

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Audit Committee
Date:	24 January 2025
Title:	Audit Committee Annual Report
Report From:	Deputy Chief Executive and Director of Corporate Operations

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Purpose of this Report

1. The purpose of this report is to present the Audit Committee's annual report. An annual report is recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a key output of an audit committee in providing assurance that it fulfils its purpose and can demonstrate its impact.

Recommendation(s)

2. That the Audit Committee approve the Annual Report contained in Appendix 1 for presentation to the County Council.

Executive Summary

3. The Chartered Institute of Public Finance and Accountancy (CIPFA) provides [resources](#) for audit committees of local authorities to help support good governance, strong financial management and effective internal and external audit.
4. CIPFA issues position statements which set out the principles that CIPFA recommend audit committees should follow, supported by additional practical guidance (last updated in October 2022).
5. The position statement and practical guidance have been reviewed by officers with two reports considered by members of the Audit Committee in March and May of 2024 respectively.
6. CIPFA recommends that the Audit Committee should be held to account regularly by those charged with governance which ultimately at the County Council is the Full Council. The guidance sets out that accountability should cover:
 - Whether the committee has fulfilled its agreed terms of reference

- Whether the committee has adopted recommended practice
 - Whether the development needs of committee members have been assessed and whether committee members are accessing briefings and training opportunities
 - Whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review
 - What impact the committee has on the improvement of governance, risk and control arrangements within the authority.
7. The CIPFA guidance recommends that the Audit Committee prepares an annual report to provide assurance to Full Council that it fulfils its purpose and can demonstrate its impact. This should be publicly available and CIPFA considers this to be a key output of the committee.
 8. A draft annual report covering the period to 30 September 2024 is included at Appendix 1 for approval by the Audit Committee.

Consultation and Equalities

9. This report presents the annual report of the Audit Committee to provide assurance to Full Council that it fulfils its purpose and can demonstrate its impact. There are no equalities impacts related to this report.

Climate Change Impact Assessment

10. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does
11. This report presents the annual report of the Audit Committee to provide assurance to Full Council that it fulfils its purpose and can demonstrate its impact. There are no direct climate change impacts related to this report.

Conclusions

12. CIPFA guidance recommends that the Audit Committee prepares an annual report to provide assurance to Full Council that it fulfils its purpose and can demonstrate its impact. This should be publicly available and CIPFA considers this to be a key output of the committee. The report is included at Appendix 1.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:
It relates to the good governance of the County Council

Other Significant Links

Links to previous Member decisions:

<u>Title</u>	<u>Date</u>
Audit Committee Review	7 March 2024
Audit Committee Terms of Reference Review	24 May 2024

Direct links to specific legislation or Government Directives

<u>Title</u>	<u>Date</u>
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Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Equalities Impact Assessment:

No equality impacts have been identified in relation to the Recommendations in this Report.

DRAFT Audit Committee Annual Report – 1 October 2023 to 30 September 2024

Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) provides [resources](#) for audit committees of local authorities to help support good governance, strong financial management and effective internal and external audit.

CIPFA issues position statements which set out the principles that CIPFA recommend audit committees should follow, supported by additional practical guidance (last updated in October 2022).

The position statement and practical guidance have been reviewed by officers with two reports considered by members of the Audit Committee in March and May of 2024 respectively.

CIPFA recommends that the Audit Committee should be held to account regularly by those charged with governance which at the County Council is the Full Council. The guidance sets out that accountability should cover:

- Whether the committee has fulfilled its agreed terms of reference
- Whether the committee has adopted recommended practice
- Whether the development needs of committee members have been assessed and whether committee members are accessing briefings and training opportunities
- Whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review
- What impact the committee has on the improvement of governance, risk and control arrangements within the authority.

The guidance recommends that the Audit Committee prepares an annual report to provide assurance to Full Council that it fulfils its purpose and can demonstrate its impact.

CIPFA considers this to be a key output of the committee that should be made publicly available.

The annual report should be timed to support the annual review of governance and preparation of the AGS. This is to enable the committee to take stock of the assurances it has received and the extent to which its own performance has contributed to governance arrangements.

