



Minutes

Audit Committee

Thursday 24 September 2015

Meeting held at Committee Room 3- Civic Centre,
High Street, Uxbridge UB8 1UW

	<p>Members Present: Rajiv Vyas (Independent Chairman), Councillors Peter Davis, Tony Eginton, Ray Graham and Susan O'Brien.</p> <p>Apologies for Absence: Councillor Richard Lewis (Councillor Susan O'Brien substituting).</p> <p>Officers Present: Garry Coote (Corporate Fraud Investigation Manager), Dan Kennedy (Head of Business Performance, Policy and Standards (Education, Housing & Public Health), Sian Kunert (Chief Accountant), Muir Laurie (Head of Internal Audit), Nancy Le Roux (Deputy Director of Strategic Finance), Martyn White (Senior Internal Audit Manager) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Heather Bygrave and Ryan Gawley (External Auditors - Deloitte).</p> <p>Prior to the meeting, the Committee was provided with a training session on Treasury Management and Risk Management.</p>
13.	<p>DECLARATION OF INTEREST</p> <p>Councillor Susan O'Brien declared a Non-Pecuniary Interest in Agenda Item 5 - External Auditor Report on the Pension Fund Annual Report and Accounts because she was a "deferred" member of the Local Government Pension Scheme. She remained in the room during discussion on the item.</p> <p>Councillor Tony Eginton declared a Non-Pecuniary Interest in Agenda Item 5 - External Auditor Report on the Pension Fund Annual Report and Accounts because he was a retired member of the Local Government Pension Scheme. He remained in the room during discussion on the item.</p>
14.	<p>MINUTES OF THE MEETING HELD ON 2 JULY 2015</p> <p>Agreed as an accurate record.</p>
15.	<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 11 - Risk Management Report & Quarter 1 Corporate Risk Register which was considered in private.</p>
16.	<p>APPROVAL OF THE 2014/15 STATEMENT OF ACCOUNTS</p>

AND EXTERNAL AUDIT REPORT ON THE AUDIT FOR THE YEAR ENDED 31 MARCH 2015

Consideration was given to a report which summarised the findings of the External Auditor on the audit of the 2014/15 Statement of Accounts.

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 unmodified conclusion would be issued on the Council's arrangements for securing value for money.

Deloitte reported on the significant audit risks which were as follows:-

- Grant Income Recognition - Grant income was £466.7m for the year which from Deloitte testing was appropriate.
- Recording of capital spend - This was identified as a significant risk because of the volume of capital spend in the financial year. However, testing had identified no significant issues.
- Management Override of Controls - No weaknesses had been identified.
- Valuation of the Pension Liability - The net Pension liability was £485m; however, Deloitte considered the assumptions used to calculate the liability to be within a reasonable range when compared to in-house benchmarks.
- Revaluation of properties - A number of areas for improvement had been identified in relation to the valuation of the Council's properties.
- Accounting for Schools - Deloitte considered that the identification of those schools which should be capitalised, together with the accounting for the prior year restatement and concluded that the Council had accounted for this correctly.

The Committee noted that this was the last meeting for Heather Bygrave as the external auditor from Deloitte. Members thanked Heather and Deloitte for all their work as External Auditors to this Council and to the Committee.

RESOLVED -

- 1. That the Committee considered and approved the Statement of Accounts for 2014/15.**
- 2. That the Auditors recommendations outlined in the report be noted.**

17.	<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 on the financial statements.</p> <p>Reference was made to risk management and internal control systems and the comment relating to the identification of a number of differences between the valuations provided by the investment managers and that provided by Northern Trust. The Committee was informed that controls were being put in place to move this forward.</p> <p>The Committee noted the comments made at the Pensions Committee meeting on 23 September 2015.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the auditor's findings contained in the report be noted. 2. That the Committee considered and approved the Accounts of the Pension Fund. 	
18.	<p>DELOITTE - DRAFT ANNUAL AUDIT LETTER</p> <p>The report provided a summary of the expected conclusions from Deloitte's audit work undertaken for the year ended 31 March 2015.</p> <p>Reference was made to the key areas of Deloitte's work over the year, and their findings in each area and the focus of their work going forward.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the Committee noted the report and that a final version of the Annual Audit Letter would be sent to Members prior to submission to the Audit Commission. 	
19.	<p>CORPORATE FRAUD INVESTIGATION TEAM PROGRESS REPORT APRIL 2015 TO AUGUST 2015</p> <p>The Committee was provided with a report which provided details of the work undertaken by the Council's Corporate Fraud Investigation Manager. Reference was made to a range of activities which the team had been involved in since April</p>	Action By:

