

## Audit Committee

16 December 2009

## Minutes



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| <p>31.</p> | <p><b>Independent Member:</b><br/>John Morley (Chairman)</p> <p><b>Members Present:</b><br/>Councillors George Cooper, Tony Eginton, Liz Kemp and Mary O'Connor.</p> <p><b>Apologies:</b><br/>None</p> <p><b>Officers Present:</b><br/>Nancy Le Roux (Senior Finance Manager – Corporate Finance), Christopher Neale (Director of Finance &amp; Resources), Helen Taylor (Head of Internal Audit and Corporate Governance), Steve Wilkins (Risk &amp; Insurance Manager), Paul Whaymand (Head of Accountancy Services) and Khalid Ahmed (Democratic Services Manager).</p> <p><b>Others Present:</b><br/>Paul Hutt (Deloitte) and Gus Miah (Deloitte)</p> <p><b>Declarations of Interest:</b></p> <p>John Morley and Councillor Liz Kemp declared Personal Interests in Agenda Item 5 – External Auditor Report – Annual Audit Letter and Final Reports on the Audit of Accounts for the Year ending 31 March 2009 as they were Members of the Board of Hillingdon Homes.</p> <p>Councillor George Cooper declared Personal Interests in Agenda Item 7 – Internal Audit Progress Report as he was a Governor of St Mary's School, and in Agenda Item 5 – External Auditor Report – Annual Audit Letter and Final Reports on the Audit of Accounts for the Year ending 31 March 2009 as he was a Member of the Pensions Committee.</p> <p>Councillor Tony Eginton declared a Personal Interest In Agenda Item 7 – Internal Audit Progress Report as he was a Governor of Hillside Junior School and Minet Nursery and Infant School.</p> <p>Councillor Mary O'Connor declared a Personal Interest in Agenda Item 7 – Internal Audit Progress Report as she was a Governor of Botwell School and Moorcroft School.</p> |
| <p>32.</p> | <p><b>Minutes of the meeting held on 22 September 2009</b></p> <p>Agreed as an accurate record.</p>  |

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| 33. | <p><b>Exclusion of the press and public:</b></p> <p>It was agreed that Item 13 be considered in private.</p>  |
| 34. | <p><b>External Audit Report – Annual Audit Letter and Final Reports on the Audit of the Accounts for the year ending 31 March 2009</b></p> <p>Paul Hutt and Gus Miah from Deloitte attended the meeting and introduced the report to Members.</p> <p>The Annual Audit letter summarised the key matters which Deloitte had carried out in respect of the year ending 31 March 2009 and the work undertaken to assess the arrangements to secure value for money in the Council’s use of resources. Members were informed that all outstanding work when Deloitte reported to the Committee in September had now been completed.</p> <p>The main messages from Deloitte contained in the Annual Audit Letter were an unqualified opinion of the accounts, an unqualified value for money conclusion and the Council scored a 2, Performing Adequately, for the Use of Resources assessment.</p> <p>Members noted that particular reference was made to the Council’s financial performance, with the Council having a successful year in managing its finances. The quality of the working papers for the accounts was noted and recognition was given to the significant improvements which had been made to the preparation of the accounts.</p> <p>Particular noting was made to the Council responding positively to recommendations around the internal control systems across the Council and financial reporting arrangements. The Council had put in place action plans to address these areas.</p> <p>Reference was made to the recommendations which had been made in relation to the Pension Fund and how these were fundamental accounting controls. Members were assured that these recommendations would be implemented and would be carried out through the Oracle system in future.</p> <p>The Chairman placed on record his congratulations to officers with regard to the Pension Fund report.</p> <p><b>Resolved -</b></p> <ol style="list-style-type: none"> <li>1. That the information contained in the reports be noted.</li> </ol> |
| 35. | <p><b>Risk Management Report</b></p>  |