The content of the annual report

The CIPFA guidance recommends that the annual report covers:

- The extent to which the committee follows the CIPFA [Position Statement](#) in the following areas:
 - The size of the committee
 - Structure and composition, including the number of independent members
 - Reporting line and independence from other committees
 - Whether its terms of reference include all the core functions of the committee
- Results of the committee's annual evaluation of its effectiveness and assurance over key indicators. This should include disclosure over areas where the committee has concerns and a statement of what the audit committee has done to escalate their concerns or make recommendations.
- Summary of how the committee has fulfilled its terms of reference and the key issues escalated to the leadership team or other committees during the year
- Summary of the development work that will support the committee members e.g. training

The following sections present the Audit Committee's annual report on the areas above as recommended by CIPFA.

Membership of the Audit Committee

This section of the annual report considers the extent to which the Audit Committee follows the CIPFA Position Statement in a number of areas relating to the membership of the committee.

Committee size, structure and composition

CIPFA recommendation	Audit Committee
<p>Local authorities should aim for no more than eight members.</p> <p>This is to allow sufficient breadth of experience, independence and accountability while remaining small enough to allow training and development of a dedicated group.</p>	<p>The County Council's Audit Committee currently comprises 9 members plus 5 substitute members. Both a Chairman and a Deputy Chairman are appointed.</p> <p>As the current political composition of the Audit Committee works well and the advantages of a wider breadth of</p>

<p>The inclusion of two co-opted (independent) members.</p> <p>This is to supplement the knowledge and experience of elected members; provide continuity outside the political cycle; and help achieve a non-political focus. Having two members helps bring complementary knowledge and experience, builds resilience and shows commitment to supporting and investing in the committee.</p>	<p>experience outweighs the advantages of training a smaller group, there are no plans to change the elected member representatives on the committee or the use of substitute members.</p>
<p>Avoidance of substitute members.</p> <p>This is to help ensure members are knowledgeable and skilled building on information gained in previous meetings.</p>	<p>It is not a legislative requirement to appoint independent members, however the CIPFA recommendation follows the Government’s response (December 2020) to the Redmond Review supporting the inclusion of at least one independent member on audit committees. The Audit Committee is supportive of the principle of appointing two non-voting co-opted independent members from May 2025. This will bring the membership to 11.</p>

Reporting lines and independence

CIPFA recommendation	Audit Committee
<p>The audit committee is an advisory committee on behalf of those charged with governance.</p> <p>The committee should report to the full council. It is not appropriate to be a sub-committee of the cabinet, scrutiny or policy and resources committee.</p>	<p>The Audit Committee’s role is to monitor, review and report on the governance arrangements of the County Council.</p>
<p>The audit committee should not be delegated decision making powers as it is advisory.</p> <p>The committee should be able to make recommendations to other bodies for decisions or to the leadership team and service managers.</p>	<p>The Audit Committee is able to report to Full Council and requests specific reports from officers to assist in the review of arrangements. For clarity, the proposed updated Terms of Reference (reviewed by the Audit Committee in May 2024 and recommended to Cabinet for consideration and recommendation to the County Council for approval) include “to report to the County Council any issue that it believes necessitates consideration by the County Council”.</p>

	<p>The Chairman of the Audit Committee is able to speak directly and privately to the Chief Internal Auditor and the County Council's external auditor.</p> <p>The current Terms of Reference stipulate that the Chairman may not be a member of the Executive. The proposed updated Terms of Reference state that no member of the committee may be a member of the Executive.</p> <p>Like many other local authorities, the County Council has delegated authority to the Audit Committee to approve the annual Statement of Accounts and the Annual Governance Statement. The Audit Committee plays a key role in approving these documents and it would not be able to do so if constituted as an advisory committee. The Committee has recommended that the proposed co-opted independent members be non-voting.</p>
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Terms of Reference

CIPFA recommendation	Audit Committee
<p>The purpose of audit committees is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements.</p> <p>The core functions of an audit committee are broadly:</p> <ol style="list-style-type: none"> 1. Supporting the establishment and maintenance of good governance, risk management and control arrangements 2. Supporting accountability and public reporting, in particular the financial statements and the annual governance statement, 	<p>Following a review of the CIPFA guidance on best practice, a report was presented to the Audit Committee in May 2024 with a proposal for a revised set of Terms of Reference (ToR). The Committee resolved to recommend the revised ToR to Cabinet for consideration and recommendation to the County Council for approval</p> <p>The proposed revised ToR provide more detail on the role of the Audit Committee while retaining the roles of the Audit Committee that are established at the County Council.</p>

