

AT A MEETING of the AUDIT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on 29 September 2011.

PRESENT:

p Councillor K. Evans (Chairman)

p J. Bryant
p V. Clarke
p B. Dash
p J. Frankum

p M. Geddes
p A. Gibson
a E. Neal
a C. Thomas

Kate Handy, District Auditor and Hassan Rohimun, Audit Manager of the Audit Commission also attended this meeting.

102 APOLOGIES

Apologies for absence were received from Councillors E. Neal and C. Thomas.

103 DECLARATIONS OF INTEREST

All Members who believed they had a personal or prejudicial interest in any matter to be considered at the meeting were asked to declare that interest and, having regard to the circumstances described in paragraphs 9, 10, 11 and 12 of the County Council'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. The declaration should be made at the time of the relevant debate.

No declarations of interest were made at the meeting.

104 MINUTES

The Minutes of the meeting held on 30 June 2011 were agreed and signed by the Chairman as a correct record, subject to Councillor J. Frankum being added to the apologies for absence record.

105 CHAIRMAN'S COMMUNICATIONS

The Chairman welcomed Julia Abbott, a Member of the County Council's Independent Remuneration Panel, who was observing the meeting on this occasion.

106 AUDIT COMMISSION AND HAMPSHIRE COUNTY COUNCIL AND HAMPSHIRE PENSION FUND AUDIT 2010/11

Kate Handy, District Auditor presented her Annual Governance Report on the County Council and Hampshire Pension Fund Audit for

2010/11 (Item 5 in the Minute Book). Also, the Committee received the draft letter of representation on behalf of the Council which was tabled at the meeting (Item 5(a) in the Minute Book).

The report summarised the audit of the County Council's financial statements and provided an assessment of its arrangements to achieve value for money. Overall an unqualified opinion on the financial statements and an unqualified value for money conclusion was proposed. To help discharge their governance responsibilities, Members' attention was drawn to various errors and inconsistencies in the information provided. It was made clear that none of the adjustments affected the Council's general fund resources or net assets or the pension fund account or pension fund net assets and all the required corrections had been made to the satisfaction of the District Auditor.

The Chairman thanked the Audit Commission for their report and for the information contained therein which had been reassuring to the Committee.

Accordingly, it was

RESOLVED:

- (a) That the matters raised in the District Auditor's Annual Governance report on the County Council's 2010/11 financial statements be noted.
- (b) That the letter of representation on behalf of the Council be approved.
- (c) That the value for money conclusion for the year ended 31 March 2011 be noted.

107 **DRAFT STATEMENT OF ACCOUNTS 2010/11**

The Committee considered the report of the County Treasurer (Item 6 in the Minute Book) on the draft statement of accounts for 2010/11. The introduction to the report highlighted particular issues of note, including the main changes brought about by the implementation of the International Financial Reporting Standards.

Members raised a number of questions and queries which were answered at the meeting. The Committee were advised that there were no further minor or other amendments to be reported to the statement of accounts. Members wished to record their thanks and appreciation to those staff involved for their significant work on this item. The County Council was required to publish its statement of accounts by 30 September 2011. After this had been done the accounts would be

made available, with a short covering statement, to all members of the County Council either in electronic form or by circulation of a printed document if preferred.

Accordingly, it was

RESOLVED:

- (a) That the statement of accounts for 2010/11, as set out in appendix 2 of the submitted report, be approved.
- (b) That, there being no further minor or other amendments, the County Treasurer and the Chairman on behalf of the Committee be authorised to sign the letter of representation on behalf of the Council for the issue of the audit opinion and to the publication of the accounts.

108 **INTERNAL AUDIT PROGRESS REPORT PLAN**

The Committee considered the report of the County Treasurer (Item 7 in the Minute Book) giving an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and about the status of "live" reports. In discussion, the Chief Internal Auditor agreed to include as part of the next progress report new information relating to relevant completion dates.

RESOLVED:

That the Internal Audit Status of Work report for the period ending August 2011 be noted.

109 **EFFECTIVENESS OF INTERNAL AUDIT**

The Committee considered the report of the County Treasurer (Item 8 in the Minute Book) summarising the measures currently in place to monitor internal audit effectiveness. Members supported the actions and initiatives being taken for continuous improvement. In relation to the "client feedback survey" mentioned in the report, it was agreed to report this to the Committee once it was available.

RESOLVED:

- (a) That approval be given to the review conducted in assessing the effectiveness of internal audit.
- (b) That the action plan generated from the review of the effectiveness of internal audit be endorsed.

110 BRIBERY ACT 2010

The Committee considered the report of the County Treasurer (Item 9 in the Minute Book) on the Bribery Act 2010. It provided an overview of the implications of the Act and of the County Council's current arrangements and proposed actions to satisfy its requirements. The Act created a number of new offences, the main focus being set out in Section 7 (failure of commercial organisations to prevent bribery). The Committee asked to be kept informed of any future issues.

RESOLVED:

That the implications of the provisions of the Bribery Act 2010 be noted and that the Audit Committee endorse the action being taken to:

- Further review established County Council policies and procedures and determine what, if any, additional actions are necessary to maintain compliance with the 'principles' of the act, and
- To report back to the December Audit Committee with an updated position statement.

111 THE FUTURE OF LOCAL PUBLIC AUDIT - UPDATE

The Committee considered the report of the County Treasurer (Item 10 in the Minute Book) giving an update of the Department for Communities and Local Government proposals for transferring the work of the Audit Commission's in-house audit practice to the private sector. It was noted that following the procurement exercise, the Audit Commission were due to appoint the County Council's new auditor with effect from September 2012. The County Council were to be consulted on this appointment following the award of contracts in Spring 2012. The Committee expressed some concern /dismay at the lack of participation from the County Council in the appointment process eg. The County would be consulted on the appointment after the award of the contract.

RESOLVED:

That the pending changes to the provision of the County Council's external auditors be noted.

112 ANNUAL GOVERNANCE STATEMENT

The Committee considered the report of the Chief Executive and County Treasurer (Item 11 in the Minute Book) on the annual governance statement for Hampshire County Council and Hampshire Pension Fund.

The Head of Governance introduced the annual governance statement which was an important and integral part of the County Council's Corporate Governance regime. Members commended the comprehensive but very readable report.

RESOLVED:

That the Committee approves the draft Annual Governance Statement for signature by the Leader of the County Council and the Chief Executive.

113 **KEY ASPECTS OF RISK MANAGEMENT STRATEGY AND ASSOCIATED IMPROVEMENT PLAN**

The Committee considered the report of the Chief Executive (Item 12 in the Minute Book) on key aspects of the risk management and health and safety strategy and the associated improvement plans. Members were informed about the key aspects of an Improvement Plan which had been developed to support the Strategy and further improve the quality of the management of risk across the County Council. Members would be updated on progress.

RESOLVED:

- (a) That the Strategy and Policy Statement for Risk Management and Health and Safety appended to the report be noted.
- (b) That a progress report be presented to the Audit Committee in six months time.

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