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AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Thursday, 14th December, 2017

Chairman:

* Councillor Keith Evans

* Councillor Alexis McEvoy
Councillor Adrian Collett
* Councillor Dominic Hiscock
Councillor Mark Kemp-Gee
Councillor Derek Mellor

Councillor Floss Mitchell
* Councillor Rob Mocatta
Councillor Tom Thacker
* Councillor Lance Quantrill
Councillor Bruce Tennent

*Present

33. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Collett, Kemp-Gee, Mellor, Mitchell and Thacker. Councillor Quantrill attended the meeting as the Conservative substitute.

34. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

35. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting held on 28 September 2017 were agreed as a correct record and signed by the Chairman.

36. **DEPUTATIONS**

There were no deputations.

37. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's Announcements.

38. **INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS**

The Committee received and noted the presentation on how the County Council had used its surveillance powers during the 2nd quarter of 2017/18.

The Director advised that the County Council had been visited by the Surveillance Commissioner who had been impressed at how the County Council had operated its surveillance powers. A formal report would be issued from the Commissioner in due course, the results of which would be reported at the next meeting of this Committee.

39. INTERNAL AUDIT PROGRESS REPORT - DECEMBER 2017

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 7 in the Minute Book) which provided an overview of internal audit activity against insurance work completed in accordance with the approved audit plan and “live” reports.

It was noted that the overdue actions relating to the Insurance Fund (page 7 of the report) and the Dorset Data Centre Security (page 8) had now been processed and cleared.

Members were advised that West Sussex County Council and New Forest District Council would be joining the Southern Internal Audit Partnership from April 2018, increasing its client/partner portfolio to 24 organisations. This would help build expertise and resilience within the Partnership and it was hoped this could be increased further with more local authorities coming on board.

RESOLVED:

That the Audit Progress report for the period to December 2017 be noted.

40. TREASURY MANAGEMENT MONITORING REPORT 2017/18

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 8 in the Minute Book) giving a mid-year review of the treasury management activities during 2017/18.

The Director summarised the main points of the report including the County Council’s repayment of £32m of LOBO loans in July 2017 and the introduction of the Market in Financial Instruments Directive (MiFID II) which aims to improve the functioning of financial markets and strengthen investor protection.

RESOLVED:

1. That the mid-year review of treasury management activities be noted.
2. That the potential impact on the investment strategy of defaulting to a retail client with effect from 3rd January 2018 be noted.
3. That the Audit Committee notes the following recommendations agreed by County Council:
 - a. That the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy be agreed.
 - b. In electing for professional client status County Council acknowledges and agrees to forgo the protections available to retail clients attached at Appendix 1.

c. That County Council approves delegated responsibility to the Section 151 Officer for the purposes of completing the applications.

41. **ANNUAL AUDIT LETTER FOR 2016/17**

The Committee received and noted the Annual Audit Letter for Hampshire County Council and the Hampshire Pension Fund for 2016/17 (Item 9 in the Minute Book).

42. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETINGS (LESS EXEMPT)**

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meetings held on 7 July, 29 September and 13 October 2017 (Item 10 in the Minute Book).

43. **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED:

The public were excluded from the meeting during the following items of business, as it was 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 these items there would have been disclosure to them of exempt information within Paragraphs 1, 2, 3 and 5 of Part I 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 outweighed the public interest in disclosing the information, for the reasons set out in the minutes.

44. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETINGS (EXEMPT)**

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meetings held on 7 July, 29 September and 13 October 2017 (Item 12 in the Minute Book).

Chairman,

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