<p>and other statements that accompany the financial statements</p> <p>3. Supporting the establishment and maintenance of good arrangements for internal and external audit.</p> <p>There are some wider functions that it may be necessary and appropriate for the committee to take on such as:</p> <ul style="list-style-type: none"> • Treasury management scrutiny • Supporting corporate improvement programmes • Considering matters at the request of statutory officers or other committees 	<p>The revisions seek to strengthen the independence of the Committee by providing that no member of the Executive may be a Member of the Committee.</p> <p>The addition of two co-opted independent members is also proposed.</p> <p>The existing ToR cover:</p> <ul style="list-style-type: none"> • Audit activity • Regulatory framework • Accounts • Elections <p>The proposed revised ToR will be restructured to align clearly to the CIPFA guidance:</p> <ul style="list-style-type: none"> • Governance, Risk and Control • Governance Reporting • Financial Reporting • External Audit • Internal Audit • Accountability Arrangements • Elections <p>The ToR include scrutiny of the treasury management function.</p>
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Annual review of the Audit Committee's effectiveness

This section reports on the committee's evaluation of its effectiveness and assurance over key indicators. If there are any areas of concern the committee has (which could link to the action plan in the Annual Governance Statement - AGS) these will be disclosed here along with a statement of what the committee has done to escalate any concerns or make recommendations.

Assessment of effectiveness against CIPFA criteria

CIPFA's guidance states that an audit committee's effectiveness should be judged by the contribution it makes to and beneficial impact it has on the authority's business. The guidance does recognise that where the committee acts in an advisory capacity it can be more difficult to identify how it has made a difference. It says that evidence of effectiveness will usually be characterised by influence, persuasion and support. The guidance expects a good standard of performance

against recommended practice together with a knowledgeable and experienced membership.

CIPFA recommended consideration	Assessment of effectiveness
An assessment of whether the committee is operating in accordance with the practices recommended in this ¹ guidance and complies with legislation (where appropriate).	The CIPFA self-assessment of good practice (Appendix E of the practical guidance) was completed by officers and outcomes were considered by the Audit Committee in March 2024 with a number of enhancements proposed which have either been put in place or implementation is in progress.
How the committee has fulfilled its terms of reference, including the core functions of the committee.	The Audit Committee met 5 times in the year covered by the annual report. Agenda items covered are shown in the section of this report on the fulfilment of the terms of reference. Annex A provides more detail of how this has been achieved.
The operation of the committee, including the support and training provided and how members have developed their knowledge and experience.	<p>Effective support is in place from Democratic and Member Services to support the administration of the committee.</p> <p>A series of training sessions have been provided for Members this year and have been beneficial to Members in developing their knowledge. The training delivered is detailed in the Development Work section below. A self assessment form will be issued to Members shortly to identify further training requirements.</p>
The committee's effectiveness in terms of impact on the quality of governance, risk management and internal control, together with satisfactory audit arrangements.	An evaluation of the Committee's effectiveness and assurance over key indicators is set out below and in Annex A.
Feedback from those interacting with the committee.	This is the first annual report of the Audit Committee and, going forward,

¹ *Audit Committees: practical guidance for local authorities and police (2022)* – CIPFA

	the Committee will ensure that those interacting with the Committee are aware that they will be asked to provide their feedback on the effectiveness of the Committee as part of the production of the annual report.
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The review of the Audit Committee conducted by officers and discussed at the Audit Committee meeting of March 2024 identified four areas where the practice of the Audit Committee could be improved.

1. A possible review of the Audit Committee’s Terms of Reference to take account of recommendations by CIPFA including the possible recruitment of two co-opted independent members to sit on the Audit Committee to add external perspective and expertise to the work of the Committee.
2. The presentation of an annual report on the Audit Committee’s work to the Full Council reporting on how the Committee has complied with the CIPFA Position Statement 2022, the results of an annual evaluation of the Committee’s work and how it has fulfilled its Terms of Reference.
3. A skills needs assessment to identify areas for development for the Committee members along with a structured on-going training plan and to identify if there's any skills gap that can be addressed in the recruitment of the co-opted independent members.
4. To make arrangements for the Chairman and Vice Chairman of the Committee to meet privately with the Chief Internal Auditor and the County Council’s external auditors.

Actions on these have either now been completed or are in progress. For further details see the Action Plan under the Development Work section of this report.

The Annual Governance Statement 2023/24

The Annual Governance Statement (AGS) for 2023/24 includes the following actions to address weaknesses and ensure continuous improvement of the system of corporate governance.