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|                   | <p>Members were reminded that at a meeting of this Committee in June, officers were asked to review the reporting structures for the reporting of risks. The view expressed by Members was that Policy Overview Committees needed to be provided with a specific opportunity to consider and comment on Group risks.</p> <p>Reference was made to Appendix 2 to the report and officers were asked to have a further look at the reporting structure as the appendix indicated all reporting on risks emanated from the Audit Committee which was incorrect. Members were informed that full Council received an annual report from Policy Overview Committees as well as the Statement of Accounts which provided details of risks.</p> <p><b>Resolved –</b></p> <ol style="list-style-type: none"> <li>1. That subject to further clarification on the reporting arrangements detailed in Appendix 2, the future arrangements for reporting risks including the amendment to the Corporate Risk Management Strategy as detailed in the report be confirmed and noted.</li> </ol>   | <p><b>Christopher Neale /Steve Wilkins</b></p> |
| <p><b>36.</b></p> | <p><b>Internal Audit Progress Report</b></p> <p>The report provided Members with details of the summary of Internal Audit activity for the period to 20 November 2009.</p> <p>The Head of Internal Audit and Corporate Governance reported there was no cause for concern at this time with levels of assurance apart from no assurance reports for Hillingdon Grid for Learning (HGfL). Members were informed that there had been a considerable commitment from the directors of Finance &amp; Resources and Education and Children’s Services in ensuring that the issues resulting from the audits at HGfL were being progressed. There had been significant input from Corporate Procurement who were looking at addressing the weaknesses which had been found in the procurement processes.</p> <p>Members agreed that an appropriate representative from HGfL be invited to the next meeting of this Committee to provide reassurance that all outstanding recommendations had been actioned.</p> <p>Areas discussed included:-</p> <ul style="list-style-type: none"> <li>• Business Continuity and Civil Emergency – The Council had a new Civil Protection Manager who had been dealing with the Council’s preparations for the Swine Flu Pandemic. However, all outstanding recommendations were in the process of being implemented.</li> </ul> | <p><b>Helen Taylor</b></p>                     |

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|                   | <ul style="list-style-type: none"> <li>• St Bernadette’s – The Head Teacher had been on long term sick leave, however the Head of Internal Audit and Corporate Governance was confident that the outstanding recommendations from the 2007/2008 audit would be implemented. Members expressed concern at the number of outstanding recommendations at this school and officers were asked to check if the school’s Board of Governors had been made aware of the audit recommendations.</li> </ul> <p>Members expressed their appreciation to the Internal Audit Team for the excellent progress made in their Internal Audit programme which ensured the key elements of the Council’s control system were in place.</p> <p><b>Resolved</b></p> <ol style="list-style-type: none"> <li>1. That the in-year progress against the Internal Audit Plan for 2009-10 and the updated position of those audits that were scheduled in 2007-8 and 2008-9 be noted.</li> </ol>  | <p><b>Helen Taylor</b></p> |
| <p><b>37.</b></p> | <p><b>Audit Committee Annual Report to Full Council</b></p> <p>The report summarised for the Council the work of the Audit Committee during 2008-9 in undertaking its responsibilities in the oversight and challenge in the key areas within its remit.</p> <p>Discussion took place on the report and the following amendments were made:</p> <ul style="list-style-type: none"> <li>• <b>2. Membership</b> - the final sentence to read “Cllr O’Connor was appointed during the year and met with the Head of Audit and the Chairman of the Audit Committee on appointment to discuss roles and responsibilities”</li> <li>• <b>8. External Audit</b> – To include reference to Deloitte, the External Auditor attending each Audit Committee meeting</li> <li>• <b>10. Committee Training and Development</b> – The last sentence to read “The Head of Audit and Corporate Governance and the Chairman met with new members to brief them on roles and responsibilities”.</li> </ul> <p><b>Resolved-</b></p> <ol style="list-style-type: none"> <li>1. That this Committee’s annual report to Council be noted.</li> </ol> |                            |
| <p><b>38.</b></p> | <p><b>Review of Whistleblowing and Gifts and Hospitality Policies</b></p> <p>Members were informed that the terms of reference for the Audit Committee included reviewing and monitoring Council</p>   |                            |

