

Minutes

Audit Committee

Tuesday 26 June 2012

Meeting held at Committee Room 2 - Civic Centre,
High Street, Uxbridge UB8 1UW



HILLINGDON
LONDON

	<p>Independent Member: John Morley (Chairman)</p> <p>Members Present: Councillors George Cooper, Raymond Graham, Paul Harmsworth and Richard Lewis.</p> <p>Officers Present: Kevin Byrne (Head of Policy, Performance and Partnerships), Garry Coote (Corporate Fraud Investigations Manager), Nancy Le Roux (Senior Service Manager – Corporate Finance), Helen Taylor (Head of Audit and Enforcement), Paul Whaymand (Deputy Director of Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Jonathan Gooding (Deloitte)</p>
2.	<p>DECLARATIONS OF INTEREST</p> <p>Councillors Raymond Graham and Richard Lewis declared Personal Interests in Agenda Item 12 – Oral Update on the Corporate Services & Partnerships Policy Overview Committee review into the Effectiveness of the Audit Committee and its Terms of Reference, as both were Members of the Corporate Services & Partnerships Policy Overview Committee. They both remained in the room and took part in discussions on the item.</p> <p>Councillor George Cooper declared a Personal Interest in Agenda Item 6 – Internal Audit Progress Report as he was a Governor of St Mary’s Catholic Primary School. He remained in the room and took part in discussions on the item.</p> <p>Councillors Raymond Graham, Paul Harmsworth and Richard Lewis all declared Personal Interests in Agenda Item 6 – Internal Audit Progress Report as they were all Members of the Pensions Committee. They all remained in the room and took part in discussions on the item.</p>
3.	<p>MINUTES OF THE MEETINGS HELD ON 15 MARCH AND 10 MAY 2012</p> <p>Agreed as accurate records.</p>

	<p>Home Education and whether there were any concerns regarding this. The Head of Policy, Performance & Partnerships undertook to get back to the Member who raised this.</p> <p>RESOLVED –</p> <p>1. That the draft AGS and the comments and views made, be noted.</p>	<p>Action By:</p> <p>Kevin Byrne</p>
<p>6.</p>	<p>INTERNAL AUDIT PROGRESS REPORT</p> <p>The Head of Audit and Enforcement provided Members with a summary of Internal Audit activity in the period from 20 February 2012 to 31 May 2012.</p> <p>One audit in the current report had received limited assurance, nine had received Satisfactory Assurance, of which three were school audits, and six received Full Assurance of which three were school audits.</p> <p>The following issues were raised by Members:</p> <ul style="list-style-type: none"> • Internal Audit – Resources – Reference was made to the vacant School’s Auditor post. The Head of Audit & Enforcement reported that the recruitment process was already underway for this post and there would be no impact on operations. • Audits of a sample of establishments (day centres) - The Head of Audit & Enforcement reported that these were planned to be undertaken for 2012/13. • Hillingdon Grid for Learning – It was noted that an audit of the service would be carried out in 2012/13. • Utilities – Water Management – The Committee noted the management response to the audit findings. • Capita Online Payment System – The Committee noted that the actions required in the two high risk areas had now been implemented. • HR Payroll Changes and Trigger Dates – The Committee noted management comments on this audit. • Investigation 56 – The Head of Audit & Enforcement would provide Members with an update on this investigation. • Greenwich Leisure Contract – The Head of Audit & Enforcement provided Members with an update of this issue which had been raised at the last meeting. The implementation date for the outstanding actions had been pushed back till November 2012 and these were being progressed. • Fleet Management – The Head of Audit & Enforcement provided Members with an update of this issue which 	

