

Minutes

Audit Committee
Wednesday, 15 December 2010
Meeting held at Committee Room 3 - Civic
Centre, High Street, Uxbridge UB8 1UW



| | |
|-----|--|
| | <p>Independent Member: John Morley (Chairman)</p> <p>Members Present: Councillors George Cooper, Raymond Graham, Phoday Jarjussey and Richard Lewis.</p> <p>Apologies: None.</p> <p>Officers Present: James Lake (Investment Manager), Harry Lawson (Corporate Accounting Manager), Nancy Le Roux (Senior Finance Manager – Corporate Finance), Jay Nandhra (Audit Manager), Christopher Neale (Director of Finance & Business Services), Helen Taylor (Head of Internal Audit and Enforcement), Paul Whaymand (Head of Accounting) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Heather Bygrave (Deloitte), Mark Pickering (Arlingclose Limited) and Bridget Scheuber (Arlingclose Limited).</p> <p>The Chairman reported that Members had held a scheduled private meeting with the external auditors (Deloitte) prior to this meeting.</p> |
| 31. | <p>DECLARATIONS OF INTEREST</p> <p>Councillor Richard Lewis declared a Personal Interest in Agenda Item 7 – Deloitte – Annual Audit Letter as he was a Member of the Pensions Committee. He remained in the room and took part in discussions on the item.</p> <p>Councillor George Cooper declared a Personal Interest Agenda Item 7 – Deloitte – Annual Audit Letter as Hillingdon House Farm was in his ward. He remained in the room and took part in discussions on the item.</p> <p>Councillor George Cooper declared a Personal Interest in Agenda Item 9 – Internal Audit Progress Report as his wife was a Governor of Charville Foundation Primary School. He remained in the room and took part in discussions on the item.</p> |

| | | |
|-----|---|------------|
| 32. | <p>MINUTES OF THE MEETING HELD ON 21 SEPTEMBER 2010</p> <p>Agreed as an accurate record.</p> | |
| 33. | <p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that Agenda Item 13 – Internal Audit Progress Report be considered in private.</p> | |
| 34. | <p>TRAINING AND GUIDANCE ON TREASURY MANAGEMENT STRATEGY</p> <p>Mark Pickering and Bridget Scheuber from Arlingclose Limited, the Council’s Treasury Advisors, attended the meeting and provided Members with a training session.</p> <p>The training session covered the interest rate outlook, what is Treasury Management, the roles and responsibilities of Members, managing credit risk, Hillingdon’s approach to Treasury Management and key questions for scrutiny.</p> <p>Members were informed that Arlingclose had a very much “hands on” approach to Treasury Management and any material change or impact which would affect the Council, was immediately communicated to the Council.</p> <p>Resolved –</p> <ol style="list-style-type: none"> 1. That the training and guidance provided by Arlingclose be noted and officers be thanked for their attendance. | Action By: |
| 35. | <p>TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2011-12 TO 2013-14</p> <p>Members were informed that the Treasury Management Strategy was reviewed annually and would be submitted to Council on 24 February 2011 for approval. The strategy for 2011/12 had been written with the assistance of Arlingclose, the Council’s Treasury Advisors, and the strategy had been developed to increase the range of permitted investment vehicles, to allow a greater diversity of investments, whilst maintaining a high degree of caution.</p> <p>Reference was made to Balances and Reserves which were estimated at £11.4m for 2013/14, which was a substantial drop from the £17.4m for 2010/11. Members were informed that the Reserves Policy would be reported to the Committee in March 2011.</p> <p>The Council’s Cumulative Net Borrowing Requirement / Investments may double over the plan period to £93.7m for 2013.</p> | |

