

Minutes

Audit Committee
Thursday 10 March 2011
Meeting held at Committee Room 3 - Civic Centre,
High Street, Uxbridge UB8 1UW



	<p>Independent Member: John Morley (Chairman)</p> <p>Members Present: Councillors George Cooper, Raymond Graham, Phoday Jarjussey and Richard Lewis.</p> <p>Apologies: None.</p> <p>Officers Present: Kevin Byrne (Head of Policy, Performance and Partnerships), Nancy Le Roux (Senior Service Manager – Corporate Finance), Jay Nandhra (Audit Manager), Helen Taylor (Head of Internal Audit and Enforcement), Paul Whaymand (Deputy Director, Finance) and Khalid Ahmed (Democratic Services Manager).</p> <p>Others Present: Heather Bygrave (Deloitte), Jonathan Gooding (Deloitte), Gus Miah (Deloitte), Zoe Prescott (Grants Manager – Deloitte) and Shireen Quayum (CIPFA Trainee).</p> <p>The Chairman reported that Members had held a scheduled private meeting with the Head of Internal Audit and Enforcement prior to the meeting.</p> <p>At the start of the meeting, the Chairman and Members expressed their thanks and appreciation to Christopher Neale, Corporate Director Finance and Business Services who had left the Authority. Members wished him well for the future.</p> <p>Members welcomed Paul Whaymand to the meeting in his new capacity as the Council's Section 151 Officer.</p>
43.	<p>DECLARATIONS OF INTEREST</p> <p>Councillor Richard Lewis declared a Personal Interest in Agenda Item 6 – Deloitte – 2010/11 Annual Audit Plan as he was a Member of the Pensions Committee. He remained in the room and took part in discussions on the item.</p>

	<p>Councillor George Cooper declared a Personal Interest in Agenda Item 8 – Internal Audit Progress Report as his wife was a Governor of Charville Foundation Primary School and he was a Governor of St Marys Catholic Primary School. He remained in the room and took part in discussions on the item.</p> <p>Councillor George Cooper declared a Personal Interest in Agenda Item 18 – Risk Management Report 2010/11- Quarter 3 (PE&CS 34) as he was a Trustee of Groundwork Thames Valley. He remained in the room and took part in discussions on the item.</p>	
44.	<p>MINUTES OF THE MEETING HELD ON 15 DECEMBER 2010</p> <p>Agreed as an accurate record subject to an amendment to Minute No. 37 – Internal Audit and Hillingdon Homes Transfer Back to the Council, so that the last paragraph refers to February 2011.</p>	
45.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that Agenda Item 17 – Internal Audit Progress Report and Agenda Item 18 – Risk Management Report 2010/11 – Quarter 3 both be considered in private.</p>	
46.	<p>DELOITTE – ANNUAL GRANT AUDIT LETTER</p> <p>Gus Miah from Deloitte introduced the report. Under Section 28 of the Audit Commission Act 1998, the Commission was responsible for making arrangements for certifying claims and returns in respect of grants or subsidies made or paid by any Minister of the Crown or a Public Authority to a Local Authority. The appointed auditor carried out work on individual claims as an agent of the Commission, under certification instructions which the auditor must follow.</p> <p>Members were informed that work had been performed on 12 grants with the total fee charged being £148,000. Additional work had been carried out on the “Gateway Grant” which was outside the Audit Commission Framework Contract. The audit fee for this work was £7,000.</p> <p>Deloitte reported that all claims had been submitted on time and a number of adjustments had been made to four of the grant claims prior to certification. The Housing and Council Tax Benefits Scheme grant claim had been given a qualification letter. Eight errors had been identified and two of these had required additional work. Two letters had been received from the Department of Work & Pensions which had meant that additional work had been required.</p> <p>Members were informed that in future, the grant billing would be discussed with the Deputy Director of Finance and it had been agreed that Deloitte would provide monthly cost</p>	<p>Action By:</p>

	<p>summaries and progress updates on a grant by grant basis. This would enable greater efficiencies.</p> <p>Reference was made to the errors identified in the Housing and Council Tax Benefits which amounted to only 0.1% of the grant.</p> <p>Members thanked Gus Miah for all his work and efforts in his role as Deloitte’s external auditor for the London Borough of Hillingdon.</p> <p>Resolved –</p> <ol style="list-style-type: none"> 1. That the information on the key findings on the grant work undertaken by Deloitte for the year ending 31 March 2010 be noted. 	<p>Action By:</p>
<p>47.</p>	<p>DELOITTE – 2010/11 ANNUAL AUDIT PLAN</p> <p>Heather Bygrave from Deloitte introduced the report and informed Members that Deloitte’s responsibilities were in two areas:</p> <ul style="list-style-type: none"> • The financial statements and the Annual Governance Statement and • Aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources <p>The key audit risks which had been identified as part of the audit strategy were outlined to Members.</p> <p>Reference was made to the timetable for the draft accounts and Members were informed that this was on track.</p> <p>Discussion took place regarding the title “Responsible Financial Officer” and it was agreed that this would be amended to read Section 151 Officer. Further discussion took place on the recent restructuring of the Council and the new job title of Deputy Director of Finance. Members asked that this issue be discussed with the Corporate Director for Central Services and Deputy Chief Executive at the next meeting of the Committee.</p> <p>Members were informed that the proposed changes in the Accounts and Audit Regulations 2003 would result in the audited Statement of Accounts being approved by the Audit Committee in September rather than in June prior to the audit. Reference was made to Appendix 1 – Analysis of Professional Fees in relation to Drivers Jonas Deloitte and their proposal to the Council to monitor the delivery of a building contract for the expansion of six primary schools. Members were assured that this would not compromise the independence of Deloitte.</p>	<p>Fran Beasley</p>