	<ul style="list-style-type: none"> • Disclosure of any qualifications to that opinion • A summary of the audit work from which the opinion was derived • Issues relevant to the Annual Governance Statement • Comments on compliance with standards and the results of the internal audit quality assurance programme. <p>RESOLVED:</p> <p>1. That the audit opinion and the evidence on which it was based be noted.</p>	
8.	<p>ANNUAL REVIEW OF INTERNAL AUDIT</p> <p>Members were reminded that the Accounts and Audit Regulations 2011 required that the Council annually conducted a review of its Internal Audit function.</p> <p>The Committee was informed that this year’s review had been carried out by the Head of Audit of the City of London. In addition he assessed the Head of Audit & Enforcement role against the standards set out in the CIPFA document, ‘The Role of the Head of Audit in Public Sector Organisations’ which had been issued in 2011.</p> <p>The audit service was found to be largely compliant, apart from exceptions already noted by the Committee. There were two minor recommendations which were made as points of good practice.</p> <p>Reference was made to the recommendation made in relation to the Internal Audit function potentially having a wider role in the delivery of the BID transformation programme. The Deputy Director of Finance reported that discussions had taken place with both the Chief Executive and Deputy Chief Executive regarding this and both were of the view that although Internal Audit should continue to have full oversight of the transformation programme they should not be routinely involved in the delivery of the programme itself. This was partly because they would not have the capacity to do so and it would take valuable Internal Audit resource away from other priorities but also so that they could remain independent of the programme which would be important when they came to audit revised operations following BID reviews.</p> <p>The Committee also noted that the Head of Audit & Enforcement was no longer responsible for planning enforcement.</p>	

	<p>RESOLVED -</p> <p>1. That the Annual Review of Internal Audit report be noted and the Head of Audit at the City of London be written to, thanking him for his work and his assessment.</p>	
9.	<p>CORPORATE FRAUD TEAM WORK PLAN 2012/13</p> <p>Consideration was given to a report which provided details of the Corporate Fraud Manager's Risk Assessment and Work Plan.</p> <p>Reference was made to the Department of Works and Pensions intention to form a Single Fraud Investigation Service, and this report provided officers with an opportunity to provide transparency over inputs and outputs, which would help the Council focus its resources in the future.</p> <p>Reference was made to a recent article in The Financial Times relating to a pension fraud and Members asked that this be referred to the Pensions Committee for their information.</p> <p>RESOLVED -</p> <p>1. That approval be given to the Corporate Fraud Team Work Plan for 2012/13.</p>	<p>Action By:</p> <p>Nancy Le Roux</p>
10.	<p>CONSOLIDATED FRAUD REPORT</p> <p>The report provided Members with a consolidated summary and overview of the proactive and reactive work undertaken throughout the year.</p> <p>The report was noted.</p>	
11.	<p>TREASURY MANAGEMENT – UPDATE</p> <p>The Deputy Director of Finance provided Members with an update on the Treasury Management policy in view of the recent issues with the credit rating of certain financial institutions.</p> <p>The Committee noted the information reported and were supportive of the approach adopted by the Deputy Director of Finance.</p>	
12.	<p>COPRRATE SERVICES & PARTNERSHIPS POLICY OVERVIEW COMMITTEE REVIEW INTO THE EFECTIVENESS OF THE AUDIT COMMITTEE AND ITS TERMS OF REFERENCE</p> <p>The Committee was informed that the proposals and</p>	

	<p>recommendations which came out of the review would be fully considered and taken forward by the Leader of the Council and the Cabinet Member for Finance, Property & Business Services, and where appropriate taken to a future Council meeting for consideration.</p>	
13.	<p>REPORT TO THE COUNCIL ON THE WORK OF THE AUDIT COMMITTEE FOR 2011-12</p> <p>Details of the work carried out by the Committee during 2011-12 were contained in the report.</p> <p>Minor amendments were made to the report.</p> <p>RESOLVED –</p> <p>1. That, with the amendments suggested, the report be noted and Council be asked to approve the report.</p>	
14.	<p>CHANGING LEGISLATION AND CURRENT ISSUES</p> <p>The Committee noted the following:</p> <ul style="list-style-type: none"> • Auditing Practices Board – Consultation on the Work of Internal Auditors, together with a summary of the report produced by Deloitte • Auditing Standards Board Paper on Professional Scepticism • National Fraud Briefing – Paper issued by the Audit Commission. 	
15.	<p>WORK PROGRAMME 2012/13</p> <p>Noted.</p>	
16.	<p>INTERNAL AUDIT PROGRESS REPORT</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>RESOLVED –</p> <p>1. That the information contained in the report be noted.</p>	
	<p>The meeting which commenced at 5.00pm, closed at:</p>	

	7.00pm	
	Next meeting: 20 September 2012 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.