

Audit Committee

5 May 2009

Minutes



HILLINGDON
LONDON

	<p>Independent Member: John Morley (Chairman)</p> <p>Members Present: Councillors George Cooper, Liz Kemp and Phoday Jarjussey.</p> <p>Apologies: None</p> <p>Officers Present: Fran Beasley (Deputy Chief Executive), Nancy LeRoux (Senior Finance Officer – Corporate Finance), Christopher Neale (Director of Finance & Resources), Chris Spencer (Director of Education and Children’s Services), Helen Taylor (Head of Internal Audit and Risk Management), Paul Whaymand (Head of Accountancy Services) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Paul Hutt (Deloitte) and Les Kidner (District Auditor)</p> <p>At the start of the meeting the Chairman wished to place on record his thanks to Charles Francis who provided excellent support to the Committee in the last two years.</p>
	<p>Declarations of Interest: John Morley and Councillor Liz Kemp declared Personal Interests in Agenda Item 5 – Internal Audit Update Report as they were both Members of the Board of Hillingdon Homes. Councillor George Cooper declared a Personal Interest in Agenda Item 5 – Internal Audit Update Report as he was a Governor of St Mary’s School. Councillor Phoday Jarjussey declared a Personal Interest in Agenda Item 5 – Internal Audit as he was a Governor of Wood End Park Community School and of Rosedale College.</p>
	<p>Minutes of the meeting held on 18 February 2009 Agreed as an accurate record subject to an amendment to Minute No. 7 – Internal Audit Progress Report from August 2008 to 9 January 2009 – Progress Against Plan and Follow Up Status so that the bullet point heading “schools” be moved to the last bullet point on page 6.</p>
	<p>Exclusion of the press and public: It was agreed that all items of business were considered in public.</p>

<p>1.</p>	<p>Audit Commission – Annual Audit and Inspection Letter</p> <p>Members were informed that the Annual Audit and Inspection Letter was the Audit Commission’s assessment of the Council, drawing from the most recent Comprehensive Performance Assessment and the findings and conclusions of the audit of the Council and inspections undertaken over the past year. The letter had been published a few weeks ago and had been discussed with the Leader of the Council, the Chief Executive and the Director of Finance and Resources.</p> <p>The main message from the Audit Commission was the Council was improving well and continued to deliver improvements in priority areas, such as educational attainment, children’s social care, value for money, housing and benefits service.</p> <p>Reference was made to the community safety inspection which had taken place since the last letter, which described the service as ‘fair’ with ‘promising prospects for improvement’. Investment had been made in community safety which had resulted in positive results in crime levels and community perceptions.</p> <p>A Health and Inequalities review had shown that the Council and the Primary Care Trust were beginning to develop robust arrangements to tackle health inequalities with particular strengths in leadership, partnership arrangements and the development of a health needs analysis framework.</p> <p>Members were informed that the Council had improved its score on Use of Resources; that Ethical Governance arrangements were now good and that data quality arrangements were robust and performing well. This was based on assessments made by the auditor in the areas of financial reporting, financial management, financial standing, internal control and value for money. The Audit Commission’s view was that the following action needed to be taken by the Council:</p> <ul style="list-style-type: none"> • The Council need to ensure that it delivers its plans to improve street cleanliness and safeguarding within adult social care • Arrangements need to be put in place to coordinate partnership resources in order to ensure a strategic approach to community safety; and a systematic approach needs to be taken to the evaluation of these projects and initiatives in order to measure impact and demonstrate value for money • An overall strategy needs to be put in place for tackling the causes of health inequalities and the partnership needs to ensure that health need assessments are used consistently to inform strategies, commissioning 	<p>Action By:</p>
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intentions and business cases

Members expressed concern at the Comprehensive Performance Assessment scorecard and the 2 star ratings for the overall assessment of the Council and of Social care (adults) and Culture. There was no commentary provided in the report on what the problems were and what the remedies were to improve services. Members agreed that these issues should have been addressed by the relevant Policy Overview Committee to enable Members to be made aware of problem areas. Officers undertook to look into this and to ensure that there was a mechanism to ensure deficiencies in service areas were considered by relevant Policy Overview Committees. In addition officers would ensure that the next Audit Letter would contain greater detail on problem areas.

Members were informed that a new performance assessment framework, the Comprehensive Area Assessment (CAA), would provide a holistic independent assessment of the prospects for local areas and the quality of life for people living there. Officers were asked to ensure that structures were in place to ensure that this Committee and the Policy Overview Committees were involved in the CAA process, to enable tracking of problem areas.

A general discussion took place on the role of this Committee in relation to the decision making structure of the Council and Members expressed concern that the Minutes of this Committee were not submitted to another Council decision making body to enable the Committee's work to be reviewed. Subsequent to the meeting it was agreed that the Minutes of this Committee would be forwarded to Members of the Cabinet and the Corporate Services & Policy Overview Committee for their information.

Resolved –

1. That the report be noted
2. That Les Kidner be thanked for the service he has provided to the Council as District Auditor.
3. That officers look at making improvements to the information that this Committee and the Policy Overview Committees receives in relation to the CAA process, to enable the tracking of problem areas.
4. That the Minutes of the Audit Committee be forwarded to Members of the Cabinet and of the Corporate Services & Partnerships Policy Overview Committee.

