

Minutes

Audit Committee

Wednesday 30 July 2014

Meeting held at Committee Room 5- Civic Centre,
High Street, Uxbridge UB8 1UW



HILLINGDON
LONDON

	<p>Members Present: Councillors George Cooper (Vice-Chairman - In the Chair), Tony Eginton, John Hensley and Richard Mills.</p> <p>Apologies: Councillors Richard Lewis (Councillor John Hensley substituting) and Susan O'Brien (Councillor Richard Mills substituting).</p> <p>Officers Present: Kevin Byrne (Head of Policy, Performance and Partnerships), Garry Coote (Corporate Fraud Investigation Manager), Sarah Hydrie (Principal Internal Auditor), Muir Laurie (Head of Internal Audit), Nancy Le Roux (Deputy Director of Strategic Finance), Paul Whaymand (Director of Finance), Martyn White (Senior Internal Audit Manager) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Sam Maunder (Deloitte).</p>
2.	<p>DECLARATIONS OF INTEREST</p> <p>Councillor George Cooper declared a Non-Pecuniary Interest in Agenda Item 5 – Corporate Fraud Investigation Report because one of the prosecutions detailed in the report related to a constituent who he knew. He remained in the room and took part in discussions on the item.</p>
3.	<p>MINUTES OF THE MEETING HELD ON 11 MARCH AND 5 JUNE 2014</p> <p>Agreed as accurate records.</p>
4.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all the items on the Agenda be considered in public.</p>
5.	<p>CORPORATE FRAUD INVESTIGATION PROGRESS REPORT</p> <p>The Corporate Fraud Investigation Manager provided Members with a summary on the work undertaken by the Corporate Fraud Investigation Team.</p> <p>Members were reminded that the Single Fraud Investigation Service had been transferred to the Department for Work and Pensions which had meant that the Team was no longer</p>

	<p>responsible for Benefit investigations. This had meant that the Team had the opportunity to diversify its operations to other areas of fraud detection and investigation across the Council.</p> <p>Discussion took place on the Team's activities and particular reference was made to the work carried out on Council Tax inspections and identifying those persons who had been fraudulently claiming single person discount. Reference was made to those persons who claimed second homes Council Tax discount and the Corporate Fraud Investigation Manager reported that the Team would also widen the scope of their investigations to include this area.</p> <p>Concern was expressed at the Bed and Breakfast visits and inspections which had identified a high number which appeared to be unoccupied by the homeless person or family. Members were informed that the Team would be investigating this area because this type of fraud would provide significant savings to the Council.</p> <p>RESOLVED -</p> <p>1. That the Corporate Fraud Investigation Team report be noted.</p>	<p>Action By:</p> <p>Garry Coote</p> <p>Garry Coote</p>
<p>6.</p>	<p>INTERNAL AUDIT - EFFECTIVENESS OF INTERNAL AUDIT 2013/14</p> <p>The Principal Internal Auditor presented the report and reminded Members that the Accounts and Audit (England) Regulations 2011 required relevant bodies to conduct an annual review of the effectiveness of its Internal Audit.</p> <p>Members were informed that overall the opinion was that there was reasonable level of assurance over the key risks to the achievement of objectives for the effectiveness of Internal Audit.</p> <p>Reference was made to the key priority for 2013/14 which was completing the Internal Audit Plan to enable the Head of Internal Audit to provide a full and complete Annual Assurance Statement to those charged with governance.</p> <p>Members were informed that there had been a significant improvement on previous years which evidenced a positive direction of travel for the service.</p> <p>RESOLVED-</p> <p>1. That the findings, recommendations and management actions proposed in the report be noted.</p>	

