

Audit Committee

29 June 2009

Minutes



6.	<p>Independent Member: John Morley (Chairman)</p> <p>Members Present: Councillors George Cooper, Tony Eginton, Liz Kemp and Mary O'Connor.</p> <p>Apologies: None</p> <p>Officers Present: Harry Lawson (Corporate Accounting Manager), Nancy Le Roux (Senior Finance Manager – Corporate Finance), Christopher Neale (Director of Finance & Resources), Helen Taylor (Head of Internal Audit and Corporate Governance), Paul Whaymand (Head of Accountancy Services), Iain Watters (Financial Management Trainee), Steve Wilkins (Risk & Insurance Manager) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Paul Hutt (Deloitte) and Gus Miah (Deloitte)</p> <p>At the start of the meeting the Chairman welcomed Councillor Tony Eginton to his first meeting of the Committee.</p> <p>Declarations of Interest:</p> <p>John Morley and Councillor Liz Kemp declared Personal Interests in Agenda Item 7 – Approval of the 2008/09 Statement of Accounts and Pension Fund Annual Report as they were Members of the Board of Hillingdon Homes.</p> <p>Councillor George Cooper declared a Personal Interest in Agenda Item 11 – Proposed Audit Committee Work Programme as he was a Governor of St Mary's School, and in Agenda Item 7 as he was a Member of the Pensions Committee.</p> <p>Councillor Tony Eginton declared a Personal Interest In Agenda Item 11 – Proposed Audit Committee Work Programme as he was a Governor of Abbotsfield School for Boys, Hillside Junior School and Minet Nursery and Infant School.</p> <p>Councillor Mary O'Connor declared a Personal Interest in Agenda Item 11 – Proposed Audit Committee Work Programme as she was a Governor of Botwell School and Moorcroft School.</p>
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7.	<p>Minutes of the meetings held on 5 May 2009</p> <p>Agreed as an accurate record subject to an amendment to the inclusion of Councillor Mary O'Connor in the list of apologies and to amend Minute No. 5, on page 6 so that "GCSX, N3 and LPSN" be clarified to read "Government Connect Secure Extranet, N3 and London Public Sector Network".</p>	
8.	<p>Exclusion of the press and public:</p> <p>It was agreed that Item 13 be considered in private.</p>	
9.	<p>Deloitte Interim Audit Report</p> <p>Paul Hutt from Deloitte provided Members with an update on the audit which was to take place starting on 6 July 2009. The Council's Statement of Accounts would be looked at in great detail.</p> <p>The interim work had found no specific significant issues.</p> <p>Resolved -</p> <ol style="list-style-type: none"> 1. That the information reported be noted and those officers involved in the work be thanked for their efforts. 	<p>Action By:</p>
10.	<p>Interim Use of Resources Report</p> <p>This report detailed Deloitte's interim assessment of the Council's performance under the new Use of Resources assessment which formed part of the Comprehensive Area Assessment.</p> <p>Members were informed that over the last year the Use of Resources assessment had changed and had become more difficult and was now based on outcomes. Under the previous assessment a number of Councils were achieving scores of 3 and 4 for their Use of Resources. All the scores had been rebased essentially moving 4 to 3 and 3 to 2.</p> <p>Details of the interim report findings assessed the Council with an overall score of a strong 2, which was lower than last year's score of 3. Individual section scores could be reassessed if further evidence was supplied.</p> <p>Reference was made to the key lines of enquiry (KLOE) and the key evidence gaps which had been found. These were:</p> <ul style="list-style-type: none"> • All material income streams have targeted collections rates which were monitored regularly, with mitigating action taken to improve rates of collection which were below target; • Evidence of efficient Council performance in comparison 	

	<ul style="list-style-type: none"> • Significant Governance Issues – It was noted that a number of control issues had been identified following a review of the effectiveness of the system of internal control • Notes to Housing Revenue Account – Rent Arrears. Officers to include comparative figures from last year. <p>Members reviewed the Pension Fund Annual Report. They noted this was the first year they had received the report as a separate document, and considered that they did not have sufficient oversight of the pension scheme to approve the Pension Fund Annual report.</p> <p>Resolved</p> <ol style="list-style-type: none"> 1. That approval be given to the 2008/09 Statement of Accounts for the financial year ended 31 March 2009, with the amendments suggested, and the Chairman be asked to sign and date the Statement of Accounts to formally complete the Council's approval of the accounts. 2. That the Annual Report for the Pension Fund for the financial year ended 31 March 2009 be noted 3. That officers be thanked for all the effort and hard work which had gone into producing the Statement of Accounts. 	Action By:
12.	<p>Head of Audit Annual Assurance Statement</p> <p>Based on the work undertaken during the year Internal Audit could provide satisfactory assurance that the systems of internal control within the Council were operating adequately and effectively.</p> <p>Concern was expressed at the number of audits that had been dropped due to a lack of resources and Members were informed that the investigations had taken up more time than was budgeted for. Reference was made to the loss of an Audit Manager in May 2008 and the difficulties in recruiting to the vacancy, which had impacted on the service.</p> <p>Discussion took place on the finalised audits and in particular those audits that had been given limited assurance: Email security, payroll expenses procedures and a number of school audits. Concern was expressed at the number of high risk areas within schools and the Head of Internal Audit and Corporate Governance reported that regular meetings were taking place between officers to improve the situation and this</p>	

