AT A MEETING of the HAMPSHIRE FIRE AND RESCUE AUTHORITY GOVERNANCE COMMITTEE held at Hampshire Fire and Rescue Service Headquarters, Eastleigh on 23 September, 2011

PRESENT:

Councillors: R. McIntosh (Chairman), S. Darragh, L. Fairhurst (Vice-Chairman), D. Harrison, T. Knight and M. Tucker

Also in attendance was Kate Handy, District Auditor.

74 **APOLOGIES** **ACTION**

Apologies for absence were received from Councillors D.Fuller, K. Morrell and R.Smith

75 **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.

76 **MINUTES AND MATTERS ARISING**

The Minutes of the meeting of the Committee held on 30 June, 2011 were confirmed as a correct record and signed by the Chairman.

Matters Arising:

Progress report on the implementation of recommendations and actions arising from internal audit reports (70)

Pursuant to Minute 70, it was noted that, in accordance with an internal audit recommendation made in the audit of government procurements cards, an analysis of the cost of accounting for VAT on individual transactions had been made in order to make a judgement about whether VAT should be recovered regardless of the cost. The result of this analysis was that it was not cost effective to account for VAT for invoices below the value of £8.00. However, management had decided, for the present time, to continue to account for VAT on all transactions.

The number of these transactions is small, and the cost of administering this system is far less than the traditional ordering system.

The Communities and Local Government Consultation paper – Future of Local Audit (73)

Pursuant to Minute 73, it was confirmed that a response had been sent in line with the Committee's recommendations.

77 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman advised the Committee that Members were welcome to suggest items for the agenda of future meetings of the Governance Committee if they so wished.

78 **DEPUTATIONS**

There were no deputations received for this meeting.

79 **ANNUAL GOVERNANCE REPORT**

The Committee received the Annual Governance Report from the Audit Commission (Item 6 in the Minute Book), which was introduced by Kate Handy.

It was pointed out that there was no longer a scoring system for these reports and that conclusions were either a pass or a fail. The Authority had performed very well with no material errors. It was acknowledged that one of the minor adjustments to the accounts that were required resulted from changes in advice given by the Audit Commission after the accounts had been submitted for Audit.

Members enquired whether local authorities that had good accounts might have their Audit fees reduced. But Kate Handy confirmed that authorities that had poor accounts were sometimes subject to additional fees.

It was agreed that elements of the report could be worded so that they were easier to understand and also that less abbreviations should be used in favour of full names. However, it was accepted that some of the document was standard wording arising from national standards of reporting that could not be changed.

The Chairman of the Committee thanked Kate Handy and all officers both in the Service and those from the

County Council who provide accounting services for their hard work in producing such a good result.

RESOLVED:

i) The Committee noted the adjustments to the financial statements set out in the Annual Governance Report, Appendix 2
ii) The Committee approved the letter of representation on behalf of the Authority

80 STATEMENT OF ACCOUNTS

The Committee considered the report of the Treasurer (Item 7 in the Minute Book) that detailed the Authority's Statement of Accounts, which needed to be approved by Committee by the 30 September 2011.

It was noted that the Authority held £8.5m in reserves at the end of the financial year; and, that the Statement of Accounts had been produced for the first time under International Financial Reporting Standards.

Several presentational improvements were suggested by the Committee, which were noted by the officers for future consideration.

RESOLVED:

i) The Statement of Accounts for 2010/11 was approved,.

81 AUDIT FEE LETTER 2011/12

The Committee considered a letter from the Audit Commission (Item 8 in the Minute Book) confirming the fees that will apply in 2011/12.

The letter confirmed that the fees would be decreased by 10% to £80,500 from £87,500 and Members questioned whether the fee or the percentage was incorrect due to the totals of each coming out differently. It was agreed that this would be looked into and reported back to Committee.

Katy Handy (Audit Commission)

RESOLVED:

i) The Audit Fee Letter was noted by Committee

82 FUTURE OF LOCAL AUDIT

The Committee considered the report of the Treasurer (Item 9 in the Minute Book), which updated the Committee on the department for Communities and Local Government (CLG) proposals for transferring the work of the Audit Commission's in-house audit practice to the private sector.

The Committee noted the timetable in paragraph 3.7 of the report, which detailed plans over the next year until September 2012.

It was confirmed that the proposal to introduce independent Members had been put to one side for the short term due to the subsequent redundancy costs that was be incurred.

RESOLVED:

i) Changes in the procedures for appointing the Authority's external auditors (as summarised in paragraph 3.7 of the report) were noted