

Minutes

Audit Committee

Tuesday 7 January 2014

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



HILLINGDON
LONDON

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| | <p>Independent Member: John Morley (Chairman).</p> <p>Members Present: Councillors George Cooper, Raymond Graham, Paul Harmsworth and Richard Lewis.</p> <p>Officers Present: Anthony Dean (Principal Internal Auditor), Sian Kunert (Chief Accountant), Muir Laurie (Head of Internal Audit), Steve Palmer (Deputy Director, Residents' Services), Nancy Le Roux (Deputy Director of Strategic Finance), Paul Whaymand (Director of Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Laura Gazey and Jonathan Gooding (Deloitte).</p> <p>The Chairman reported that Members had held a scheduled private meeting with the Head of Internal Audit prior to this meeting.</p> | | |
| 25. | <p>DECLARATIONS OF INTEREST</p> <p>Councillor George Cooper declared a Non-Pecuniary Interest In Agenda Item 6 – Internal Audit – Progress Report for 2013/14 Quarter 3 as his wife is a Governor of St Andrews School. He remained in the room and took part in discussions on the item.</p> | | |
| 26. | <p>MINUTES OF THE MEETINGS HELD ON 26 SEPTEMBER 2013</p> <p>Agreed as an accurate record.</p> | | |
| 27. | <p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all the items on the Agenda be considered in public.</p> | | |
| 28. | <table border="1"><tr><td><p>CORPORATE FRAUD INVESTIGATION PROGRESS REPORT</p><p>The Deputy Director for Residents Services introduced the report and provided Members with details of the work undertaken by the Corporate Fraud Investigation Team from April to December 2013.</p></td><td><p>Action By:</p></td></tr></table> | <p>CORPORATE FRAUD INVESTIGATION PROGRESS REPORT</p> <p>The Deputy Director for Residents Services introduced the report and provided Members with details of the work undertaken by the Corporate Fraud Investigation Team from April to December 2013.</p> | <p>Action By:</p> |
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| | <p>Reference was made to the Single Fraud Investigation Service Pilot scheme which had been recognised by the Department for Work and Pensions as being one of the best performing pilot schemes. Members were informed that the Government had made a decision in December 2013 that nationally this service would be transferred and managed by the Department for Work and Pensions.</p> <p>This decision would result in the Team in Hillingdon not being responsible for Benefit investigations, but now having the opportunity to diversify its operations to other areas of fraud detection and investigation across the Council.</p> <p>Members asked that a briefing note be prepared for a future meeting providing details of the work areas the Team would now be focusing on.</p> <p>Discussion took place on Council Tax / Business Rates / Compliance Inspections and reference was made to the 7,000 visits which had been carried out since April 2013. Members asked for details of how many visits had resulted in action being taken by the Council and how did this Council compare to neighbouring local authorities.</p> <p>Reference was made to Bed and Breakfast visits and investigations and the work which had been done to verify occupancies. The aim was to continue with this work and work alongside housing officers to ensure that accommodation was appropriately occupied. Members noted that from visits made so far, 14% of properties had been identified as not being occupied. It was also noted that many of the affected people in this area were vulnerable people. Members requested that the next Progress Report provide more information on this topic.</p> <p>RESOLVED:</p> <p>1. That the information contained in the report be noted and officers be congratulated for their work.</p> | <p>Action By:</p> <p>Garry Coote</p> <p>Garry Coote</p> <p>Garry Coote</p> |
| <p>29.</p> | <p>INTERNAL AUDIT PROGRESS REPORT</p> <p>The Head of Internal Audit provided Members with a summary of Internal Audit activity in the period during October to December 2013.</p> <p>Members were informed that reasonable progress had been made in reducing the slippage in the 2013/14 Internal Audit Plan. Reference was made to a range of lean auditing principles, which had included reducing the time taken to approve the Internal Audit terms of references and reports.</p> | |

