

Minutes

Audit Committee

Tuesday 17 March 2015

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



HILLINGDON
LONDON

	<p>Members Present: Councillors Richard Lewis (Vice-Chairman - In the Chair), George Cooper, Tony Eginton and Susan O'Brien.</p> <p>Apologies: Rajiv Vyas (Independent Chairman)</p> <p>Officers Present: Kevin Byrne (Head of Policy and Partnerships), Garry Coote (Corporate Fraud Investigation Manager), Sian Kunert (Chief Accountant), Muir Laurie (Head of Internal Audit), Nancy Le Roux (Deputy Director of Strategic Finance), Perry Scott (Head of Corporate Procurement and Commissioning), Iain Waters (Corporate Finance - Financial Planning Manager), Paul Whaymand (Corporate Director of Finance), Martyn White (Senior Internal Audit Manager) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Jonathan Gooding (External Auditors - Deloitte).</p>
34.	<p>DECLARATIONS OF INTEREST</p> <p>Councillors Cooper and Eginton declared Non-Pecuniary Interests in items on the agenda which related to schools as both were Governors of schools in the Borough. Both remained in the room and took part in discussions on the items.</p> <p>Councillor Eginton declared a Non-Pecuniary Interest in Agenda Item 5 – Deloitte -Annual Grant Audit Letter because he was a retired Member of the Local Government Pension Scheme. He remained in the room and took part in discussions on the item.</p> <p>Councillor O'Brien declared a Non-Pecuniary Interest in items on the agenda which related to schools as she had been working for a school in the Borough. She remained in the room and took part in discussions on the items.</p>
35.	<p>MINUTES OF THE MEETING HELD ON 16 DECEMBER 2014</p> <p>Agreed as an accurate record.</p>
36.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all the items on the Agenda be considered in public with the exception of Agenda Item 15 - Internal Audit - Draft Internal Audit Strategy 2015-2020 and Agenda Item 16 - Risk Management Report.</p>

<p>37.</p>	<p>DELOITTE - ANNUAL GRANT AUDIT LETTER</p> <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 2014.</p> <p>Members were informed that Deloitte was responsible for certifying 2 claims and returns under the contract with the Audit Commission, both of which were certified by the required deadline. 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 the same grant claim.</p> <p>Reference was made to the reason for the qualification which related to Housing and Council Tax benefit Scheme where there had been 4 identified errors on the initial testing of 60 cases.</p> <p>RESOLVED –</p> <p>1. That the report be noted.</p>	<p>Action By:</p>
<p>38.</p>	<p>DELIVERING THE ANNUAL GOVERNANCE STATEMENT (AGS) 2014-15</p> <p>Members were provided with an update on the progress of the AGS and were informed that the key sources which contributed to the AGS included:-</p> <ul style="list-style-type: none"> • Performance management & data quality • Risk Management processes • Improvement and transformation • Legal and regulatory assurance • Financial control assurances • Service delivery assurances from Directors and Heads of Service • Annual Internal Audit report and assurance • External inspection reports and assurances <p>Members were informed that the Council's Corporate Governance Working Group would guide and oversee the delivery of the AGS and ensure that key changes to governance arrangements and control systems were reported, review actions against control weaknesses identified in the AGS 2013-14 and highlight cross-Council assurance sources.</p> <p>RESOLVED –</p> <p>1. That the sources of management information and assurance used to produce the AGS be noted.</p>	

<p>39.</p>	<p>CORPORATE FRAUD INVESTIGATION PROGRESS REPORT APRIL 2014 TO FEBRUARY 2015 AND FORWARD PLAN FOR 2015/16</p> <p>The Committee was provided with a report which provided details of the work undertaken by the Council's Corporate Fraud Investigation Manager. Reference was made to a range of activities which the team had been involved in since April 2014 and the Team's forward plan for 2015/16. These included:-</p> <ul style="list-style-type: none">• Single Person Discount• Temporary Accommodation and Housing Needs Reception• Social Housing fraud• Council Tax/Business Rates inspections• Right to Buy investigations• First time buyer investigations• Proceeds of Crime investigations• Empty Properties Project• Grants and Blue Badge prosecutions• Procurement fraud• Single Fraud Investigation Service pilot (Q1 only). <p>Particular reference was made to the Single Person Discount scheme and additional income which would be recovered to the Council.</p> <p>The Committee noted that an additional officer would be recruited to the Team, whose work would include targeted Blue Badge operations.</p> <p>Reference was made to the issue of "Beds in Sheds" and officers were asked to give consideration to adding this to the Team's forward plan for 2015/16.</p> <p>RESOLVED –</p> <ol style="list-style-type: none">1. That the information contained in the report be noted.	<p>Action By:</p> <p>Garry Coote</p>
<p>40</p>	<p>BALANCES AND RESERVES STATEMENT 2015/16</p> <p>The Committee considered a report which provided details on the Council's approach to the management and measure of the Council's unallocated balances. In addition it outlined technical accounting guidance used and analysis of specific risks that lead to a determination of a prudent reserves and balances range.</p> <p>RESOLVED –</p>	

