

AUDIT COMMITTEE

12 March 2015

Attendance:

Councillors:

Cutler (P)

Berry J (P)
Hiscock (P)
Horrill (P)
Mather (P)

McLean (P)
Osborne (P)
Power
Weir (P)

Others in attendance:

Councillor Godfrey – Deputy Leader and Portfolio Holder for Finance and Organisational Development.

1. **DISCLOSURES OF INTERESTS**

Councillors Mather declared a disclosable pecuniary interest in respect of items under consideration which may have a Hampshire County Council involvement due to her role as a County Councillor. However, as there was no material conflict of interest regarding these items, she had a dispensation granted on behalf of the Standards Committee to speak and vote in all matters.

2. **MINUTES**

Arising out of consideration of the Minute relating to Internal Audit Progress Report 2013/14 (Report AUD107 refers), it was agreed that a progress report be brought to the Committee's next meeting on the contract management arrangements relating to leisure centres, including the possible reintroduction of a quarterly user group meeting for leisure centres.

RESOLVED:

That the minutes of the previous meeting held on 4 December 2014 be approved and adopted and that a report be brought to the Committee's next meeting on the contract management arrangements relating to leisure centres as outlined above.

3. **INTERNAL AUDIT PROGRESS REPORT 2014/15**
(Report AUD110 refers)

Mr Harvey from the Southern Internal Audit Partnership presented this item.

The Committee discussed methods to review outstanding management actions on Internal Audit Assurance Opinions and, although good progress had been made, were concerned that a number of long overdue items remained. Following debate, it was agreed that the Corporate Governance Group should seek updates from Managers on the outstanding actions older than a year through the annual assurance process that was currently underway, for the production of the draft Annual Governance Statement for 2014/15. This would determine whether the outstanding management actions could be closed, and where relevant future internal audits would consider the issues.

The Committee also debated the level to which it should receive more detail on Internal Audit Actions. The Chief Operating Officer commented that major contracts, such as that for the Joint Environmental Services Contract, were the subject of an annual review by The Overview and Scrutiny Committee and consideration was also being given to a similar review of the Leisure Centres Contract becoming part of the work programme for that Committee. The Chief Finance Officer added that particularly in cases where Internal Audit had given a limited opinion, the Audit Committee could request a report and subsequent updates to ensure that Internal Audit Actions had been implemented, as had been the case for Accounts Payable.

The Committee further discussed the role of Informal Scrutiny Groups in undertaking scrutiny reviews and their relationship with Internal Audit and the Manager of the service that was under review. The Chief Operating Officer explained that the Chief Executive would be undertaking a separate review of the delivery of scrutiny within the Council over the forthcoming months where such issues would be addressed.

RESOLVED:

That the Internal Audit Progress Report 2014-15 attached as Appendix 1 to the Report be approved.

4. **INTERNAL AUDIT CHARTER 2015 - 2016**
(Report AUD111 Refers)

In reply to a Member's question, Mr Harvey explained that a Whistle Blowing Policy was included as part of the Council's Constitution rather than being part of the Charter, which referred to the relationship between Southern Internal Audit Partnership and the City Council.

RESOLVED:

The Audit Committee the Internal Audit Charter 2015 - 2016 attached as (Appendix 1) to the Report be approved.

5. **INTERNAL AUDIT PLAN 2015 - 2016**

(Report AUD112 refers)

Further to Members' questions regarding staff appraisals not being undertaken, as had been identified as an issue by the Personnel Committee, Mr Harvey commented that there could be risks arising and that the planned audit of corporate planning and performance would include how individual performance (and appraisals) supported the delivery of this. The Chief Operating Officer added that the undertaking of staff appraisals was good management practice rather than a legal requirement.

RESOLVED:

That the Internal Audit Plan for 2015 – 2016 be approved.

6. **ANNUAL GOVERNANCE STATEMENT AND CORPORATE RISK MONITORING UPDATE**

(Report AUD109 Refers)

The Corporate Business Manager clarified that Appendix 1 to the Report should refer to the period to March 2015 and not December 2014 as stated.

The Corporate Business Manager continued that following the Risk Management workshop held for Members in January 2015, a revised Report on the Council's Risk Policy and Statement would be taken to Cabinet for approval in April and would be submitted to Audit Committee in June. This report would be circulated to members of the Audit Committee for comment prior to its dispatch to Cabinet.

In reply to Members' questions regarding Corporate Risk CR5002 – Silver Hill, Councillor Godfrey stated that the City Council remained in a Development Agreement with Henderson, which it was required to act in accordance with. The Chief Operating Officer added that the statement on Silver Hill within the Report was a summary and had been updated just prior to its publication to reflect the latest circumstances. The report to Cabinet on 10 March 2015 (Report CAB2675 refers) contained additional detail on Silver Hill.

The meeting discussed the Independent Silver Hill review to be undertaken by Claer Lloyd-Jones on behalf of the Council. The Committee sought the opportunity to input into the review to establish if a valid risk assessment was communicated and if it had been followed and understood by those who received it. A possible element of the review could be to establish the measures that were in place to mitigate risk and whether the process should be improved upon in the future to aid key decision making. Councillor Godfrey commented that he would welcome this approach to identify areas of concern to be studied and to help shape the review. The views of Committee Members would be conveyed to the Chairman who would suggest them for input them into the review.

The Chairman stated that it would also be of benefit to the Committee if the Corporate Risk Register contained a narrative to explain the movement in the risk between committee reports submitted to meetings of the Audit Committee and also in cases where the current risk score was far removed from the target risk score.

RESOLVED:

That no matters be raised with the relevant Portfolio Holder and no items of significance be drawn to the attention of Cabinet.

7. **CERTIFICATION OF CLAIMS AND RETURNS 2013 - 2014 - ANNUAL REPORT**
(Report AUD113 refers)

The Committee welcomed to the meeting Mrs K Handy and Mr M Bowers from Ernst and Young (EY) who responded to questions from Members.

RESOLVED:

That the Certification of Claims and Returns 2013 – 2014 Annual Report be received.

8. **STATEMENT OF ACCOUNTS**
(Report AUD114 Refers)

The Chief Finance Officer made reference to two minor events during the year, not covered in the Report. These were: the new arrangements for Treasury Management, and the establishment of the Hampshire Cultural Trust, both of which were the subject of specific Internal Audit work to give assurance that controls were adequate to ensure the resultant changes from the new arrangements would be properly reflected in the Statement of Accounts.

RESOLVED:

That the report in respect of the Statement of Accounts for 2014 - 2015 be noted.

9. **VOTE OF THANKS**

This being the last meeting of the Municipal Year, the Committee passed a vote of thanks to its Chairman, Councillor Cutler.

The meeting commenced at 6.30pm and concluded at 8.00pm.

Chairman