	<p>would be reflected in the results of audits in the current Internal Audit Plan.</p> <p>Resolved-</p> <ol style="list-style-type: none"> 1. That the information contained in the report be noted and Head of Internal Audit and Corporate Governance be asked to submit a report to the next meeting of this Committee, focussing on school audits. 	<p>Action By:</p> <p>Helen Taylor</p>
<p>13.</p>	<p>Annual Review of the Effectiveness of the Systems of Internal Audit</p> <p>The Accounts and Audit Regulations 2003 (as amended 2006) required a review of the systems of Internal Audit. The Head of Internal Audit and Corporate Governance had undertaken this self assessment and this had been reviewed by the Head of Audit at Southend On Sea Borough Council.</p> <p>The view was that Internal Audit was substantially compliant, however reference was made to the requirement for this Committee to carry out a review of its own effectiveness and that this should be undertaken at the earliest opportunity.</p> <p>Resolved-</p> <ol style="list-style-type: none"> 1. That the information contained in the report be noted. 	
<p>14.</p>	<p>Review of Internal Audit Terms of Reference</p> <p>Members were informed that the Code of Practice for Internal Audit in Local Government required a periodic review of the terms of reference of Internal Audit.</p> <p>Officers apologised to Members for the errors in the paragraph numbering. Reference was made to paragraph 7 under responsibilities, and officers were asked to check whether Internal Audit had the responsibility to prepare the strategic and annual plan for approval by the Chief Finance Officer, taking into account the risks of service departments a detailed in the terms of reference.</p> <p>In addition Head of Internal Audit and Corporate Governance would look at paragraph 8.1 under Resources and who determined Internal Audit resources as it was suggested that the Section 151 Officer acting on behalf of this Committee should determine Internal Audit resources.</p> <p>Discussion took place with regard to Internal Audit's engaging with management during audits and Members asked that this</p>	

	<p>be looked at to include reference to ensure that there was a definite separation of roles of internal audit from management.</p> <p>The Head of Internal Audit and Corporate Governance would provide suggested amendments to Members via email.</p> <p>Resolved-</p> <ol style="list-style-type: none"> 1. That the revised terms of reference be approved, subject to Members approving the suggested amendments made by the Head of Internal Audit and Corporate Governance as a result of discussion at the meeting. 	<p>Action By:</p> <p>Helen Taylor</p>
15.	<p>Proposed Audit Committee Work Programme</p> <p>Members discussed the Committee's work programme for the coming year and whether four meetings a year was sufficient for Members to give full consideration to the items. Officers were asked to plan the next four agendas for this Committee to enable Members to consider the number of meetings which were required to fulfil the work programme.</p> <p>Risk Management was proposed to be reported to this Committee once a year, but Members agreed that it should be programmed to be submitted to this Committee twice during the year, as an update and then as an overview. It was noted that this Committee's role was to ensure that there were robust systems in place.</p> <p>Resolved -</p> <ol style="list-style-type: none"> 1. That for this Committee's next meeting a work programme be produced based on four meetings for the year. 	<p>Khalid Ahmed</p>
16.	<p>Proposed Audit Committee Training Workshop</p> <p>Members gave consideration to a paper which proposed that a training workshop be set up for Members of this Committee.</p> <p>Resolved –</p> <ol style="list-style-type: none"> 1. That the information contained within the report be noted and preparations be made by officers to organise a training workshop for Members of the Committee before the next meeting of this Committee. 	<p>Khalid Ahmed</p> <p>Helen Taylor</p>
17.	<p>Risk Management 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</p>	

	<p>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>Members considered the reporting arrangements in place for the most significant risks identified by officers and were asked to note the most recent quarterly report submitted to the Corporate Risk Management Group, Corporate Management Team and Executive Brief.</p> <p>Resolved –</p> <ol style="list-style-type: none"> 1. That the information reported be noted and officers be asked to produce a report to the next meeting on the reporting structure for Risk Management and also consideration be given to submitting reports to Policy Overview Committees. 	<p>Steve Wilkins</p>
	<p>Meeting closed at: 7.15pm Next meeting: 22 September 2009 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.