



HILLINGDON  
LONDON



## Audit Committee

### Members on the Committee

John Morley (Chairman)  
George Cooper  
Phoday Jarjussey (Labour Lead)  
Richard Lewis  
Raymond Graham

**Date:** MONDAY, 28 JUNE 2010

**Time:** 5.00 PM

**Venue:** COMMITTEE ROOM 3 -  
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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Contact: Khalid Ahmed  
Tel: 01895 250833  
Fax: 01895 277373  
Email: [kahmed@hillington.gov.uk](mailto:kahmed@hillington.gov.uk)

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Lloyd White  
Head of Democratic Services  
London Borough of Hillingdon,  
3E/05, Civic Centre, High Street, Uxbridge, UB8 1UW  
[www.hillingdon.gov.uk](http://www.hillingdon.gov.uk)



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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

- 1 Apologies for absence and to report the presence of any substitute members
- 2 Declarations of Interest in matters coming before this meeting
- 3 Minutes of previous meetings - 11 March and 13 May 2010 **(Page 1)**
- 4 Exclusion of 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 Approval of the 2009/10 Statement of Accounts **(Page 13)**
- 6 Indicative Stage Use of Resources Report **(Page 117)**
- 7 Head of Audit Annual Assurance Statement **(Page 151)**
- 8 Annual Review of the Effectiveness of the Systems of Internal Audit **(Page 185)**
- 9 Fraud Awareness Survey 2010 **(Page 191)**
- 10 Consolidated Fraud Report **(Page 201)**
- 11 Review Progress on Implementing Actions Arising from Committee Self Assessment **(Page 207)**
- 12 Update on International Financial Reporting Standards (IFRS) **(Page 215)**
- 13 Audit Committee Work Programme **(Page 217)**
- 14 Report to Council on Work of Audit Committee **(Page 221)**
- 15 Changing Legislation and Current Issues
  - Audit Commission – The National Fraud Initiative 2008/9
  - CIPFA – Leading in Hard Times, Guidance for everyone involved in the leadership of public services
  - CIPFA / SOLACE – After the downturn, managing a significant and sustained adjustment in public sector funding.
- 16 Key Financial Audit Risk Relating to the Valuation of Icelandic Investments **(Page 227)**
- 17 Internal Audit Progress Report **(Page 237)**