

## Minutes

### Audit Committee

Tuesday 25 June 2013

Meeting held at Committee Room 4 - Civic Centre,  
High Street, Uxbridge UB8 1UW



HILLINGDON  
LONDON

	<p><b>Independent Member:</b> John Morley (Chairman).</p> <p><b>Members Present:</b> Councillors Raymond Graham, Paul Harmsworth and Richard Lewis.</p> <p><b>Officers Present:</b> Simon Bailey (Interim Head of Internal Audit), Kevin Byrne (Head of Policy, Performance and Partnerships), Garry Coote (Corporate Fraud Investigations Manager), Gill Crosbie (Audit Manager), Nancy Le Roux (Head of Corporate Finance), Paul Whaymand (Director of Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p><b>Others Present:</b> Heather Bygrave and Jonathan Gooding (Deloitte).</p> <p><b>Interim Head of Internal Audit – Simon Bailey</b></p> <p>The Committee thanked Simon Bailey for all his efforts during his time as Interim Head of Internal Audit and wished him all the best for the future.</p>
2.	<p><b>MINUTES OF THE MEETINGS HELD ON 12 MARCH AND 9 MAY 2013</b></p> <p>Agreed as accurate records.</p> <p>[In relation to the Minutes of 12 March 2013, Declarations of Interest, it was noted that Councillor Paul Harmsworth had declared a Non-Pecuniary Interest in Agenda Item 6 – Deloitte – 2012/13 Annual Audit Plan as he was a Member of the Pensions Committee. He remained in the room and took part in discussions on the item.]</p>
3.	<p><b>EXCLUSION OF THE PRESS AND PUBLIC</b></p> <p>It was agreed that Agenda Item 16 – Internal Audit Report which was in Part II of the Agenda be considered in private. The rest of the Agenda was considered in public.</p>
4.	<p><b>AUDIT COMMITTEE TERMS OF REFERENCE</b></p> <p>Members were informed that at the Council meeting held on 9 May, the Terms of Reference of this Committee were amended. Details of those changes and the implications for the work of the Committee were reported.</p>



	<p>indicating where the amendments had been made to the Terms of Reference. In addition, Members asked that the Terms of Reference for Internal Audit be aligned with the amended terms for Audit Committee.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li><b>1. That the changes from the CIPFA Code of Practice to the Public Sector Internal Audit Standards, and the resultant changes to Internal Audit's Terms of Reference be noted.</b></li> <li><b>2. That the Internal Audit Terms of Reference be endorsed.</b></li> </ol>	<p><b>Action By:</b> <b>Head of Internal Audit</b></p>
<p>6.</p>	<p><b>ANNUAL REPORT TO COUNCIL ON THE WORK OF THE AUDIT COMMITTEE</b></p> <p>Consideration was given to a report which provided Members with details of the Committee's annual report which was to be submitted to the Council.</p> <p>Members asked that the performance statistics for the previous year be added, together with the targets.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li><b>1. That approval be given to the report for submission to Council.</b></li> </ol>	<p><b>Head of Internal Audit</b></p>
<p>7.</p>	<p><b>CONSOLIDATED FRAUD REPORT</b></p> <p>The Corporate Fraud Investigations Manager introduced the report which summarised the proactive and reactive work undertaken in the second part of the year by the Corporate Fraud Investigation Team and the Internal Audit Team.</p> <p>Members were informed that the Corporate Fraud Investigation Team now fell within the remit of the Residents Services Directorate. Members asked that a report be submitted to the December meeting on how the Team was working under these new reporting structures.</p> <p>Reference was made to the national pilot exercise which Hillingdon was involved in, which was aimed at establishing a Single Fraud Investigation Services. This brought together the Council's benefit investigation team with Department for Work and Pensions Investigation Team, under a single team which was led by the Corporate Fraud Investigation Manager. The Committee asked that a report be submitted to the December meeting on how this was working.</p>	<p><b>Corporate Fraud Investigations Manager</b></p> <p><b>Corporate Fraud Investigations Manager</b></p>

	<b>RESOLVED:</b>  <b>1. That the report be noted.</b>	<b>Action By:</b>
<b>8.</b>	<p><b>CORPORATE FRAUD INVESTIGATION TEAM WORK PLAN 2013/14</b></p> <p>Consideration was given to a report which explained how resources in the Corporate Fraud Investigation Team would be deployed over the year to meet the fraud risks faced, and also how the Team worked with other anti-fraud agencies to reduce crime generally.</p> <p>Reference was made to the good work the Team had carried out in relation to Social Housing Fraud and the target of recovering 52 properties for this year. This would generate £936,000 in savings and Members acknowledged this.</p> <p>The Committee was informed that a Financial Investigator had recently joined the team from the Training Standards department. The role was to undertake financial investigations into prosecution cases to ensure that the Council recovered overpaid monies and also used powers under the Proceeds of Crime Act 2002 to freeze assets and bank accounts.</p> <p><b>RESOLVED:</b></p> <p><b>1. That the report be noted and the Corporate Fraud Investigations Team be congratulated for their good work.</b></p>	
<b>9.</b>	<p><b>ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT</b></p> <p>The report provided Members with the results of the review of the effectiveness of the internal audit function in relation to the year 2012/13 carried out by the Interim Head of Internal Audit, and made suggestions about how it could be improved.</p> <p><b>RESOLVED:</b></p> <p><b>1. That the report be noted.</b></p>	
<b>10.</b>	<p><b>HEAD OF INTERNAL AUDIT ANNUAL ASSURANCE STATEMENT</b></p> <p>Members were provided with a report from the Interim Head of Internal Audit which supported the Annual Governance Statement. The report included the following:-</p> <ul style="list-style-type: none"> <li>• An opinion on the overall adequacy and effectiveness of the organisation's control environment</li> <li>• Disclosure of any qualifications to that opinion</li> </ul>	

