AT A MEETING of the AUDIT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on 22 March 2012.

PRESENT:

p Councillor K. Evans (Chairman)

p J. Bryant
p V. Clarke
p B. Dash
p J. Frankum
p M. Geddes
p A. Gibson
p E. Neal
a C. Thomas

123 APOLOGIES

Apologies for absence were received from Councillor C. Thomas.

124 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 8, 9, 10 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.

125 MINUTES

The Minutes of the meeting held on 22 February 2012 were agreed and signed by the Chairman as a correct record.

126 CHAIRMAN’S COMMUNICATIONS

The Chairman expressed his thanks to retiring County Council Officer Kelvin Ridout for all of his hard work over many years. On behalf of the Committee, he wished Kelvin all the best for the future.

The Chairman welcomed Julia Abbott to the meeting, who was observing proceedings on behalf of the Independent Remuneration Panel.

127 AUDIT COMMISSION

The Committee considered the report from the Audit Commission (Item

5 in the Minute Book) consisting of a Progress Report, an Opinion Plan for the County Council and a Grant Claim Report 2010/11.

The reports were outlined and in particular the new external audit arrangements discussed. It was noted that Ernst and Young had been awarded the contract for the South East, but it remained unclear exactly what this change would mean for the County Council.

With regards the 2010/11 accounts report, the reporting requirement was discussed. It was felt that a summary for public consumption had some appeal and that Hampshire Now magazine was a possible means of publishing the information.

Risks and the process of identifying risk to the Council was discussed, in particular the difficulty of assessing the risks associated with IT systems.

It was agreed that at a future meeting the Committee would consider any potential impact of the Audit Commission National Reports upon value for money programmes no longer being undertaken, as proposed as part of the review of Public Audit Services by the Government.

RESOLVED:
That the report be noted.

128 **INTERNAL AUDIT PLAN**

The Committee considered the report of the County Treasurer (Item 6 in the Minute Book) regarding internal audit in the period 2012-2013.

High and medium priority areas were identified and the resulting differences in approach discussed. It was reported that 2500 days of audit work was anticipated, which had reduced as a result of the changing public sector environment. The flexible working arrangement between Hampshire County Council and Southampton City Council was outlined and it was noted that this would increase efficiency and effectiveness.

An error in the report was identified and it was noted that the total audit days reported page 4, appendix 1, should be 3553.

RESOLVED:
That the Audit Committee approve the Audit Plan for 2012-2013.

129 **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered the report of the County Treasurer (Item 7 in the Minute Book) regarding the progress of internal audit.

The Internal Auditor introduced the report, highlighting key sections. He identified in particular the live reviews with outstanding actions and explained that timescales for completion were to be tightened in the future.

RESOLVED:
That the Audit Committee note the Internal Audit Status of Work report for the period ending January 2012.

130 **EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT – REVIEW METHODOLOGY**

The Committee received the report of the County Treasurer (Item 8 in the Minute Book) regarding methodology for undertaking reviews of the system of internal audit.

The need to review the effectiveness of internal audit and possible options for doing so were outlined. It was noted that the Monitoring Officer's position within the Officer structure made her best placed to undertake a review and that this would contribute to the annual governance statement.

It was proposed and agreed that a sub-committee of the Audit Committee would review the Committee's effectiveness. It was confirmed that this was on a one off basis and that the need for future reviews would be considered in due course. It was agreed that Councillors Gibson, Dash, Frankum and Bryant would form the sub-committee, with Councillor Bryant the sub-committee Chairman.