| | | |
|------------|---|----------------------------|
| | <p>statement of assurance to the National Audit Office on the Council's consolidation return for the purposes of the Whole of Government Accounts</p> <ul style="list-style-type: none"> • Grants Certification – no issues were identified in the grants certified to date, however, it was likely that the Housing and Council Tax Benefits grant claim, which had yet to be completed, would be qualified, however that was not unusual for this claim. • Deloitte had highlighted 2 main issues for focus over the next year: the transition to IFRS; and external audit arrangements following the abolition of the Audit Commission. <p>Members were reminded that at the last meeting of this Committee it was agreed to ask the Pensions Committee to consider the recommendation from the external auditors on an issue relating to a Review of Fund Managers' internal control reports. This had been undertaken.</p> <p>The Committee congratulated the Council's finance officers on their excellent performance as detailed in the audit by Deloitte.</p> <p>Resolved –</p> <ol style="list-style-type: none"> 1. That the information contained in the Deloitte Annual Audit Letter be noted. | |
| <p>37.</p> | <p>INTERNAL AUDIT AND HILLINGDON HOMES TRANSFER BACK TO THE COUNCIL</p> <p>Members were provided with the background to the transfer back to the Council and were informed that internal audit services had been provided to Hillingdon Homes by Mazars but this contract had ended in October 2010.</p> <p>The Council had always continued to be accountable for strategic housing activity and Internal Audit within LBH had obtained assurance on the control environment within Hillingdon Homes by relying on Mazars' internal audit work.</p> <p>Hillingdon Housing's Senior Management Team had agreed with Mazars to defer five audits when the housing service was transferred back to the Council. Internal Audit had requested all files produced by Mazars during their course of their audits. Members were informed that some audit files were still being sought from Mazars.</p> <p>It was agreed that if these files had not been received from Mazars by February 2011, Mazars be invited to attend the next meeting of this Committee to provide an explanation.</p> | <p>Helen Taylor</p> |

| | | |
|------------|---|--------------------------|
| | <p>Resolved –</p> <p>1. That the information reported be noted.</p> | <p>Action By:</p> |
| <p>38.</p> | <p>INTERNAL AUDIT PROGRESS REPORT</p> <p>The Head of Internal Audit and Enforcement reported that based on the work undertaken from September 2010 to 19 November 2010; there were no significant causes for concern at this time with levels of assurance. 9 audits of which two were schools, received no or limited assurance in the current report, but there were plans in place to address the weaknesses identified.</p> <p>Financial Management Standard in Schools (FMSiS) – Members were informed that the implications of the decision that schools were no longer required to meet the Financial Management Standard in Schools was that the work which Internal Audit undertook was no longer required. Members were advised that it was anticipated that Internal Audit would lose around £15,000 a year in income as a result of this. Concern was expressed at the extra responsibility this now placed with School Governors and the potential lack of financial controls which may exist with some schools. The Head of Audit and Enforcement provided assurance that there would still be a high level of Audit and Finance involvement in schools and that the principles of FMSiS were the standards that internal audit had always sought from schools</p> <p>Blue Badges – The Head of Internal Audit and Enforcement updated Members on this audit and Members were informed that the objective of the audit was to ensure that the Blue Badge Scheme was administered efficiently, effectively and economically. Details of the control improvements required were reported and Members were assured that most of the recommendations had been actioned.</p> <p>Discussion took place on the service which Internal Audit provided and whether management within Council service areas relied too heavily on Internal Audit for financial controls. Members considered that Heads of Services should take more responsibility for financial controls within their areas.</p> <p>Home Care in House Provision – Members noted that there were a number of outstanding recommendations with this audit and it was agreed that the Director of Adult Social Care, Health and Housing be invited to the next meeting of this Committee, should these recommendations not be implemented.</p> <p>Resolved-</p> <p>1. That the in year progress against the Internal Audit Plan</p> | |

| | | |
|------------|--|-------------------|
| | for 2010/11 and the updated position of those audits undertaken in the previous three years be noted. | Action By: |
| 39. | THE PROCESS TAKEN FOR AN AUDIT INVESTIGATION BY INTERNAL AUDIT This item was deferred to the next meeting of the Committee. | |
| 40. | CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) Members were provided with a progress report on the implementation of International Financial Reporting Standards. Hillingdon was on track in each key area. Resolved- 1. That the report be noted. | |
| 41. | WORK PROGRAMME 2010/11 Discussion took place on this Committee's work programme and a number of changes were agreed which would be reflected in the work programme for the next meeting of this Committee. | |
| 42. | INTERNAL AUDIT PROGRESS REPORT 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). Resolved – 1. That the information contained in the report be noted. | |
| | Meeting closed at: 7.15pm Next meeting: 10 March 2011 at 5.00pm | |

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.