	<p>1. That the information contained in the report be noted.</p>	Action By:
41.	<p>REVISIONS TO THE TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2015/16 TO 2019/20</p> <p>Members were reminded that this Committee had considered a draft Treasury Management Strategy Statement and Investment Strategy at the last meeting and this report contained the changes from the draft to the final version of the Statement.</p> <p>RESOLVED -</p> <p>1. That the contents of the Treasury Management Strategy Statement and Investment Strategy be noted.</p>	
42.	<p>INTERNAL AUDIT - UPDATED INTERNAL AUDIT CHARTER</p> <p>Members were informed that the Internal Audit Charter set out the purpose, authority, responsibility and position of the Internal Audit Service within the Council. The Committee was informed that this was a key document in respect to the Council's internal control, risk management and corporate governance framework.</p> <p>Reference was made to the Committee's terms of reference requiring amendment to include the reviewing and approving of the Internal Audit Charter.</p> <p>RESOLVED –</p> <p>1. That the Committee reviewed and approved the updated Internal Audit Charter.</p>	Khalid Ahmed / Muir Laurie
43.	<p>INTERNAL AUDIT - PROGRESS REPORT FOR QUARTER 4 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 in respect of the quarter four period.</p> <p>Members were informed that since the last progress report, 8 assurance reviews had been completed to final report stage, 3 additional opinion statements had been issued, 7 consultancy reviews had been finalised and 1 grant claim had been verified.</p> <p>Reference was made to the three significant deferrals in the</p>	

	<p>Residents Services Group; Corporate Construction, Housing - Planned Maintenance and Housing Repairs. The Committee was informed that a No assurance opinion could be given for each of these three areas but that Internal Audit would work with management on a consultancy basis to provide advice and support in relation to the design and implementation of the new processes and procedures.</p> <p>The Council's Interim Deputy Director of Asset Management (Head of Corporate Procurement and Commissioning) attended the meeting and informed Members that he had been given the responsibility to restructure these areas and look at making changes to the operating models and processes for these services. Reference was made to the assistance which would be given by Internal Audit who would work with management to improve systems in these areas.</p> <p>Discussion took place on Internal Audit's Key Performance Indicators and in particular KPI 8 - percentage of draft reports issued as a final report within 15 working days, where the target performance had not been reached. The Head of Internal Audit reported that the service was reliant on timely management responses to achieve the required targets. The Committee was informed that the failure to achieve this target indicated that potentially some managers were over-stretched.</p> <p>RESOLVED –</p> <ol style="list-style-type: none"> 1. That the Internal Audit progress report for 2014/15 Quarter 4 be noted. 2. That the coverage, performance and results of Internal Audit activity in this quarter be noted. 	Action By:
44.	<p>INTERNAL AUDIT - DRAFT INTERNAL AUDIT PLAN</p> <p>The Committee was informed that the Council's Internal Audit Plan detailed the planned Internal Audit activity for the forthcoming year.</p> <p>Members were informed that after deducting an appropriate amount of allocated time for Internal Audit planning, reporting, management review, staff training and other Internal Audit overhead time, the total available Internal Audit chargeable time for 2015/16 at Hillingdon was 1,300 days.</p> <p>Reference was made to Internal Audit coverage which also included consultancy work and that this comprised 286 days allocation. Members were informed that this work included advising, training, facilitating and conducting specific reviews.</p> <p>RESOLVED –</p>	

	<p>1. That approval be given to the draft Internal Audit Plan.</p>	Action By:
45	<p>WORK PROGRAMME 2015/16</p> <p>Noted. It was agreed to reschedule the private meeting which was to take place with the External Auditors prior to the next meeting of the Committee.</p>	
46.	<p>PROGRESS ON SKILLS MATRIX AND TRAINING AND DEVELOPMENT PLAN</p> <p>The Committee was provided with an update on the progress made in relation to the production of a Skills Matrix and a Training and Development Plan for Audit Committee Members.</p> <p>It was agreed that a draft be circulated to Members by the end of April for their comments and input.</p>	Muir Laurie
47.	<p>INTERNAL AUDIT - DRAFT INTERNAL AUDIT STRATEGY 2015/16</p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</p> <p>The Senior Internal Audit Manager presented the report which provided details of the approach which would be taken to develop the Internal Audit strategy for the next five years.</p> <p>RESOLVED –</p> <p>1. That the draft Internal Audit Strategy 2015-2020 be approved.</p>	
48.	<p>RISK MANAGEMENT REPORT 2014/15</p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</p>	

	<p>The report presented to Members the Corporate Risk Register till the end of December 2014 and also provided a summary of changes in risks on the Corporate Risk Register during the previous 12 months.</p> <p>RESOLVED –</p> <p>1. That the Committee reviewed the Corporate Risk Register (as at the end of December 2014), as part of the Committee's role to independently assure the risk management arrangements in the Council.</p>	
	<p>The meeting which commenced at 5.00pm, closed at 6.15pm</p> <p>Next meeting: 2 July 2015 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.