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|                   | <p>policies on raising concerns at work and anti-fraud and corruption strategy. Both the Council's Whistleblowing and Gifts and Hospitality Policies had been reviewed and minor changes had been recommended.</p> <p>Under the Whistleblowing Policy paragraph 7 – How to raise a concern, the final bullet point should include the appropriate telephone number of External Audit.</p> <p><b>Resolved-</b></p> <ol style="list-style-type: none"> <li>1. That approval be given to the suggested amendments to the Council's Whistleblowing and Gifts and Hospitality Policies.</li> </ol>  |   |
| <p><b>39.</b></p> | <p><b>International Financial Reporting Standards (IFRS)</b></p> <p>Members were provided with a progress report which included details of a project plan which had been developed following a workshop by Pricewaterhouse Coopers. The project plan was on track and the key areas of impact under IFRS, together with the Council's progress to date was reported.</p> <p>Members asked that a summary leaflet be provided which would provide a user friendly guide. Gus Miah agreed to forward on information to Members. In addition the Chairman asked that officers provide some training on IFRS before the Committee was required to review the Statement of Accounts under IFRS, which would be in 2011. It was agreed that training would be required late 2010/early 2011.</p> <p><b>Resolved-</b></p> <ol style="list-style-type: none"> <li>1. That the progress Hillingdon has made in relation to the transition to IFRS be noted and officers be asked to organise training on IFRS for Members.</li> </ol> | <p><b>Nancy Roux</b>      <b>Le</b></p> |
| <p><b>40.</b></p> | <p><b>Audit Committee Review of its own Effectiveness</b></p> <p>Members were provided with a report which requested Members considered the outcome of the workshop which took place on 30 November 2009, where a self assessment form was completed which required further action or clarification.</p> <p>Discussion took place on a number of issues raised;-</p> <ul style="list-style-type: none"> <li>• Terms of Reference and duties – officers to investigate with the Head of Democratic Services how this Committee's terms of reference were reviewed with the Head of Democratic Services. Members were informed that it was clear in this Committee's terms of reference what the relationship of this Committee was within the decision making framework of the Council. An</li> </ul>   |   |

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|                   | <p>amendment was made to an action to include the formal calling of officers to this Committee where appropriate.</p> <ul style="list-style-type: none"> <li>• Meetings and Reporting – Officers to look at the distribution of Committee agenda and minutes with the Head of Democratic Services. In addition to look at the format of the Committee’s Minutes</li> <li>• Committee Membership – As part of the Member’s Induction programme, officer contact details should be provided. Detailed Member briefings could be provided if Members requested this.</li> <li>• Internal Control and Risk Management – Members asked whether this could be considered as part of any review of the Committee’s terms of reference. Officers were asked to give further consideration to how this Committee could get assurance on external partnerships such as the Primary Care Trust, the Police, and Fire Service etc. Members were informed that any significant issues with regard to internal control issue would be reported to this Committee</li> <li>• Audit Planning and Reporting – Members agreed that a review of the adequacy of staffing and resources within internal audit would be considered when the Internal Audit Plan was reviewed on an annual basis</li> <li>• Independence and Relationships – The Chairman had regular meetings with the Head of Internal Audit and Corporate Governance</li> <li>• External Audit &amp; Inspection – Regarding this Committee assessing the performance of External Audit, Deloitte would pass a copy of a checklist they had to the Director of Finance and Resources to see if this would be appropriate to use to assess their performance. Members agreed that it would be good practice to receive an annual report on the budget setting process to this Committee</li> </ul> <p><b>Resolved –</b></p> <ol style="list-style-type: none"> <li>1. That the information reported be noted and the comments made be incorporated into the action plan.</li> <li>2. That further discussions take place with officers to review outstanding actions which require further clarification.</li> </ol> | <p><b>Action By:</b></p> <p><b>Gus Miah -<br/>Deloitte</b></p> <p><b>Khalid<br/>Ahmed /<br/>Helen Taylor</b></p> |
| <p><b>40.</b></p> | <p><b>Changing Legislation and Current Issues</b></p> <ul style="list-style-type: none"> <li>• Comprehensive Area Assessment</li> </ul> <p>Members were informed that in the first Comprehensive Area Assessment carried out by the Audit Commission; Hillingdon was rated as a Three – Performing well Council. Details of the</p>   |  |

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|            | <p>results were available on the One Place website.</p> <ul style="list-style-type: none"> <li>• Protecting the Public Purse</li> </ul> <p>Members were informed that this document was available on the Audit Commission website. Officers were asked to bring a report on this to a future meeting of the Committee.</p> <p><b>Resolved -</b></p> <ol style="list-style-type: none"> <li>1. That the information reported be noted.</li> </ol>  | <p><b>Nancy Le Roux</b></p> |
| <b>41.</b> | <p><b>Internal Audit Progress Report</b></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>Consideration was given to a progress report on two Internal Investigations, one relating to Building Control Certificates and another relating to an employee at a care facility.</p> <p><b>Resolved –</b></p> <ol style="list-style-type: none"> <li>1. That the information contained in the report be noted.</li> </ol> |                             |
|            | <p><b>Meeting closed at: 6.50pm</b><br/> <b>Next meeting: 11 March 2010 at 5.00pm</b></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.