

AUDIT COMMITTEE

7 March 2017

Attendance:

Councillors:

Cutler (P)

Burns (P)
Byrnes (P)
Huxstep (P)

Prince (P)
Stallard (P)
Weir (P)

Others in attendance:

Councillor Horrill - Leader with Portfolio for Housing Services.
Councillor Godfrey - Portfolio Holder for Finance.

1. **DISCLOSURES OF INTERESTS**

Councillors Huxstep and Stallard both declared a disclosable pecuniary interest in respect of items under consideration which may have a Hampshire County Council involvement due to their roles as County Councillors. However, as there was no material conflict of interest regarding these items, they had a dispensation granted on behalf of the Standards Committee to participate and vote in all matters which might have a County Council involvement.

2. **MINUTES**

The Chairman reported that he would be arranging a meeting with the Portfolio Holder for Estates to discuss the further work to be undertaken to set out the risks within the Asset Strategy as referred to in the Minutes relating to the Asset Management Plan.

RESOLVED:

That the minutes of the previous meeting held on 17 January 2017 be approved and adopted.

3. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman stated that together with a number of other members of the Committee he had attended two externally organised audit training sessions. These were a CIPFA organised training course held in London on 17 January 2017 and training at Hampshire County Council on 6 February 2017, arranged by the Southern Internal Audit Partnership. An outcome of the training that he wished to see progressed was the creation of a Governance Statement that

was both concise and useable for Members that would be based on a Code that did not change every year.

The Chairman welcomed to the meeting Neil Pitman and Antony Harvey from the Southern Internal Audit Partnership and Helen Thompson and Simon Mather from Ernst and Young (EY).

4. **GOVERNANCE SUMMARY REPORT Q3**
(Report AUD182 refers)

The Corporate Director (Professional Services) stated that the new presentation style of the Report drew governance related items together into a single report including the monitoring of internal audits (which replaced the previous separate report) which was still provided by the Southern Internal Audit Partnership.

In answer to Members' questions, the officers explained that in association with the Governance Statement, the Council would be considering its significant risks and reviewing its risk appetite, which were included within the Risk Management Policy, and would be submitted to Cabinet at its meeting in April. In addition, the refreshed Annual Governance Statement for 2016/17, would be considered at the next meeting of the Committee on 29 June 2017, and would include a more detailed action plan setting out milestones and dates in order to assess progress during the year.

Arising out of consideration of matters relating to the Silver Hill Informal Policy Group, the Claer Lloyd-Jones Independent Review, the recent Peer Review and the work of the Audit Governance Sub-Committee on the review of governance, at the invitation of the Chairman Councillor Horrill explained that there were several strands of work that were evolving over time. It was the intention that, following the publication of the formal report of the Peer Review in the forthcoming weeks and in consultation with the Chief Executive, there would be the opportunity to look at governance and procedures in a more formalised approach, which would be progressed through Members.

The Chairman commented that a factor to consider was who would take ownership of monitoring the progress of the outcomes of the Peer Review to ensure that they were implemented. Other Committee members added that the momentum of the review of governance should not be lost and that the Audit Committee, as well as Cabinet, should have a role in monitoring the implementation.

The Committee gave detailed consideration to the risks associated with Asset Management and also Programme Management and Major Projects as set out on pages 12 and 13 of the Report. The Corporate Director (Professional Services) stated that major projects were being progressed and that there were factors beyond the resourcing of projects to consider as why some of these had progressed slowly in the past.

In respect of Asset Management, the Asset Management Plan approved by Cabinet in December 2016, was being reviewed in light of how it mitigated the

risks pertaining to the Asset Management corporate risk and the impact this had on the overall risk score. This was to take place over the coming weeks and a reassessment of the Asset Management corporate risk would be available in time for the Committee's June meeting. In addition, by the June meeting the Council's Corporate Risk Register would also have been reviewed and individual risks reassessed. The review of Corporate Risks would also consider the Environmental Risks as set out on page 16 of the report, including the factors relating to the District's contribution to climate change, such as the Winchester Renewable Energy Scheme.

With respect to the Internal Audit Progress Report - February 2017 (Appendix 3), the Audit Actions continued to be progressed. An area for future consideration was the risks associated with the new General Data Protection Regulations due to be implemented in May 2018. There had been only one new limited assurance opinion internal audit issued since the last progress report and this was highlighted on page 29 of Appendix 3 relating to Housing Allocations. The High Priority Management Actions arising from the audit had all been implemented by the time the final report had been issued. The Corporate Business Manager also reported that there was confidence that the actions relating to the Income Collection – Licensing (pages 36 – 37) would be completed by the revised deadline of 1 April 2017, and that the latest situation would be reported to the Committee's next meeting.

RESOLVED:

1. That the Report and the progress included in each of the appendices be noted.
2. That no matters be raised with the relevant Portfolio Holder and no items of significance be drawn to the attention of Cabinet.

5. **INTERNAL AUDIT PLAN AND FRAUD AND CORRUPTION RISK PLAN 2017 - 2018**

(Report AUD185 refers)

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

It was noted that the Audit Plan was closely aligned to the Council Strategy and strategic risk areas.

The Fraud & Corruption Risk Plan provided an intelligence led approach to proactive fraud work with a focus during 2017-18 on Social Housing Fraud to help gain assurance in this area.

RESOLVED:

That the Internal Audit Plan (Appendix 1 to the report) and the Fraud and Corruption Risk Plan (Appendix 2 to the report) for 2017-18 be approved.

6. **INTERNAL AUDIT CHARTER 2017/18**

(Report AUD186 refers)

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

RESOLVED:

That the Internal Audit Charter, attached as Appendix 1 to the Report, be approved.

7. **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015/16**

(Report AUD180 refers)

Mr Mathers from EY presented this item.

RESOLVED:

That the Certification of Claims and Returns Annual Report, attached as Appendix 1 to the Report, be noted.

8. **EY (EXTERNAL AUDIT): AUDIT PLAN 2016/17**

(Report AUD183 refers)

Ms Thompson and Mr Mathers from EY presented this item.

RESOLVED:

That the External Audit Plan 2016/17 be agreed.

The meeting commenced at 6.30pm and concluded at 8.05pm.

Chairman