	<ul style="list-style-type: none"> <li>• A summary of the audit work from which the opinion was derived</li> <li>• Issues relevant to the Annual Governance Statement</li> <li>• Comments on compliance with standards and the results of the internal audit quality assurance programme.</li> </ul> <p>Members were informed that based on the work undertaken or reports finalised during the year, Internal Audit could provide satisfactory assurance that the systems of internal control within the Council were operating adequately and effectively.</p> <p><b>RESOLVED:</b></p> <p style="text-align: center;"><b>1. That the audit opinion and the evidence on which it was based be noted.</b></p>	<b>Action By:</b>
11.	<p><b>INTERNAL AUDIT PROGRESS REPORT</b></p> <p>The Interim Head of Internal Audit provided Members with a summary of Internal Audit activity in the period from 9 February 2013 to 12 June 2013.</p> <p>Reference was made to the Internal Audit Team now being fully staffed, with the appointment of a permanent Head of Internal Audit taking up his post in July 2013.</p> <p>During the period of the 15 audits completed, 3 had received Full Assurance, 11 audits had received Satisfactory Assurance and 1 had received Limited Assurance.</p> <p>The following issues were raised by Members:</p> <ul style="list-style-type: none"> <li>• Civic Centre Mechanical and Electrical Maintenance Services Contract – Reference was made to the number of outstanding high risk recommendations. Members were informed that the recommendations were not being progressed as quickly as originally planned which had resulted in target dates for implementation changing. Reference was made to Procurement being involved in the programme of work to improve contract management in this area and the Committee asked for a report on this for the next meeting. The Director of Finance agreed that the Head of Procurement would produce a report for the next meeting on the Category Management approach in general and specifically progress on the Property/FM side. The Head of Procurement would also attend the next meeting of the Committee to answer questions on the report.</li> <li>• Statutory Requirements for Building Maintenance –</li> </ul>	<p><b>Head of Internal Audit</b></p> <p><b>Director of Finance</b></p>

	<p>The Committee noted that this audit had been requested by the interim Facilities Manager and Members were encouraged by this approach.</p> <ul style="list-style-type: none"> <li>• Music Service (Income &amp; Asset Management) – The Committee expressed their disappointment at the failure to ensure controls were put in place to mitigate against the high risks in the areas identified.</li> <li>• Blue Badges – The Chairman commented it appeared that the removal of a basic control had undermined the work of the Corporate Fraud Investigation Team.</li> <li>• HR Operations Processing – Employee Change of Details Form – The Committee was informed that this was in relation to establishing controls in relation to new starters and leavers.</li> <li>• Internal Audit Plan Follow up Progress – Concern was expressed at the number of outstanding recommendations from 2009-10 and 2010-11, and the Director of Finance was asked to discuss these with the Corporate Management Team and bring a report back to the next meeting of this Committee.</li> </ul> <p><b>RESOLVED-</b></p> <p><b>1. That the in year progress against the Internal Audit Plan for 2012/13 be noted and the updated position on the implementation of recommendations made in reports of audits undertaken in 2009-10, 2010-11 and 2011-12 be noted.</b></p>	<p><b>Action By:</b></p> <p><b>Head of Internal Audit</b></p> <p><b>Director of Finance</b></p>
<p><b>12.</b></p>	<p><b>DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) 2012-13</b></p> <p>The report provided Members with a draft Annual Governance Statement for 2012/13.</p> <p>Reference was made to the Governance issues which were detailed in an earlier agenda item (Head of Internal Audit Annual Assurance Statement) but were not included in the draft Annual Governance Statement. These included items which appeared to be of greater significance than those detailed in the draft Annual Governance Statement. Officers were asked to take this back and ensure the significant governance issues were considered further.</p> <p><b>RESOLVED –</b></p> <p><b>1. That the draft AGS be noted.</b></p>	<p><b>Head of Policy, Performance &amp; Partnerships</b></p>

13.	<p><b>WORK PROGRAMME 2013/14</b></p> <p>Noted.</p>	
14.	<p><b>INTERNAL AUDIT PROGRESS REPORT</b></p> <p>The report on this item was included in Part II as it contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12 A to the Local Government (Access to Information) Act 1985 as amended.</p> <p><b>RESOLVED –</b></p> <p><b>1. That the information contained in the report be noted.</b></p>	
	<p><b>The meeting which commenced at 5.10pm, closed at: 6.45pm</b></p> <p><b>Next meeting: 26 September 2013 at 5.00pm</b></p>	

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes are to Councillors, Officers, the Press and Members of the Public.