Action
1. Work to understand and define the risk appetite for the County Council will be completed during the coming year, forming part of the Risk Management framework, and to better inform and support future decision-making processes. Action Owner Stephanie Randall
2. A strategic review will be undertaken of the joint venture partnership arrangement Connect2Hampshire during 2024/25, to inform and

underpin the governance for any decision to extend the current agreement for a further four years. Action Owner Stephanie Randall
3. Revised Audit Committees Terms of Reference will be adopted by the County Council, and these will provide for the appointment of two independent co-opted members to join the Committee. Action Owners David Kelly & Neil Pitman
4. Members of the Audit Committee will complete a 'skills needs assessment' (aligned to the 2022 'CIPFA Audit Committees practical guidance for local authorities and police'), to inform the future training and development plan for the Committee. Action Owner Stephanie Randall
5. Work will be completed to review processes and strengthen our approach and resilience to effectively manage County Elections, ahead of the County Elections which will be held in 2025. Action Owner Stephanie Randall
6. Complete the Legal Minimum Service Level review work to inform the MTFs and ongoing financial sustainability. Action Owner Rob Carr

The Audit Committee is satisfied with the actions identified in the AGS, has received progress update reports in relation to Actions 1, 3 and 4, and will look forward to receiving updates to confirm the successful completion of all of the actions.

Areas of concern identified by the Audit Committee during the year to 30 September 2024 and action taken:

Outstanding internal audit management actions

There are a number of outstanding management actions from internal audits completed in prior years where the committee has requested (September 2024) follow up from the relevant officers to explain why actions have not yet been completed. The Audit Committee has previously discussed with officers the best way for the Committee to hold individual Directors to account for delivery of agreed management actions. At its meeting in September 2023, the Committee required that a separate report be brought on the care charges process following a 'no assurance' internal review outcome. At its meeting in December 2023, the Committee received this report from the Director of Corporate Operations and Deputy Chief Executive and considered the assurance contained within it.

National delays to local authority audit opinions

The Audit Committee is concerned about the impact of delays relating to the audit of the accounts for 2022/23 and 2023/24 and has questioned the County Council's External Auditor regarding this, however it understands that this has

been a national issue outside of the control of the County Council. The committee understands that a disclaimed audit opinion will be issued by the auditor as the audit work has not been completed due to the national backlog. Where a disclaimed opinion is due to the backlog it will not be because of any issues found by the auditor with the accounts.

Complexity of local authority accounting statements

The Committee is also concerned generally about the complexity of local authority accounts and how this makes them difficult for a lay-person to understand and has asked officers to continue to try to influence change.

Information Compliance – Use of Regulated Investigatory Powers

The Committee has received regular reports on the County Council's use of regulated investigatory powers. To improve transparency of reporting and to assist the Committee in its assurance role, the Committee resolved that the format of the report be revised to include a wider narrative to accompany the report.

Corporate Risk Management – Risk Appetite Statements

The Committee considered a report on the adoption of risk appetite statements as part of strengthening the wider Corporate Risk Management framework and Risk Strategy. The Committee challenged Officers on some of the terminology used in the risk appetite statements as well as the process followed in the adoption of the statements requesting that Officers address these issues when reporting on the matter to Cabinet, which was subsequently actioned.

Use of Section 106 funds

The Audit Committee has raised two concerns (September 2024) about how Section 106 contributions are managed:

- How do Councillors know that S106 money is available for use
- How does the Council ensure S106 monies do not expire

The Director of Universal Services is developing a dashboard for Section 106 monies that all Members will be able to access and should address the issues raised.

Fulfilment of Terms of Reference

This section summarises how the committee has fulfilled its Terms of Reference over the course of the year and reports on any key issues escalated to the leadership team or other committees during the year.

The table below sets out the agenda items covered by the Audit Committee over the year from 1 October 2023 to 30 September 2024. Annex A provides further

details of how the Audit Committee has met the requirements of the ToR through these agenda items and discussions at the meetings covered by this report.

