

Minutes

Audit Committee
Tuesday 23 September 2014
Meeting held at Committee Room 4- Civic Centre,
High Street, Uxbridge UB8 1UW



	<p>Members Present: Councillors George Cooper (Vice-Chairman - In the Chair), Peter Davis, Tony Eginton and Susan O'Brien.</p> <p>Apologies: Councillor Richard Lewis (Councillor Peter Davis substituting).</p> <p>Officers Present: Dan Kennedy (Head of Performance and Improvement), Sarah Hydrie (Principal Internal Auditor), Sian Kunert (Chief Accountant), Muir Laurie (Head of Internal Audit), Nancy Le Roux (Deputy Director of Strategic Finance), Paul Whaymand (Director of Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Heather Bygrave and Sam Maunder (Deloitte).</p>
15.	<p>DECLARATIONS OF INTEREST</p> <p>Councillor Tony Eginton declared a Non-Pecuniary Interest in Agenda Item 6 – External Auditor Report on the Pension Fund Annual Report and Accounts because he was a deferred Member of the Local Government Pension Scheme. He remained in the room and took part in discussions on the item.</p>
16.	<p>MINUTES OF THE MEETINGS HELD ON 30 JULY AND 10 SEPTEMBER 2014</p> <p>Agreed as accurate records, subject to an amendment to the Minutes of the meeting held on 30 July, 2014, Minute No 2 - Declarations of Interest, so that it reads:- "Councillor George Cooper declared a Non-Pecuniary Interest in Agenda Item 5 - Corporate Fraud Investigation Report because one of the prosecutions related to a constituent who he knew as a resident. He remained in the room and took part in discussions on the item."</p>
17.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all the items on the Agenda be considered in public with the exception of Agenda Item 10 - Risk Management.</p>
18.	<p>APPROVAL OF THE 2013/14 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT ON THE AUDIT FOR THE YEAR ENDED 31 MARCH 2014</p> <p>Consideration was given to a report which summarised the findings of the External Auditor on the audit of the 2013/14</p>

	<p>Statement of Accounts.</p> <p>Deloitte reported that, subject to completion of some minor procedures, an unqualified opinion would be given and the Statement of Accounts would be given a 'true and fair' view. In addition an unqualified conclusion would be issued on the Council's arrangements for securing value for money.</p> <p>Deloitte reported on the significant audit risks which were as follows:-</p> <ul style="list-style-type: none"> • Grant Income Recognition - Grant income was £475.6m for the year which from Deloitte testing was appropriate • Bad Debt Provision against sundry debt - Testing concluded that the sundry debt provision balance of £25.2m with a provision of £13.4m was within a materially reasonable range • Recording of capital spend - No significant issues had been identified and the proposed re-classification of an asset under construction to a surplus asset was accepted by management • Management Override of Controls - No weaknesses had been identified. <p>Reference was made to internal control observations and documentation of valuation methodology. Members were informed that Deloitte had identified several assets within the same category which had been valued using different methodologies. It was suggested that although this approach had been reasonable, that documentation of the rationale for a particular methodology be improved.</p> <p>RESOLVED -</p> <ol style="list-style-type: none"> 1. That the Committee considered and approved the Statement of Accounts for 2013/14. 2. That the Auditors findings and adjustments as outlined in Appendix 1 to the report be noted. 	<p>Action By:</p>
<p>19.</p>	<p>EXTERNAL AUDITOR REPORT ON THE PENSION FUND ANNUAL REPORT AND ACCOUNTS</p> <p>Members were reminded that regulations required the auditor's report to be communicated to the Audit Committee as the body charged with governance of the Council's accounts.</p> <p>Members were informed that the Council would be issued with an unmodified audit opinion.</p> <p>Reference was made to the Pension Funds audited accounts</p>	

	<p>and that for next year this Committee would be provided with an opportunity to satisfy themselves of their accuracy.</p> <p>Members reviewed the Pension Fund Annual Report & Accounts, and noted that these would also be approved by the Pensions Committee.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the auditor’s findings contained in the report be noted and agreed. 2. That the Committee considered and approved the Accounts of the Pension Fund. 	
<p>20.</p>	<p>DELOITTE – ANNUAL AUDIT LETTER – DRAFT</p> <p>Deloitte’s Draft Annual Audit Letter provided a summary of the expected conclusions from their audit work undertaken for the year ended 31 March 2014.</p> <p>Members were informed that the letter identified the key areas of Deloitte’s work over the year and these were summarised as follows:</p> <ul style="list-style-type: none"> • The Council’s Financial Statements – the Council would be issued with an unqualified opinion on the Council’s accounts for the year ended 31 March 2014. • The Local Government Pension Scheme Annual Report – An unqualified opinion on the information in the Council’s pension scheme annual report for the year ended 31 March 2014 would be issued. • Value for Money conclusion – An unmodified conclusion on the Council’s arrangements for securing value for money during the year ended 31 March 2014 would be issued. • Whole of Government Accounts – work was ongoing on the audit of the WGA and was expected to be completed by 4 October 2014. • Grants Certification – Members were informed that there would be a separate letter on grant certification issued to the Committee early in 2015. <p>RESOLVED -</p> <ol style="list-style-type: none"> 1. That the Committee noted the report and that a final version would be copied to Members prior to submission to the Audit Commission. 	

21.	<p>INTERNAL AUDIT - PROGRESS REPORT FOR QUARTER 2 2014/15</p> <p>The Head of Internal Audit presented the report which provided summary information on all Internal Audit work covered in relation to the 2014/15 Internal Audit Plan, together with assurance levels in respect of the quarter two period.</p> <p>Members were informed that during this quarter, the new Internal Audit software, TeamMate, had been used. This software would increase the effectiveness and efficiency of the internal audit process and would improve monitoring, follow-up work and tracking of recommendations by management.</p> <p>Reference was made to the risk based thematic school reviews which had taken place and Members were informed that this new approach had been well received by schools.</p> <p>The Committee was informed that in relation to the assurance review at Chantry school, the audit had been finalised and almost all recommendations had been implemented. The Committee congratulated the Internal Audit Team on the comments received from Chantry School on the work which the team had carried out during their audit.</p> <p>Discussion took place on Internal Audit reviews which had been deferred and Members were assured that these would be on track for quarter 3.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the Internal Audit progress report for 2014/15 Quarter 21 be noted. 2. That the coverage, performance and results of Internal Audit activity be noted. 	
22.	<p>WORK PROGRAMME 2014/15</p> <p>Noted.</p>	
23.	<p>RISK MANAGEMENT REPORT 2013/14</p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed ‘information relating to the financial or business affairs of any particular person (including the authority holding that information)’ (paragraph 3 of the schedule to the Act).</p>	

	<p>Discussion took place on the summary of changes in risks and officers responded to questions asked by Members.</p> <p>In relation to a point regarding recruitment and retention, the Committee asked for information on the percentage breakdown of agency / temporary staff to full time posts, within the Council.</p> <p>RESOLVED –</p> <p>1. That the Committee reviewed the Corporate Risk Register (as at the end of June 2014), as part of the Committee's role to independently assure the risk management arrangements in the Council.</p>	Action By:
	<p>The meeting which commenced at 5.00pm, closed at 5.55pm</p> <p>Next meeting: 16 December 2014 at 5.00pm</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.