

AT A MEETING of the AUDIT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on 30 June 2010.

**PRESENT:**

p Councillor K. Evans (Chairman)

a. F. Allgood.  
p J. Bryant  
p. V. Clarke  
a B. Dash

p M. Geddes  
p A. Gibson  
C. Leversha  
C. Thomas

**42 APOLOGIES**

Apologies for absence were received from Councillors F. Allgood and B. Dash.

**43 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.

There were no declarations of interest made by Members under this item.

**44 MINUTES**

The Minutes of the meeting held on 25 March 2010 were agreed and signed by the Chairman as a correct record.

Matter arising:

**County Council's Management of the disposal of its land and buildings**

On Minute 38, the County Treasurer reported that it was his understanding, that the County Council's intended disposals policy document was likely to be available in the Autumn.

**45 UPDATE ON THE FUTURE OF THE COMPREHENSIVE AREA ASSESSMENT (CAA) AND USE OF RESOURCES ETC**

The Committee received and noted a letter from the Audit Commission dated 28 May 2010 (Item 5 in the Minute Book) about the intention to bring to a conclusion work on CAA in the light of the newly elected government's recent announcement.

46 **AUDIT COMMISSION - 2009/10 AUDIT PROGRESS REPORT, 2009/10 AUDIT OPINION PLAN AND 2010/11 AUDIT INSPECTION FEE AND LETTER**

The Committee considered the 2009/10 Audit Progress report, the 2009/10 Audit Opinion Plan and the 2010/11 Audit Inspection Fee and Letter (Items 6a, 6b and 6c in the Minute Book).

The District Auditor introduced each of the items and explained the likely impact on fees etc as a result of abolishing the CAA. A further report would be made to the next meeting. With regard to the Audit Opinion Plan, it was intended to add another risk area regarding future inflation assumptions for calculating the pension fund liability.

The Committee were pleased to note that no pre-statement audit memorandum was necessary because no material internal control weaknesses had been found. Members noted the change that would be required in accounting entries with regard for example, to presentation of the Waste Contract with Veolia. Also, they welcomed the reduced level of Audit Commission fees for 2010/11 and undertaking to closely consider 2011/2012 proposals in relation to the amended Audit Commission future role.

RESOLVED:

That the 2009 Audit Progress Report, 2009/10 Audit Opinion Plan and 2010/11 Audit Inspection Fee and letter be noted.

47 **COUNTY COUNCIL RISK MANAGEMENT ARRANGEMENTS**

The Committee considered the report of the Chief Executive (Item 7 in the Minute Book) about the County Council's arrangements for managing its business risk and the performance of those risk management arrangements. Members noted examples of some recent risk assessments which had been undertaken and that the Committee would be receiving future reports on this item.

RESOLVED:

That the Committee note the progress made and endorses the approach that the County Council is taking to risk management.

48 **ANNUAL INTERNAL AUDIT OPINION 2009-10**

The Committee considered the report of the County Treasurer (Item 8 in the Minute Book) which concluded that Hampshire County Council has an appropriate framework of control that provides reasonable assurance regarding the effective, efficient and economic achievement of the County Council's objectives, and that controls are working in practice.

The County Treasurer highlighted the main issues raised during 2009/10 as set out in the report. Members were pleased to see the satisfactory conclusion of issues raised in previous year(s) and the very low number of identified irregularities, reflecting, it was felt, the detection and irregularity checking procedures. The Committee also commended the officers involved on the clarity of the internal audit assurance statement.

**RESOLVED:**

- (a) That the Committee accepts the internal audit assurance statement for 2009/10 as detailed in Annex 1 to the report.
- (b) That the progress of management actions to resolve the issues identified in paragraphs 6.4 to 6.12 of the report be reported mid-year to the Committee.

#### **49 ANNUAL GOVERNANCE STATEMENT**

The Committee considered the report of the Chief Executive (Item 9 in the Minute Book) on the annual governance statement for Hampshire County Council and Hampshire Pension Fund.

Members thanked the Head of Governance for a very comprehensive but very readable report. They noted that the Comprehensive Area Assessments would be finishing and were advised about how some of these aspects would be covered in the future assessment of organisation and procedures related to value.

**RESOLVED:**

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

#### **50 DRAFT STATEMENT OF ACCOUNTS 2009/10**

The Committee considered the report of the County Treasurer (Item 10 in the Minute Book) on the draft statement accounts for 2009/10. The County Treasurer gave a short presentation to Members on this item and a copy of the handout circulated at the meeting appears as Item 10(a) in the Minute Book). Also, the County Treasurer reported on some further minor amendments to the report (Item 10(b) in the Minute

Book) which were tabled at the meeting and agreed by the Committee.

The Committee raised a number of questions in relation to in-year and year-on-year variations and were satisfied that these resulted from short-term or one-off changes and not weak budgets. The pension statements raised a number of questions relating to the identified fund liability valuation and apparent shortfall. Members understood the actuarial calculation involved and that this was a notional deficit, in the sense that it did not require the authority to take any additional action in response to it. Members noted that the fund had an operating surplus during the year. They were pleased to receive an explanation of changes in financial reporting in relation to assets and long-term lease contracts, required to meet International Financial Reporting Standards and that these authority "worth" statements did not impact on council tax requirements.

RESOLVED:

That, subject to incorporation of those amendments tabled at the meeting, the Statement of Accounts for 2009/10 be approved.

51 **CONSULTATION ON THE STATEMENT OF ROLE OF HEAD OF INTERNAL AUDIT IN PUBLIC SERVICE ORGANISATIONS**

The Committee considered the report of the County Treasurer (Item 11 in the Minute Book) seeking Members' views for inclusion on a proposed response to the Chartered Institute of Public Finance and Accountancy on the role of the Head of Internal Audit in public service organisations. Members supported the draft response to be sent to CIPFA.

RESOLVED:

That the Committee approve the proposed response as set out in the report to the Chartered Institute of Public Finance and Accountancy on the role of the Head of Internal Audit in public service organisations.

52 **REVISION OF CONTRACT STANDING ORDERS**

RESOLVED:

That this item be withdrawn so that further consideration can be given to certain aspects of the report.

53 **PENSION FUND PANEL - MINUTES OF 9 FEBRUARY 2010**

The Committee received the Minutes of the Pension Fund Panel meeting held on 9 February 2010 (Item 13 in the Minute Book).

**54 EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

That, in relation to the following items, the 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 during the item there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the report.

**55 MINUTES OF PENSION FUND PANEL MEETING - 9 FEBRUARY 2010 (EXEMPT APPENDICES)**

The Committee received the exempt appendices accompanying the Minutes of the Pension Fund Panel meeting held on 9 February 2010 (Item 15 in the Minute Book).

**56 ANNUAL INTERNAL AUDIT OPINION - EXEMPT ANNEX**

The Committee received the exempt annex which accompanies the Annual Internal Audit Opinion (Item 16 in the Minute Book).

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