	<p>2015 which included:-</p> <ul style="list-style-type: none"> • Social Housing fraud • Council Tax/Business Rates inspections • Single Person Discount (SPD) • Temporary Accommodation and Housing Needs Reception • Right to Buy investigations • Proceeds of Crime investigations • Housing Waiting List • Enhanced Recruitment Verification • Blue Badge • Procurement fraud • Mobile working • Council Tax Reduction Scheme (CTR) <p>The Corporate Fraud Investigation Manager referred to the project on the Housing Waiting List which involved checking through Council records such as Council Tax information and electoral registration and people on the waiting list who were no longer entitled to Social Housing.</p> <p>Members praised the cross working which was taking place across the Council and the levels of success this was bringing.</p> <p>Discussion took place on the Council's Whistle-Blowing policy and Members were informed that an updated policy would be submitted to the Committee's next meeting.</p> <p>RESOLVED –</p> <p>1. That the Committee considered and noted the Corporate Fraud Investigation Team report.</p>	
20.	<p>INTERNAL AUDIT - PROGRESS REPORT FOR QUARTER 2 2015/16 (INCLUDING THE 2015/16 QUARTER 3 INTERNAL AUDIT PLAN)</p> <p>The Head of Internal Audit presented the report which provided summary information on all Internal Audit work covered in relation to the 2015/16 Quarter 2 Internal Audit Plan, together with assurance levels in respect of the period.</p> <p>Members were informed that since the last progress report, 7 assurance reviews had been completed to final report stage, 7 consultancy reviews had been finalised and 3 grant claims had been verified.</p> <p>Reference was made to the assurance reviews on Deprivation</p>	

	<p>of Liberty Safeguards and Disabled Facilities Grants and Adaptations and that both of these reviews had been requested by the respective Corporate Directors. The Committee was informed that both had resulted in limited assurance opinions being given and that positive management action had been proposed to address the medium risk recommendations raised.</p> <p>The Head of Internal Audit informed the Committee of the consultancy work which Internal Audit had carried out at Uxbridge Mortuary. Members were informed that a 'mock audit' had been requested by the Deputy Chief Executive and Corporate Director of Residents Services in preparation for an inspection by the Human Tissue Authority. Internal Audit involvement had assisted the Council's compliance with the Human Tissue Authority.</p> <p>The Committee was provided with details of the operational Internal Audit Plan Quarter 3.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the Internal Audit progress report for 2015/16 Quarter 2 be noted and approval be given to the Quarter 3 Internal Audit Plan for 2015/16. 2. That the coverage, performance and results of the Internal Audit activity in Quarter 2 be noted. 	
21	<p>WORK PROGRAMME 2015/16</p> <p>The Chairman asked that the Council new External Auditors, Ernst & Young be invited to meet in private with the Audit Committee before the start of the next meeting.</p> <p>Noted.</p>	
22.	<p>RISK MANAGEMENT REPORT 2015/16</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>The report presented to Members the Corporate Risk Register till the end of June 2015 and also provided a summary of changes in risks on the Corporate Risk Register during the previous 12 months.</p>	<p>Action By:</p>

	<p>Officers were asked to send the Council's Risk Management Framework to Members of the Committee.</p> <p>RESOLVED –</p> <p>1. That the Committee reviewed the Corporate Risk Register (as at the end of June 2015), as part of the Committee's role to independently assure the risk management arrangements in the Council.</p>	<p>Dan Kennedy</p>
	<p>The meeting which commenced at 5.40pm, closed at 6.45pm</p> <p>Next meeting: 15 December 2015 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.