**Khalid
Ahmed/Paul
Whaymand**

**Khalid
Ahmed**

<p>2.</p>	<p>Treasury Management Strategy Statement and Investment Strategy 2009-10 to 2011-12 and Update on the Council's Investments in Icelandic Banks</p> <p>Members were informed that the Annual Treasury Management Strategy was agreed by Council as part of the Budget setting process each February and the Strategy was being brought to this Committee in order to allow greater scrutiny of the Strategy. Included in the report was an update on the Council's frozen investments with Icelandic banks.</p> <p>Members noted that in relation to the Council's Investments in Icelandic Banks the joint administrators of Heritable Bank, Ernst & Young announced on 17 April 2009 that it would be in a position to make a return to creditors of between 70 and 80 pence in the pound.</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>3.</p>	<p>Balances and Reserves Policy 2009/10</p> <p>Members were informed that the Balances and Reserves Policy contained detail on the Council's approach to management and measurement of the requirements to hold balances and reserves that were currently in the public domain.</p> <p>The Director of Finance and Resources as the Council's Section 151 officer has a legal duty to comment on the robustness of the budget estimates for the forthcoming year and the adequacy of the Council's reserves as part of the statutory annual budget setting process.</p> <p>In relation to the assessment of required General Fund Revenue Balances for the overall financial standing of the authority, this was considered a low risk, except for the Icelandic banks issue, where possible future non-recovery required at least £1m to be retained in reserve. Members were informed that this figure was based on information from February but would be refreshed in future years. The Council would need to know whether the Government would allow the capitalisation of the losses from the Icelandic bank investments over a number of years; at around £400,000 a year.</p> <p>Resolved-</p> <ol style="list-style-type: none"> 1. That the information contained in the report be noted. 	
<p>4.</p>	<p>The Draft Annual Governance Statement 2008-09</p> <p>The report gave Members progress on how the Council was preparing the Annual Governance Statement for 2008-09 which was to be delivered by 30th June 2009.</p>	

	<p>Resolved-</p> <p>1. That the progress in delivering the 2008-09 Annual Governance Statement be noted.</p>	
<p>5.</p>	<p>Internal Audit Progress Report from 10 January 2009 to 31 March 2009</p> <p>Members were provided with updates on the progress report which had been submitted to the last meeting of this Committee (August 2008 to 9 January 2009):</p> <ul style="list-style-type: none"> • Access to Housing – When banding decisions were confirmed in writing there was no leaflet included to explain the LOCATA banding process. • Commercial Properties – Members were informed that debts of less than £5,000 were written off in one or two months and debts greater than £5,000 were written off within 6 months. • Schools – The Director of Education and Children’s Services attended the meeting to provide the Committee with an update on the high level of recommendations which had not been implemented within his service area. He reported that the financial management of schools was carried out by the schools and was not directly controlled by the Council. Progress had been made in the financial management of schools with resources increased to support schools. Five principal accountants under the Finance and Resources Directorate supported the schools but the Council’s powers of intervention were limited. <p>Reference was made to the School’s Forum who reviewed those schools who were in budget deficit. The number of schools in deficit was now only two compared to seven four years ago which was encouraging and positive. The audit of schools was now to be undertaken in-house which would result in tighter financial monitoring. There were still issues around the financial management IT software of some schools, but the situation had improved significantly.</p> <p>The last 20% of the schools would be assessed against the Financial Management in Schools Standard in 2009-10. It was reported that so far most had met the required standard.</p> <p>Consideration was given to a report which provided a summary of Internal Audit activity for the period from 10 January 2009 to 31 March.</p> <p>Members expressed concern at receiving the report late and it was explained that the report had to be considered by the</p>	

	<p>Corporate Management Team before it was distributed to Members. It was agreed that in future the report be submitted to Members of the Committee within the statutory period and comments from the Corporate Management Team be considered separately.</p> <p>There were two limited assurance reports, Data Security and Transfer and Scuba Application (IT), with the rest of the areas given a satisfactory assurance. 92% of recommendations had been implemented.</p> <ul style="list-style-type: none"> • Anti-fraud work - Training sessions for managers had gone well and fraud awareness training via an e-learning programme would be taking place for all Council staff. • Prosecution - Successful prosecutions needed to be publicised to let the public know the anti-fraud work the Council undertook. • Data Security and Transfer – Steps had been taken to identify weaknesses across the Council as part of a gap analysis for GCSX, N3 and LPSN. This would improve the effectiveness of protecting sensitive data. • Scuba Application (IT) – This was the software package for leisure services booking and management system. This was an isolated software package and the management response was that the system may be replaced soon, dependent on the Leisure Management Tender. ICT within the Council had been centralised and isolated software packages had been found within services. These disparate systems would be brought up to standard. • IT Oracle Financials Upgrade – It was noted that this had improved from last year and Members congratulated the IT Helpdesk on the service they received. • Asylum Service – Weir House (2007-8) – This was a vulnerable group and officers were commended for their audit work on this area. <p>Resolved -</p> <ol style="list-style-type: none"> 1. That the in-year progress against the Internal Audit Plan for 2008-09 and the latest follow-up position on those audits that were scheduled in 2007-08 be noted. 	
	<p>Meeting closed at: 6.50pm Next meeting: 29 June 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.