (Appendix 2).

SUGGESTED COMMITTEE ACTIVITY

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

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 – PRESENT TERMS OF REFERENCE – APPENDIX 1

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.

Corporate Services & Partnership Policy Overview Committee – 11 November
2011

Part 1 – Members, Public and Press

AUDIT COMMITTEE – PRESENT TERMS OF REFERENCE – APPENDIX 1

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.

This page is intentionally left blank



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.

APPENDIX 2

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

APPENDIX 2

- 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

Corporate Services & Partnerships POC 10 November 2011
PART 1 – MEMBERS, PUBLIC & PRESS

APPENDIX 2

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?

Corporate Services & Partnerships POC 10 November 2011
PART 1 – MEMBERS, PUBLIC & PRESS

APPENDIX 2

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

Meeting Date *	Action	Purpose / Outcome
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.

This page is intentionally left blank

Agenda Item 7

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

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

21 July 2011	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

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

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

This page is intentionally left blank

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 15th 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.

This page is intentionally left blank

The Cabinet Forward Plan

Period of Plan: November 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
CABINET - 24 November 2011									
584	Responsible Retailer Pilot	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		
704	Manual / Blue Collar temporary agency contract	Cabinet will be asked to agree a renewal of the temporary agency contract, predominantly used by Waste Services, in line with the new Agency Workers Regulations.	N/A		Cllr Scott Seaman-Digby	CS - Mike Talbot			NEW
625	Future ICT Applications - Desktop Review Tender	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 MTFF.	N/A		Cllr Jonathan Bianco and Cllr Scott Seaman-Digby	PEECS - Steve Palmer	Corporate Procurement		
683	Filing contract	The Council has in place a contract for the storage and destruction of paper copies of documents in a range of services across the Council at a cost of £65k a year. This report to Cabinet seeks to extend the contract for document storage for one year, so that a staged withdrawal can be implemented to minimise on-going costs, meet statutory duties and migrate to a corporate electronic			Cllr Jonathan Bianco & Cllr Seaman-Digby	PEECS - Steve Smith	Corporate Procurement		NEW
Cabinet - 15 December 2011									

Page 29

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	The Council's Budget Medium Term Financial Forecast 2012/13 - 2015/16	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		
692	Appointment of technical consultants to support delivery of the Council's Supported Housing Programme	Cabinet will be asked to accept a tender in relation to all professional services for the development of the Supported Housing Programme, including Employers Agent, Quantity Surveying, Mechanical and Electrical Design and Structural Engineering.	Various		Cllr Philip Corthorne / Cllr Jonathan Bianco / Cllr Scott Seaman-Digby	PEECS - Kevin Taplin	Corporate Landlord and Corporate Procurement		NEW
648	Financial Support to Voluntary Organisations	The report to Cabinet will make recommendations on the level of financial support to voluntary organisations for the 2011/12	All		Councillor Douglas Mills	CS - Nigel Cramb			
Cabinet Member Decisions - January 2012									
674	Appointment of Supplier for the provision of translation, interpretation and	This report will seek Cabinet approval following the outcome of the tender exercise to provide the council's translation, interpretation and alternative communication	All		Cllr Scott Seaman-Digby	CS - David Holdstock	Corporate Procurement		NEW
691	Broadband and Internet Service Provision Contract	Following a procurement exercise, Cabinet will be asked to agree the contract for Broadband and Internet Service provision for the Council for a period of 5 years from 1st July 2012.	N/A		Cllr Jonathan Bianco / Cllr Scott Seaman-Digby	PEECS - Steve Palmer	Corporate Procurement & current and future broadband and ISP providers		NEW
Cabinet - 16 February 2012									
647b	The Council's Budget Medium Term Financial Forecast 2012/13 - 2015/16	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	#####	Cllr Jonathan Bianco	CS-Paul Whaymand	Public consultation through the Policy Overview Committee process and statutory consultation with		

Ref	Report Title	Advance information	Ward(s)	Report to Full Council	Cabinet Member(s) Responsible	Officer Contact	Consultation	Background Documents	NEW ITEM
685	Award of Contract for the collection, counting and banking of cash and cheques from all necessary LBH sites as required	Cabinet will be asked to make a decision following the tendering process for this service. It will include all Council sites and activities ranging from parking services to libraries and the Civic Centre.	N/A		Cllr Jonathan Bianco and Cllr Douglas Mills	CS - Annette Reeves	Corporate Procurement		NEW
584	Responsible Retailer Pilot	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		

This page is intentionally left blank