	<p>Members asked that the Deputy Director of Finance ensured that potential interest was noted during the procurement process.</p> <p>The key audit risks which had been identified for the overall audit strategy for the Pension Fund were also outlined.</p> <p>Resolved -</p> <ol style="list-style-type: none"> 1. That the information contained in the report be noted. 	Action By:
48.	<p>DELIVERING THE ANNUAL GOVERNANCE STATEMENT (AGS) 2010-11</p> <p>The Head of Policy, Performance and Partnerships provided Members with a progress report on the AGS for 2010-11. Members were informed that the key sources which contributed to the AGS included:</p> <ul style="list-style-type: none"> • Performance management & data quality information • Risk Management processes • 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>The 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 and highlight cross-council assurance sources.</p> <p>Resolved –</p> <ol style="list-style-type: none"> 1. That the sources of management information and assurance used to produce the AGS be noted. 	
49.	<p>INTERNAL AUDIT PROGRESS REPORT</p> <p>The Head of Internal Audit and Enforcement reported that based on the work undertaken from 20 November 2010 to 31 January 2011; there were no significant causes for concern at this time with levels of assurance. Only one audit in a junior school had received limited assurance and plans were in place to address the weaknesses identified. All other audits had satisfactory assurance with one audit having full assurance.</p> <p>Reference was made to the last meeting of this Committee when a progress report was given in relation to audits for Hillingdon Homes. Members were informed that Mazars, the</p>	

	<p>providing audit services. Members expressed some reservations at this service being provided within the existing staffing resources of the Team. Members asked that this be explored further with the Corporate Director of Central Services and Deputy Chief Executive at the next meeting of the Committee.</p> <p>Resolved-</p> <ol style="list-style-type: none"> 1. That approval be given to the Internal Audit Operational Plan. 	<p>Action By:</p> <p>Fran Beasley</p>
<p>52.</p>	<p>REVIEW OF INTERNAL AUDIT TERMS OF REFERENCE</p> <p>Members were informed that the Code of Practice for Internal Audit in Local Government required a periodic review of the Terms of Reference of Internal Audit. These were last reviewed in March 2010.</p> <p>Discussion took place on the new operational duties which the Head of Internal Audit had in relation to Corporate Fraud and Planning Enforcement and Members asked that the Corporate Director of Central Services and Deputy Chief Executive be asked to provide clarification on this role at the next meeting of this Committee.</p> <p>Resolved-</p> <ol style="list-style-type: none"> 1. That the Internal Audit Terms of Reference be noted and the Corporate Director of Central Services and Deputy Chief Executive be asked to provide clarification on the Planning Enforcement role for the Head of Internal Audit at the next meeting of this Committee. 	<p>Fran Beasley</p>
<p>53.</p>	<p>BALANCES AND RESERVES STATEMENT 2011/12</p> <p>The report explained to Members the technical accounting guidance in the process for the Balances and Reserves Statement and enabled Members to scrutinise the detailed background to the core assessment for General Fund balances supporting the Budget report for 2011/12.</p> <p>In the 2011/12 budget report, the recommended range for unallocated General Fund balances was £12m to £24m.</p> <p>Resolved-</p> <ol style="list-style-type: none"> 1. That the contents of the report be noted. 	

54.	<p>REPORT ON THE REVISIONS TO THE TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2011/12 TO 2013/14</p> <p>At the last meeting of this Committee Members requested that a report be provided which gave details of the changes from the draft to the final version of the statement and strategy.</p> <p>Resolved-</p> <p>1. That the contents of the report be noted.</p>	Action By:
55.	<p>TRAINING SESSION TO REVIEW THE EFFECTIVENESS OF INTERNAL AUDIT</p> <p>Members agreed that they should conduct a review into the systems and effectiveness of Internal Audit at a training session to be held before the June 2011 meeting. Deloitte would be invited to attend the session.</p> <p>In addition to the review, Members would be provided with details on the procedure that Internal Audit undertook when carrying out an audit, together with further details on the CIPFA publication on the role of the Head of Internal Audit in Public Service Organisations.</p> <p>Resolved –</p> <p>1. That the information contained in the report be noted.</p>	Helen Taylor
56.	<p>REVISION TO ACCOUNTS AND AUDIT REGULATIONS 2003</p> <p>The report provided a summary of the key issues contained within the consultation to revise and consolidate the Accounts and Audit Regulations 2003 as amended.</p> <p>Resolved –</p> <p>1. That the information contained in the report be noted.</p>	
57.	<p>WORK PROGRAMME</p> <p>The Chairman asked that the Committee's private meetings with both Deloitte and the Head of Internal Audit and Enforcement be included in the work programme for the next Municipal Year.</p> <p>Members were informed that the scheduled meetings of this</p>	Khalid Ahmed

	<p>Committee for the next Municipal Year required revising and Members would be contacted with suggested revised dates.</p> <p>For the meeting to be held on 27 June 2011, the Fraud Awareness Survey and the Interim Use of Resources Assessment were deleted from the work programme.</p>	<p>Khalid Ahmed Action By: Khalid Ahmed</p>
58.	<p>INTERNAL AUDIT PROGRESS REPORT</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>Resolved –</p> <p>1. That the information contained in the report be noted.</p>	
59.	<p>RISK MANAGEMENT REPORT 2010/11 – QUARTER 3</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>Resolved –</p> <p>1. That the information contained in the report be noted and the Committee expressed its satisfaction with the processes in place.</p>	
	<p>Meeting closed at: 6.50pm Next meeting: 27 June 2011 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.