

AT A MEETING of the AUDIT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on 27 June 2013.

PRESENT:

p Councillor Keith Evans (Chairman)

p John Bennison
p Vaughan Clarke
a Adrian Collett
p Andrew Gibson

a David Harrison
p Tony Hooke
p Mark Kemp-Gee
p George Ringrow

Hassan Rohimun, Audit Manager of Ernst & Young also attended this meeting.

1. APOLOGIES

Apologies for absence were received from Councillors Adrian Collett and David Harrison.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting were asked to declare that interest and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, consider whether to leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Non-Pecuniary interest in a matter being considered at the meeting should consider whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

No declarations of interest were made at the meeting.

3. MINUTES

The Minutes of the meeting held on 15 February 2013 were agreed as a correct record and signed by the Chairman.

4. CHAIRMAN'S COMMUNICATIONS

No announcements were made on this occasion.

5. INTERNAL AUDIT ANNUAL REPORT AND OPINION 2012/13

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 5 in the Minute Book) on the Internal Audit Annual Report and Opinion for 2012/13.

The key points of the report were outlined and the Committee expressed their satisfaction with the content. A point relating to anti-fraud measures was clarified.

RESOLVED:

That the Audit Committee accepts the Chief Internal Auditor's annual report and opinion statement for 2012/13.

6. INTERNAL AUDIT PROGRESS PLAN 2013/14

The Committee considered the report of the Director of Corporate Resources – Corporate Services (Item 6 in the Minute Book) regarding the internal audit Progress Plan for 2013/14.

A number of elements of the Plan were detailed and it was explained that it was based on current work and work with the external auditors. The strategy for the prioritisation of financial management over information technology was confirmed.

RESOLVED:

That the Audit Plan for 2013/14 be approved.

7. PUBLIC SECTOR INTERNAL AUDIT STANDARDS - INTERNAL AUDIT CHARTER

The Committee considered the report of the Director of Corporate Resources – Corporate Services (Item 7 in the Minute Book) giving an update on the Public Sector Internal Audit Standards and seeking approval of the Internal Audit Charter.

The development of the new Public Sector Internal Audit Standards was outlined to the Committee, who noted that these were not significantly different to the CIPFA standards that had preceded them. The process and the reporting requirements were detailed, in particular with regard to the role of the Audit Committee. The differentiation between internal audit of joint partnerships and the role of external audit was explained. It was also confirmed that although financial loss levels were monitored by auditors, it was not their role to establish value for money in comparison with other similar organisations.

RESOLVED:

That the implications and actions necessary to meet compliance with the Public Sector Internal Audit Standards be noted and that the Internal Audit Charter be agreed.

8. ANNUAL GOVERNANCE STATEMENT

The Committee considered the report of the Chief Executive and Director of Corporate Resources - Corporate Services (Item 8 in the Minute Book) seeking approval for the Annual Governance Statement.

The context and requirements of the Annual Governance Statement were explained to the Committee and it was confirmed that the Statement was formulated through statements of assurance from each department, alongside the results of a questionnaire. Members were reassured by the Statement.

RESOLVED:

That the Annual Governance Statement be approved for signature by the Leader of the County Council and the Chief Executive

9. (a) **HAMPSHIRE COUNTY COUNCIL AUDIT PLANNING REPORT 2012/13**
(b) **HAMPSHIRE PENSION FUND AUDIT PLANNING REPORT 2012/13**
(c) **HAMPSHIRE COUNTY COUNCIL FEE LETTER 2013/14**
(d) **HAMPSHIRE PENSION FUND FEE LETTER 2013/14.**

The Panel received and noted audit reports for both Hampshire County Council and Hampshire Pension Fund together with the fee letters for 2013/14.

10. MINUTES OF PENSION FUND PANEL MEETINGS

That the Minutes of the Pension Fund Panel meetings held on 30 November and 7 December 2012 (Items 12(a) and 12(b) respectively in the Minute Book) be received and noted.

11. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded from the meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present, there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, being information relating to any individual which should not be disclosed for the reasons set out in the exempt appendices to the above minutes.

12. MINUTES OF PENSION FUND PANEL MEETINGS

That the exempt appendices accompanying the Minutes of the Pension Fund Panel meetings held on 30 November and 7 December 2012 (Items 12(a) and 12(b) respectively in the Minute Book) be received and noted.

13. **SUMMARY OF FRAUD INVESTIGATIONS**

The Committee considered an exempt report of the Director of Corporate Resources – Corporate Services (Item 13 in the Minute Book) providing an update on fraud investigations.

Details of three recent fraud cases were outlined to the Committee, including the actions that were being taken. The wider issue of loss that did not have a direct financial value attached to it was raised and it was agreed that historic trends be presented at a future meeting of the Committee. Opportunities to audit flexible working with regard to the potential loss of time to the organisation were discussed. It was noted that this was a managerial matter and fell under the responsibility of the Employment in Hampshire County Council Committee.

RESOLVED:

That ongoing investigations into reported cases of fraud and irregularity be noted.