Meeting date	Agenda item
14 December 2023	<ul style="list-style-type: none"> • Information compliance – use of regulated investigatory powers • External auditor’s annual report 2021/22 (County Council and Pension Fund) • External auditor’s indicative results report 2022/23 (Pension Fund) • Treasury Management mid-year report 2023/24 • Draft Treasury Management Strategy 2024/25 – 2026/27 • Code of Corporate Governance • Minutes of the Hampshire Pension Fund Panel and Board • Corporate Risk Management Report • Internal Audit 2023/24 – limited assurance reports update
7 March 2024	<ul style="list-style-type: none"> • Information compliance – use of regulated investigatory powers • External audit interim Value for Money report 2022/23 (County Council) • External audit plan 2023/24 (County Council) • Internal audit progress report • Internal audit charter • Treasury Management Strategy Statement 2024/25 to 2026/27 • Minutes of the Hampshire Pension Fund Panel and Board • Audit Committee Review
24 May 2024	<ul style="list-style-type: none"> • Information compliance – use of regulated investigatory powers • External audit plan 2023/24 (Pension Fund) • Treasury Management update • Audit Committee Terms of Reference Report • Minutes of the Hampshire Pension Fund Panel and Board
25 July 2024	<ul style="list-style-type: none"> • Information compliance – use of regulated investigatory powers • Annual treasury outturn report 2023/24 • Annual internal audit report and opinion 2023/24 • Internal audit plan 2024/25 • Annual Governance Statement 2023/24

	<ul style="list-style-type: none"> Minutes of the Hampshire Pension Fund Panel and Board
26 September 2024	<ul style="list-style-type: none"> Information compliance – use of regulated investigatory powers Corporate Risk Management – Risk Appetite Statements External audit update Statement of Accounts 2022/23 Statement of Accounts 2023/24 Internal audit progress report 2024/25 Quarter 1 treasury management report 2024/25 Minutes of the Hampshire Pension Fund Panel and Board

Development work

This section of the report summarises the development work that has taken place or is planned to support the members of the committee.

Audit Committee members including substitute members have been able to access a number of bespoke training courses delivered by officers and external specialists during the year to 30 September 2024.

Date	Training	Delivered by
13 November 2023	Treasury management briefing (open to all Members)	Arlingclose (the County Council's independent treasury advisory)
16 September 2024	Introduction to external audit	EY (the County Council's external auditor)
20 September 2024	Local authority financial statements	Officers
25 September 2024	The County Council's 2023/24 financial statements	Officers

Specialist Chairmanship training is also delivered to all existing Chairmen and Vice Chairmen.

Members are also able to individually attend relevant training webinars such as those offered in relation to the national audit backlog and measures being put in place to address these issues.

A self-assessment form has been compiled to enable the views of Audit Committee members to be gathered on their knowledge and skills across a number of core competency areas set out in the CIPFA guidance.

The form is being reviewed by the Chairman and Vice-Chairman and once finalised will be distributed to Members. It asks Members to assess their current levels of knowledge and skills and will be used to help to further develop a training and development programme.

Action plan for improvement

The review of the CIPFA guidance identified a number of areas where the practice of the Audit Committee could be improved. These areas are summarised below along with an update on the actions taken by the Audit Committee.

Action identified	Progress
<p>A possible review of the Audit Committee’s Terms of Reference to take account of recommendations by CIPFA including the possible recruitment of two co-opted independent members to sit on the Audit Committee to add external perspective and expertise to the work of the Committee</p>	<p>Following a review of the CIPFA guidance on best practice, a report was presented to the Audit Committee in May 2024 with a proposal for a revised set of Terms of Reference. The Committee resolved to recommend the revised ToR to Cabinet for consideration and recommendation to the County Council for approval.</p> <p>It is not a legislative requirement to appoint independent members, however the CIPFA recommendation follows the Government’s response (December 2020) to the Redmond Review supporting the inclusion of at least one independent member on audit committees. The Audit Committee is supportive of the principle of appointing two non-voting co-opted independent members from May 2025. This will bring the membership to 11.</p>
<p>The presentation of an annual report on the Audit Committee’s work to the Full Council reporting on how the Committee has complied with the CIPFA Position Statement 2022, the results of an annual evaluation of the</p>	<p>The Audit Committee has prepared its first annual report covering the year to end of September 2024, which will be reported to County Council and covers the areas suggested in the CIPFA guidance.</p>

Committee's work and how it has fulfilled its Terms of Reference	
A skills needs assessment to identify areas for development for the Committee members along with a structured on-going training plan and to identify if there's any skills gap that can be addressed in the recruitment of the co-opted independent members	A skills needs assessment form has been developed and will be completed by Members of the Audit Committee to inform future training provision. Training sessions on external audit, the accounts and treasury management were provided to Members during 2024.
To make arrangements for the Chairman and Vice Chairman of the Committee to meet privately with the Chief Internal Auditor and the County Council's external auditors	The Chairman and Vice Chairman are able to meet privately with the Chief Internal Auditor and external auditor. Meetings will be scheduled if requested by the Chairman.
The need to seek feedback from those interacting with the committee on its effectiveness.	This is the first annual report of the Audit Committee and, going forward, the Committee will ensure that those interacting with the Committee are aware that they will be asked to provide their feedback on the effectiveness of the Committee as part of the production of the annual report.

