



HILLINGDON  
LONDON



## Audit Committee

### Members on the Committee

John Morley (Chairman)  
George Cooper (Vice-Chairman)  
Paul Harmsworth  
Raymond Graham  
Richard Lewis

**Date:** TUESDAY, 25 JUNE 2013

**Time:** 5.00 PM

**Venue:** COMMITTEE ROOM 4A -  
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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# Terms of Reference

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

## **Introduction**

The Audit Committee's role will be to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment, as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

## **Internal Audit**

1. Review and monitor, but not direct, Internal Audit's work programmes, summaries of Internal Audit reports, their main recommendations and whether such recommendations have been implemented within a reasonable timescale, ensuring that work is planned with due regard to risk, materiality and coverage.
2. Make recommendations to the Leader of the Council and Cabinet Member for Finance, Property and Business Services on any changes to the Council's Internal Audit Strategy and plans.
3. Review the 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.
4. Consider reports dealing with the management and performance of internal audit services.
5. Following a request to the Corporate Director of Finance, and subject to the approval of the Leader of the Council and Cabinet Member for Finance, Property and Business Services, to commission work from Internal Audit.

## **External Audit**

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, making any recommendations to the Corporate Director of Finance.
10. Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
11. Following a request to the Corporate Director of Finance, and subject to the approval of the Leader of the Council / Cabinet Member for Finance, Property and Business Services, to commission work from External Audit.
12. Monitor effective arrangements for ensuring liaison between Internal and External audit, in consultation with the Corporate Director of Finance.

### **Governance Framework**

13. Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations. And, where necessary, bring proposals to the Leader of the Council or the Cabinet for their development.
14. Review any issue referred to it by the Chief Executive, a Deputy Chief Executive, Corporate Director, or any Council body.
15. Monitor and review, but not direct, 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.
16. Review and monitor Council policies on 'Raising Concerns at Work' and anti-fraud and anti-corruption strategy and the Council's complaints process, making any recommendations on changes to the Leader of the Council and the Deputy Chief Executive and Corporate Director of Residents Services.
17. Oversee the production of the authority's Statement of Internal Control and recommend its adoption.
18. Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on necessary actions to ensure compliance with best practice.
19. Where requested by the Leader of the Council, Cabinet Member for Finance, Property and Business Services or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

### **Accounts**

20. 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.

21. Consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Review and reporting**

22. Undertake an annual independent review of the Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.

# Agenda

## **CHAIRMAN'S ANNOUNCEMENTS**

- 1 Apologies for Absence
- 2 Declarations of Interest in Matters coming before this meeting
- 3 Minutes of the meetings held on 12 March and 9 May 2013 **(Pages 1-10)**
- 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 Audit Committee Terms of Reference  
To note the change to this Committee's Terms of Reference, as agreed at the Council meeting on 9 May 2013. The Terms of Reference are detailed at the front of the agenda.
- 6 Review of the Internal Audit Terms of Reference **(Pages 11-26)**
- 7 Annual Report to Council on the Work of The Audit Committee **(Pages 27-32)**
- 8 Consolidated Fraud Report **(Pages 33-38)**
- 9 Corporate Fraud Investigation Team Work Plan 2013/14 **(Pages 39-42)**
- 10 Annual Review of the Effectiveness of Internal Audit **(Pages 43-46)**
- 11 Head of Internal Audit Annual Assurance Statement **(Pages 47-50)**
- 12 Internal Audit Progress Report **(Pages 51-88)**
- 13 The Draft Annual Governance Statement 2012-13 **(Pages 89-96)**
- 14 Work Programme 2013-14 **(Pages 97-100)**
- 15 Changing Legislation and Current Issues

## **PART II**

- 16 Internal Audit Progress Report **(Page 101)**