



HILLINGDON
LONDON



Audit Committee

Members on the Committee

John Morley (Chairman)
George Cooper
Paul Harmsworth (Labour Lead)
Raymond Graham
Richard Lewis

Date: TUESDAY, 12 MARCH 2013

Time: 5.00 PM

Venue: COMMITTEE ROOM 3A -
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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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.
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.
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.

Agenda

CHAIRMAN'S ANNOUNCEMENTS

- 1 Apologies for Absence
- 2 Declarations of Interest in Matters coming before this meeting
- 3 Minutes of the meeting held on 6 December 2012 **(Pages 1-6)**
- 4 Exclusion of the Press and Public
To confirm that all items marked Part I will be considered in public and that any items marked Part II will be considered in private.
- 5 Deloitte Annual Grant Audit Letter **(Pages 7-20)**
- 6 Deloitte - 2012/13 Annual Audit Plan **(Pages 21-68)**
- 7 Internal Audit Progress Report **(Pages 69-106)**
- 8 Internal Audit Strategy and Review of the Terms of Reference **(Pages 107-112)**
- 9 Internal Audit Operational Plan 2013-14 **(Pages 113-120)**
- 10 Delivering the Annual Governance Statement (AGS) 2012-13 **(Pages 121-122)**
- 11 Revisions to the Treasury Management Strategy Statement and Investment Strategy 2013/14 to 2015/16 **(Pages 123-148)**
- 12 Balances and Reserves Statement 2013/14 **(Pages 149-158)**
- 13 Work Programme 2012/13 **(Pages 159-162)**
- 14 Changing Legislation and Current Issues

Corporate Services & Partnerships Policy Overview Committee review into the Effectiveness of the Audit Committee and its Terms of Reference

The Committee is informed that the Leader of the Council is considering changes to the Audit Committee Terms of Reference in light of the Corporate Services & Partnerships Policy Overview Committee's review. The Leader is aware that the current Terms of Reference need to be updated and better aligned with the new Cabinet and Officer structures that came into force in late 2012.

The Audit Committee will be consulted on any proposals, with any changes likely to take effect at the Annual meeting of the Council to be held in May. It should be noted that any constitutional proposals, recommended to Council for approval, should come from the Leader in the first instance.

PART II

15 Risk Management (**Pages 163-186**)

16 Internal Audit Progress Report (**Pages 187-188**)