<p>7.</p>	<p>INTERNAL AUDIT - EFFECTIVENESS OF THE AUDIT COMMITTEE</p> <p>The Principal Internal Auditor presented the report and informed Members that an effective and independent Audit Committee was a key element in the Council's corporate governance and risk management framework.</p> <p>The report aimed to provide independent, objective assurance to the Council over the effectiveness of the Audit Committee. The following key areas were reviewed:</p> <ul style="list-style-type: none"> • Audit Committee Terms of Reference; • Audit Committee meeting agendas and minutes; • Audit Committee Members' relevant experience, training and skills; • Review of key Audit Committee documents including (but not limited to) Statement of Accounts and the Annual Internal Audit Report; and • Survey feedback of a number of Audit Committee attendees. <p>The Committee was informed that there was a reasonable level of assurance over the key risks to the achievement of objectives for the effectiveness of the Audit Committee.</p> <p>Particular mention was given to the Committee having an independent Chairman which less than 25% of local authorities had.</p> <p>Reference was made to the Management Action Plan and Members were informed that of the four medium risks identified, three had been actioned immediately. Discussion took place on the recommendations and it was noted that in relation to the recommendation relating to the need for a training and development plan for Members, that a draft training and development programme which had been produced in March 2014, would be used to form the basis of an Audit Committee Member training and development programme.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the findings, conclusions, recommendations and management actions proposed in the report be noted. 	
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8.	<p>INTERNAL AUDIT - ANNUAL REPORT & OPINION STATEMENT 2013/14</p> <p>The Head of Internal Audit presented the report and informed Members that all but one Internal Audit assurance reviews for 2013/14 had been completed to final report stage which represented a significant achievement for the service.</p> <p>Reference was made to the Head of Internal Audit opinion that overall Internal Audit provided reasonable assurance that the system of internal control had been in place. There had been a total of 49 2013/14 Internal Audit assurance reports and 7 consultancy reports which had been finalised, of which five were limited assurance and 1 had been no assurance.</p> <p>The Committee was informed that Internal Audit opinion on the effectiveness of the Council's Risk Management was that the Council needed to improve the Risk Management process for identifying and recording risks at an operational level.</p> <p>Reference was made to the status of the Internal Audit 2013/14 recommendations and the Head of Internal Audit reported that on-going dialogue was taking place with management on the outstanding medium risk recommendations.</p> <p>Members noted the 100% completion rate of Client Feedback Questionnaires which helped form improvements to the Internal Audit service.</p> <p>RESOLVED –</p> <p>1. That Internal Audit Annual Report and Opinion Statement for 2013/14 be noted.</p>	
9.	<p>DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) 2013-14</p> <p>Members were provided with an update on the progress of the AGS and were informed that steady progress had been made in delivering the key components feeding into the draft AGS. These had included collecting cross-Council assurance statements and reflecting progress in Internal Audit reviews of key processes.</p> <p>Reference was made to the outstanding governance issues which had been identified and where improvements were required, and the Council had implemented a range of improvement actions as part of its overall continuous improvement programme to strengthen governance arrangements and control systems.</p>	

	<p>Reference was made to the paragraph relating to the Council monitoring legislative changes and giving consideration to the implications and opportunities and ensuring that the authority was fully compliant with laws and regulations.</p> <p>A Member challenged this on the basis that the Council may not have complied with the new statutory regulations concerning publication of Council newspapers and magazines in respect of Hillingdon People being published six times a year. The Head of Policy, Performance and Partnerships would investigate this and give consideration as to whether the AGS would need to be updated as a result of his findings.</p> <p>RESOLVED –</p> <p>1. That draft AGS and the comments made be noted.</p>	
10.	<p>INTERNAL AUDIT - PROGRESS REPORT FOR QUARTER 1 2014/15</p> <p>The Head of Internal Audit presented the report which provided summary information on all Internal Audit work covered in relation to the 2014/15 Internal Audit Plan, together with assurance levels.</p> <p>Reference was made to Internal Audit work on the 2014/15 Internal Audit Plan commencing on 2 April and that planning had been initiated on all quarter one audits. Good progress had been made during the first quarter with 23% at planning stage, 54% at fieldwork stage and 23% at draft reporting stage.</p> <p>Discussion took place on audits in relation to schools and Members were provided with an update on the assurance work which had taken place at Chantry School. Major control weaknesses on the School's governance arrangements, financial management processes, personnel procedures and ICT arrangements had been found which would result in a no assurance opinion being given.</p> <p>RESOLVED –</p> <p>1. That the Internal Audit progress report for 2014/15 Quarter 1 be noted.</p> <p>2. That the coverage, performance and results of Internal Audit activity be noted.</p>	
11.	<p>INTERNAL AUDIT - AUDIT COMMITTEE ANNUAL REPORT 2013/14</p> <p>The report summarised the work which this Committee undertook during 2013/14 and which would be reported to</p>	

	<p>Council in September.</p> <p>Discussion took place on improvements which could be made to the Audit Committee's effectiveness and in particular around training for Members and substitute Members, and it was agreed that the training programme to be given be approved by officers, in consultation with the newly appointed Independent Chairman.</p> <p>RESOLVED –</p> <p>1. That approval be given to the contents of the report and to its submission to the Council meeting on 11 September 2014.</p>	
12.	<p>WORK PROGRAMME 2014/15</p> <p>Noted.</p>	
	<p>The meeting which commenced at 7.00pm, closed at 8.10pm</p> <p>Next meeting: 25 September 2014 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.