Conclusion

CIPFA issues position statements which set out the principles that CIPFA recommends audit committees should follow, supported by additional practical guidance (last updated in October 2022).

One of the recommendations of the CIPFA guidance is that the Audit Committee prepares an Annual Report.

The Annual Report is intended to provide assurance to Full Council that the Audit Committee fulfils its purpose and can demonstrate its impact.

As set out in this Annual Report, the Audit Committee has undertaken a structured programme of work to gain assurance that governance, risk management and control systems are in place across the County Council and are reliable and secure.

Annex A

Section of Terms of Reference	Activity 1 October 2023 to 30 September 2024
Audit activity	
To receive and consider reports from the Chief Financial Officer on internal strategy, planning and delivery, including in particular the Chief Internal Auditor's annual report and opinion	Yes - Internal audit charter and plan approved by Committee; update reports and annual report and opinion considered by Committee. Committee took action to follow up on <u>delivery of agreed management actions</u> .
To make recommendations to the County Council on the appointment of the County Council's External Auditor in accordance with the Local Audit and Accountability Act 2014 and regulations made thereunder.	Not required this year. The external auditor was appointed under the arrangements with Public Sector Auditor Appointments Ltd in a previous year and runs for 5 years.
To receive and consider reports from the external auditor and any national agencies as may report on the County Council's performance, inspection or audit	Yes – update reports from external auditor considered. Committee concerned with delays in audit of accounts for 2022/23 and 2023/24, and questioned external auditor.
Regulatory framework	
To monitor the roles, processes and behaviour that affect the way that governance is exercised within the County Council and in particular the adoption, review and amendment of the Corporate Governance Framework for the County Council	<p>Yes - revised Code of Corporate Governance approved by Committee. In interests of efficiency, Committee resolved to delegate authority to Monitoring Officer to approve any administrative changes to reflect any updates made to corporate systems, processes and documentation referenced within Code.</p> <p>Committee considered results of review of Audit Committee's working practices in light of CIPFA guidance and made recommendations to Cabinet for consideration and recommendation to County Council for approval regarding Committee's terms of reference and principle of two co-opted independent members</p>

	appointed to Committee as well as adopting other changes relating to presentation of annual report to full Council, new approach to training and development of Committee members and meetings between Chairman/ Vice Chairman and Chief Internal Auditor and External Auditor.
To review and consider the reports from the Chief Financial Officer on the treasury management function, including the treasury management strategy, half-yearly report and annual report	Yes – treasury management strategy, regular update reports and outturn report considered by Committee.
To consider the effect of the County Council’s risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements, seeking assurances as necessary that action is being taken on risk-related areas identified by auditors and inspectors;	Yes –Committee received an update report on County Council’s corporate risk management framework as well as report on adoption of risk appetite statements. Committee challenged some terminology used in statements and process followed to adopt them.
To receive and form a view on internal assurances of governance practice and to be satisfied that the County Council’s assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;	Yes - Annual Governance Statement 2023-24 approved by Committee.
To consider the County Council’s compliance with its own and other published standards and controls;	Yes –Committee received regular reports of information compliance – use of regulated investigatory powers. To improve transparency of reporting and assist in its assurance role, Committee resolved that format of report be revised to include wider narrative to accompany report.
To make recommendations to the County Council for the making or amending of financial regulations, standing orders related to contracts or regulations related to the conduct of the County Council’s business	Not required this year (n.b. implementation of Procurement Act 2023, impacting Contract Standing Orders, delayed until 2025).

Accounts	
To receive and consider audit reports relating to the Pension Fund Panel and Board;	Yes – Committee considered the audit reports from the external auditor relating to the audit of the Hampshire Pension Fund which is overseen by the Pension Fund Panel and Board.
To approve the County Council's Statement of Accounts	Yes – unaudited accounts for 2022/23 and 2023/24 approved in September 2024
Elections	
Functions relating to elections as specified in Schedule 1 Paragraph D of the Functions Regulations	Not required this year.