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| | <p>The Head of Internal Audit reported that some of the lower risk audits had been deferred to enable some higher risk areas to be included in the Plan. This would not jeopardise any of the operations of the Council.</p> <p>Reference was made to Appendix B of the report which provided the list of 2013/14 audits which were planned for completion in quarter four which would be deliverable by April 2014.</p> <p>Reference was made to the work carried out in relation to Treasury Management, where good controls were in place and risks were being well managed. Members noted that there had been no recommendations in this audit and a Substantial Assurance opinion had been issued.</p> <p>Members noted the reduction in the number of high risk outstanding recommendations which numbered 6, compared to last year's 86. This was both encouraging and an impressive performance by officers.</p> <p>Reference was made to the two limited assurance audits for this period which were for Bishop Winnington-Ingram C of E Primary School and West Drayton Primary School. The Head of Internal Audit informed Members that some progress had been made in terms of Bishop Winnington-Ingram C of E Primary School in relation to debt management and recovery, with positive action proposed to address the identified risks and controls.</p> <p>In relation to West Drayton Primary School, Members were informed that the high risk recommendation in relation to the unauthorised finance lease had been replicated by other schools. Guidance had been issued by the Council to schools reminding them of the rules around contractual arrangements for schools. Members expressed concern at this and asked whether any suggestions could be made to make improvement in this area, such as providing training on financial management to Governors of schools.</p> <p>The Committee was informed of the recent restructuring which had taken place within the Internal Audit Team which was primarily carried out to reduce the level of management within the Team and to increase front line Internal Audit resource. A new Principal Internal Audit and a Senior Internal Audit would be starting with the Team in February and March respectively. Members placed on record their appreciation and thanks to the work carried out by both Gill Crosbie and Jay Nandhra who had now left the Authority to pursue their careers elsewhere.</p> <p>Discussion took place on Internal Audit reviews which were to be undertaken in Quarter 4 – January to March 2014 and a</p> | <p>Action By:</p> |
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| | <p>number of points were raised. The Chairman asked whether the Risk Management review would benefit from external audit involvement and the representative from Deloitte informed Members that consideration could be given to their assistance if required.</p> <p>Reference was made to the Corporate Governance review and the Chairman noted that Internal Audit was part of the Corporate Governance structure of the Council. The Head of Internal Audit stated that there would be no conflict of interest as Internal Audit was independent of the structure.</p> <p>The Deputy Director of Residents' Services provided Members with details of the Council's approach to "cyber security" and offered assurance that systems were in place to protect the Council from such risks. The Head of Internal Audit reported that as part of the Internal Audit Plan for 2014/15 a meeting would be taking place between Internal Audit and the Deputy Director to discuss this area.</p> <p>RESOLVED-</p> <p>1. That the Internal Audit Progress report for 2013/14 Quarter 3 (October to December 2013) be noted.</p> | |
| 30. | <p>TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2014/15 TO 2016/17</p> <p>Members were reminded that the Annual Treasury Management Strategy was agreed by Council as part of the budget setting process in February. However, a draft of the strategy was brought before this Committee to enable greater scrutiny.</p> <p>The Director of Finance provided assurance to Members that the Council's borrowing strategy was reviewed monthly to ensure that the Council always looked ahead in relation to any likely changes in interest rates.</p> <p>Reference was made to the Internal Audit Assurance Review for Treasury Management which resulted in a substantial assurance level for the area. Officers were congratulated for this performance.</p> <p>RESOLVED -</p> <p>1. That the contents of the Treasury Management Strategy Statement and Investment Strategy be noted.</p> | |
| 31. | DELOITTE – ANNUAL AUDIT LETTER | |

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| | <p>Deloitte's Draft Annual Audit Letter provided a summary of the key findings on the grant work undertaken by Deloitte for the year ended 31 March 2013.</p> <p>Members were informed that Deloitte was responsible for certifying 4 claims and returns, all of which were certified by the required deadline and their key findings from this work were that as a result of errors identified during the audit, an adjustment was made to 1 return prior to certification and a qualification letter was issued in respect of 1 grant claim.</p> <p>Members were provided with the reasons for the qualification which related to (BEN01) - Housing and Council Tax benefit scheme.</p> <p>RESOLVED –</p> <p>1. That the report be noted.</p> | <p>Action By:</p> |
| <p>32.</p> | <p>INDEPENDENT CHAIRMAN OF THE AUDIT COMMITTEE</p> <p>Members were provided with details of the process which would be adopted to appoint a new Independent Chairman of the Audit Committee for the next 2014/15 Municipal Year.</p> <p>The Committee placed on record their appreciation to John Morley for his seven years' service as Chairman of this Committee.</p> <p>RESOLVED –</p> <p>1. That the resignation of the present Independent Chairman of the Audit Committee be noted and a vote of thanks be given for his excellent service to the Council.</p> <p>2. That the Head of Democratic Services be instructed to co-ordinate the process to advertise and appoint a new Independent Member / Chairman of the Audit Committee as detailed in the report.</p> | <p>Khalid Ahmed</p> |
| <p>23.</p> | <p>WORK PROGRAMME 2013/14</p> <p>The Work Programme was noted. The Head of Internal Audit would submit a report to the next meeting of this Committee on options for a training session for Audit Committee Members.</p> <p>The Committee agreed that the both the Internal Audit Progress Report and the Internal Audit Strategy be deferred from the March meeting until the meeting in June 2014</p> <p>In addition Members asked that consideration be given to the inclusion of Audit training for new and existing Members of the</p> | <p>Muir Laurie</p> <p>Muir Laurie</p> <p>Khalid Ahmed</p> |

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| | Council, after the local elections. | |
| | The meeting which commenced at 5.00pm, closed at: 6.40pm | |
| | Next meeting: 11 March 2014 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.