AT A MEETING of the HAMPSHIRE FIRE AND RESCUE AUTHORITY GOVERNANCE COMMITTEE held at Hampshire Fire and Rescue Service Headquarters, Eastleigh on 30 June, 2011

PRESENT:

Councillors: R. McIntosh (Chairman), S. Darragh; L. Fairhurst (Vice-Chairman); T. Knight; K. Morrell;

Also in attendance was Kate Handy and Graham West, District Auditors.

64 **APOLOGIES** **ACTION**

Apologies for absence were received from Councillors D. Harrison, D.Fuller, R.Smith and M. Tucker

65 **DECLARATIONS OF INTEREST**

Members were mindful that, where they believed they had a personal or personal prejudicial interest in any matter to be considered at the meeting, they should normally, at the time of debate, declare their interest and having regard to the circumstances described in paragraphs 9, 10, 11 and 12 of the Fire Authority's Code of Conduct consider whether to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with Paragraph 12 of the Code.

There were no declarations of interest.

66 **MINUTES AND MATTERS ARISING**

The Minutes of the meeting of the Committee held on 22 November, 2010 were confirmed as a correct record and signed by the Chairman.

Matter Arising:
Audit Input Analysis (Item 61)

Pursuant to Minute 61, it was noted that a document detailing a breakdown of costs and skill levels required had been provided by the Audit Commission to accompany the minutes of the last meeting.

67 **CHAIRMAN'S ANNOUNCEMENTS**

There were no deputations for this meeting.

68 **DEPUTATIONS**

There were no Chairman's announcements at this meeting

69 **ANNUAL INTERNAL AUDIT OPINION 2010/2011**

The Committee received the report of the Treasurer, which concluded that Hampshire Fire and Rescue Authority's framework of governance, risk management and management control continues to be appropriate and working in practice (Item 6 in the Minute Book).

Karen Shaw, Head of Audit, introduced the report and in response to the Chairman's concerns over the phrase 'reasonable assurances' explained that this was accepted audit terminology due to the fact that the work is risk based, rather than covering all controls and that opinions on the systems reviewed are based on sample testing, with specific reviews being carried out throughout the year.

Members queried what the two 'incomplete' opinions were in the table under 5.7, and it was confirmed that these related to animal rescue and the retained fire fighters system, which were both being addressed (Item 7 in the Minute Book).

RESOLVED:

i) That the audit work completed during the year be noted and the Internal Audit Assurance for 2010/11 detailed in paragraph 4.2 be accepted

70 **PROGRESS REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS AND ACTIONS ARISING FROM INTERNAL AUDIT REPORTS**

The Committee considered the report of the Chief Officer (Item 7 in the Minute Book) that provided an update on actions arising from Internal Audit reports.

It was noted that all recommendations made in the audit of animal rescue had been implemented.

It was confirmed that the recommendations made in the audit on the retained fire fighters system were being taken into account in the implementation of the new IT system. Where possible manual controls had been implemented to mitigate weaknesses that had been identified during the review. Some weaknesses were being rectified with new system upgrades.

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Members were assured that the potential risk of fraudulent claims as detailed in recommendation number 3.16 was mitigated by other controls within the system.

It was confirmed that work required arising from the review of Red Book compliance to refresh the fraud and corruption and Whistleblowing policies was underway and that the new policies would be brought to the Committee in November

The Committee enquired about recommendation number 3.7 Appendix 2 (page 35) which arose from the Government Procurement card audit, and questioned the limit that would be set below which VAT would not be accounted for. It was agreed that the outcome of the analysis would be reported back to the next meeting — Nicki Whitehouse, Chief Officer

RESOLVED:

i) That the Governance Committee approves the audit action reports, and progress made towards the implementation of recommendations for improvement.

71 **ANNUAL GOVERNANCE STATEMENT 2010/11**

The Committee considered the report of the Chief Officer (Item 8 in the Minute Book) on the Authority's corporate governance arrangements.

The report set out the framework and confirmed that good processes were in place. The statement was signed by John Bonney and Councillor Robin McIntosh.

RESOLVED:

i) That the Annual Governance Statement 2010/11 (in Appendix 1) be approved for inclusion in the Annual Statement of Accounts for 2010/11

72 **THE BRIBERY ACT 2010**

The Committee considered the report of the Head of Legal (Item 9 in the Minute Book), which detailed the new Act and it's implications for the Authority.

The Act has implications for a public authority's corporate governance in respect of the codes of conduct for members and officers, its procurement and its anti-fraud and corruption policies, all of which are also well established in Hampshire Fire and Rescue Authority but require review in the light of the new legislation.

It was confirmed that Officer and Member Codes of Conduct, as well as the anti-fraud and corruption strategy are currently being reviewed.

RESOLVED:

i) That the implications of the provisions of the Bribery Act 2010 are noted and that the Committee endorse the action being taken to:
   a) Review risk areas and determine what, if any, bribery prevention procedures should be adopted;
   b) Review tendering and contracting arrangements to ensure that these contain anti-corruption provisions which adequately address the provisions of the Act.

73 **THE COMMUNITIES AND LOCAL GOVERNMENT CONSULTATION PAPER – FUTURE OF LOCAL AUDIT**

The Committee considered the report of the Treasurer (Item 10 in the Minute Book)

It was confirmed that the paper had been well publicised and a list of potential answers to questions were provided to the Committee.

Members raised concerns over the proposal for independent members to be required to form a majority of members on the audit committee due to the accountability issues, potential cost implications and difficulties in appointing appropriate individuals. It was agreed that the Committee's comments would be fed back as part of the response

Karen Shaw, Treasurers

RESOLVED:

i) That the Governance Committee agree the consultation response to the 'Future of public Audit – Consultation' (Appendix 1) subject to comments agreed at the meeting