

First Major Review – Effectiveness of the Audit Committee and its Terms of Reference – First Witness Session

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REASON FOR ITEM

To enable the Committee to gather evidence as part of their major review into the effectiveness of the Audit Committee and its Terms of Reference.

OPTIONS OPEN TO THE COMMITTEE

1. Question the witnesses
2. Highlight issues for further investigation
3. To make a note of possible recommendations for the review

INFORMATION

1. At this Committee's last meeting held on 21 July 2011, a review into the effectiveness of the Audit Committee and its Terms of Reference commenced. The scoping report for the review is attached as **Appendix 1** to this report
2. At the meeting the Head of Audit and Enforcement provided Members with a brief overview of the Audit Committee and its Terms of Reference. A number of key areas which the review should look at were identified and Members asked that the Chairman of the Audit Committee and Councillor George Cooper be invited to the next meeting as witnesses. However, Councillor George Cooper is unavailable for this meeting so Jonathan Gooding from Deloitte, the Council's External Auditors will attend the meeting.
3. To enable Members to obtain further knowledge and background to the review the Head of Audit and Enforcement has provided additional reading for Members. **Appendix 2** is the CIPFA document – Practical Guidance for Local Authorities and **Appendix 3** is the Audit Committee Update No.5 which was issued by the CIPFA better governance forum.

Key Issues and areas of possible questioning for the witnesses

1. How does the Audit Committee provide effective challenge across the Council, independent assurance on the risk management framework and

associated internal control environment and effective leadership on governance, financial reporting and audit issues?

2. What are the advantages and disadvantages of having Independent Members of the Audit Committee?
3. Is the scope of Hillingdon's Audit Committee sufficient to enable it to function effectively and if it is not, how could this be improved?
4. What are the powers that Hillingdon's Audit Committee have in relation to (a) Council, Cabinet and other Member-level committees and (b) officers? Are these powers sufficient to enable the Committee to carry out its functions effectively?
5. Is the agenda for the Audit Committee looking at the right things and does the Committee receive assurance on everything it needs?
6. How effective is the Audit Committees relationship with its External Auditors? What could be done to improve this relationship?
7. How will the Audit Committee be affected by the proposals contained in the Department for Communities and Local Government consultation on the "Future of local public audit" and are there any steps which could be taken now to prepare for these changes?

PAPERS WITH THE REPORT

Scoping Report (Appendix 1).

CIPFA document – Practical Guidance for Local Authorities (Appendix 2)

Audit Committee Update No.5 which was issued by the CIPFA better governance forum (Appendix 3)

SUGGESTED COMMITTEE ACTIVITY

1. Question the witnesses
2. Highlight issues for further investigation
3. To make a note of possible recommendations for the review