

AT A MEETING of the HIWFRA Audit and Governance Committee of
HAMPSHIRE COUNTY COUNCIL held at the Fire and Police HQ, Eastleigh on
Tuesday 10 December 2024

Chairman:

* Councillor Derek Mellor

* Councillor David Harrison

* Councillor David Drew

* Councillor Zoe Huggins

Councillor Karen Lucioni

1. APOLOGIES FOR ABSENCE

Apologies were received from Cllr Lucioni and Cllr Madgwick.

2. DECLARATIONS OF INTEREST

Members were mindful of their duty to disclose at the meeting any Disclosable Pecuniary Interest they had in any matter on the agenda for the meeting, where that interest was not already in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

No declarations were made.

3. MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were reviewed and agreed.

4. DEPUTATIONS

There were no deputations.

5. CHAIRMAN'S ANNOUNCEMENTS

The Chairman informed the Committee that he had been participating in webinars on CIPFA measures. He mentioned the establishment of a Regional Audit Committee encompassing several counties. Although he was unable to attend the inaugural meeting last week, his Hampshire County Council Audit Committee Deputy attended on his behalf and reported that the discussion primarily focused on CIPFA and the audit backlog.

The Chairman also extended a warm welcome to Kevin Suter and Alison Durham from Ernst & Young.

6. EXTERNAL AUDIT COMPLETION REPORT 2022/23

The Committee received the External Audit Completion Report for 2022/23 from the Chief Financial Officer (item 6 in the minute book).

Ernst & Young clarified that the 2022/23 report received a disclaimed opinion due to the audit's incompleteness, rather than any issues with the report's content. The Committee was informed that they are required to review the report even if the audit is incomplete, and that it will take three to four years to rebuild the disclaimer position.

The Committee inquired about a potential conflict between the Ernst & Young Audit Report and the HM Inspectorate of Constabulary and Fire & Rescue Services (HMI) Report. They were reassured that while the HMI report suggested improvements, it did not indicate any fundamental problems. Ernst & Young conducted a detailed comparison and found no failings or significant issues.

The Committee discussed the audit fees charged by Ernst & Young. The Chairman noted that this topic was addressed at a recent webinar he attended. The Chief Financial Officer clarified that the fees are determined by Public Sector Audit Appointments Limited (PSAA).

The Committee expressed concern about the three to four-year timeline to resolve the disclaimer position. They learned that without a completed audit, there are no assurances to base the following year's audit on, which extends the time required to rebuild the position. The auditors commented that the authority's situation is not unique and that many other organisations are facing similar challenges, as this is a national issue.

RESOLVED

The Audit Completion Report for 2022/23 was noted by the HIWFRA Audit and Governance Committee.

7. EXTERNAL AUDIT RESULTS REPORT 2023/24

The Committee received the External Audit Results Report for 2023/24 from the Chief Financial Officer (item 7 in the minute book).

The Committee was informed that the upcoming year is likely to receive a disclaimed opinion due to the incomplete audit and the lack of assurances from the previous year. This makes it difficult to identify specific issues. This disclaimer differs from the 2022/23 disclaimer as it is part of a recovery process. Without assurances regarding the opening balances for 2022/23, avoiding a disclaimer is challenging.

The report provided substantial assurance over investments, cash, creditors, and borrowing. However, only partial assurance was given for Property and Plant Equipment due to the lack of previous year's values. No assurance could be provided for the Reserves as there is no data from the previous year, and assurance will be incrementally built up over the coming years. The next few years will reflect the development of these assurances until all areas are marked as green in the report, and full assurances are reissued. The valuation of land and buildings is still outstanding, but efforts are ongoing to obtain this information.

It was noted that Ernst & Young have yet to receive a report from their Pension Team, so any material errors in the numbers are still unknown. If the errors are material, the Chief Financial Officer will present them at the next Committee meeting or the Full Authority depending on timings; if immaterial, the report will be signed off.

Appendix C lists the outstanding matters, all of which are expected to be resolved by the end of December 2024.

RESOLVED

The Audit Results Report for 2023/24 was noted by the HIWFRA Audit and Governance Committee with the delegation to approve minor changes to the accounts by the Chief Financial Officer having been approved by the Standards and Governance Committee in September 2024.

8. IMPLEMENTATION OF GLOBAL INTERNAL AUDIT STANDARDS

The Committee received the Implementation of the Global Internal Audit Standards Report from the Internal Auditor (item 8 in the minute book).

The Southern Internal Audit Partnership conducted a GAP analysis and is currently executing an action plan. The Committee was informed that the impact on the service would be minimal, with consultations occurring in the background.

The Internal Auditor advised that the Charter and Strategy Plan will be presented at the next meeting.

RESOLVED

The Audit and Governance Committee noted the pending implementation of the Global Internal Audit Standards.

9. INTERNAL AUDIT PROGRESS REPORT 2024/25

The Committee received the Internal Audit Progress Report 2024/25 from the Internal Auditor (item 9 in the minute book).

The Internal Auditor advised that the 2024/25 internal audit plan is under way. Progress is going well but not as far along as they would have liked.

The Committee inquired about the exclusion of DBS checks from this year's audit. The Internal Auditor explained that due to significant ongoing work related to DBS checks, their inclusion has been deferred to the 2025/26 audit period to allow for a greater focus on other audits this year.

The Committee was informed that the audit plan for 2025/26 is currently under discussion. The Committee requested that Complaints, Whistleblowing, and the review of new processes are included in future audit agendas.

RESOLVED

The progress in delivering the internal audit plan for 2024/25 and the outcomes to date were noted by the HIWFRA Audit and Governance Committee.

10. AUDIT MANAGEMENT ACTIONS PROGRESS REPORT

The Committee received the Audit Management Actions Progress Report from the Chief Fire Officer (item 10 in the minute book).

The Committee was informed that there are no overdue audit actions. Currently, sixteen actions are being tracked, with an update scheduled for the next meeting. It was noted that more realistic deadlines are now being set to prevent actions from becoming overdue, ensuring that the individuals responsible for setting targets can meet those deadlines. Additionally, the Committee was advised that overly extended targets would be flagged by internal audit.

The Committee commended the team for maintaining no overdue actions.

RESOLVED

The progress made towards the implementation of the internal audit management actions and the delivery of the audit plan were noted by the HIWFRA Audit and Governance Committee.

11. ASSURANCE REPORT - HMICFRS AREAS FOR IMPROVEMENT PROGRESS UPDATE

The Committee received the Assurance Report – HMICFRS Areas for Improvement Progress Update from the Chief Fire Officer (item 11 in the minute book).

The report was presented at the Committee's request from the previous meeting. The Committee was informed that the two outstanding actions will be completed before the inspection by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services at the end of January 2025.

Public Safety is currently a major focus, with significant ongoing activities. An update on this will be provided at the next meeting.

The Committee was advised that efforts are being made to close the gap and reassess resource allocation.

The Committee praised the team for providing a particularly useful update.

RESOLVED

The HMICFRS AFIs update was noted by the HIWFRA Audit and Governance Committee.

12. INDEPENDENT PERSON TO HAMPSHIRE AND ISLE OF WIGHT FIRE AND RESCUE AUTHORITY

The Committee received a report on the Independent Person to Hampshire and Isle of Wight Fire and Rescue Authority from the Monitoring Officer (item 12 in the minute book).

The Committee was briefed on the role of the Independent Person and learned that two individuals are required Provide resilience or independence where required at various stages of a complaint.

RESOLVED

- The Audit and Governance Committee agreed that the process for recruitment of two Independent Persons is commenced, and delegates Authority to the Monitoring Officer to advertise the positions for appointment from June 2025 with an annual allowance of £110.
- The Audit and Governance Committee agreed that three cross party Members are appointed to form a working group of the Audit and Governance Committee to undertake shortlisting and interviews.
- The Audit and Governance Committee agreed that the working group brings a recommendation for appointment to the Audit and Governance Committee meeting in March 2025 for approval and recommendation to Full Authority at its meeting in June 2025.

13. **APPOINTMENT OF INDEPENDENT CO-OPTED MEMBERS TO THE COMMITTEE**

The Committee received a report on the Appointment of Independent Co-Opted Members to the Committee from the Chief Fire Officer (item 13 in the minute book).

RESOLVED

The Audit and Governance Committee recommends to the full Authority that the proposal to add co-opted Member(s) to the Audit and Governance Committee be explored further in the new municipal year.

Chairman,