

AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at The Castle, Winchester on Thursday, 26th July, 2018

Chairman:
p. Councillor Keith Evans

| | |
|-------------------------------|-------------------------------|
| p. Councillor Alexis McEvoy | p. Councillor Lance Quantrill |
| p. Councillor Dominic Hiscock | p. Councillor Tom Thacker |
| a. Councillor Keith House | p. Councillor David Harrison |
| p. Councillor Mark Kemp-Gee | |
| p. Councillor Derek Mellor | |
| p. Councillor Rob Mocatta | |

68. APOLOGIES FOR ABSENCE

Apologies were received from Councillor House. Councillor Harrison was in attendance as the Liberal Democrat deputy member.

69. 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.

70. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 22 May were agreed as a correct record and signed by the Chairman.

71. DEPUTATIONS

There were no deputations.

72. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements.

73. EXTERNAL AUDIT REPORTS 2017/18 - HAMPSHIRE COUNTY COUNCIL AND HAMPSHIRE PENSION FUND

The Committee received and noted the external auditors report for both Hampshire County Council and the Hampshire Pension Fund for the year ending 31 March 2018.

In response to Members' questions it was confirmed that:

- The audit had been conducted to a materiality level and lower value transactions had not specifically been reviewed. The reporting had a set tolerance level and focused upon procedural management within the County Council and not recovering small errors or anomalies.
- The audit had been completed using data analytics software. Members heard that previous audits had been based upon samples from the entire population of data whereas data analytics enabled the entire population of information to be analysed to produce a more holistic interpretation. It was noted that this approach had allowed for a more realistic evaluation of the data and increased value in terms of providing meaningful feedback.
- Data protection procedures between the County Council and the external auditors were extremely thorough and in accordance with General Data Protection Regulations. It was confirmed that the initial transfer of data from the County Council was encrypted and certain personal fields were removed. Once complete, the data was deleted in its entirety from the auditor's devices. Furthermore, Members were reassured to hear that the auditors themselves were subject to external review to ensure their data security and compliance.

74. INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS

The Committee considered the report of the Directors of Culture, Communities and Business Services and Transformation and Governance– Corporate Services (Item 6 in the Minute Book).

It was clarified that the data shown within Table A, on page 95 of the report, related to prosecutions which had been made as a direct result of the use of surveillance. Members heard that since Trading Standards had introduced its new Intelligence Operating Model the requirement for surveillance activity had decreased.

RESOLVED:

- i) That the Audit Committee notes the contents of this report and that the County Council's surveillance powers continue to be exercised appropriately and proportionately.
- ii) That the Audit Committee provides assurance to the Executive Member for Policy and Resources that the County Council has undertaken its

surveillance powers throughout the previous financial year in a lawful and proportionate manner and that it will continue to do so.

75. INTERNAL AUDIT ANNUAL REPORT & OPINION 2017-18

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources outlining the annual report and opinion of the Chief Internal Auditor regarding the County Council's framework of risk management, internal control and governance.

It was confirmed that, for each of the services whereby risks had been identified, a comprehensive action plan was in place and the results from these were due to inform the next audit.

RESOLVED:

That the Audit Committee approves the Internal Audit Annual Report & Opinion 2017-18.

76. ANNUAL FRAUD REPORT 2017-18

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources (Item 8 in the Minute Book) with an overview of reactive and proactive counter fraud activity undertaken by internal audit throughout 2017-18.

RESOLVED:

That the Audit Committee notes the Annual Fraud Report 2017-18.

77. INTERNAL AUDIT PLAN 2018-19

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources (Item 9 in the Minute Book) with an overview of the County Council's Internal Audit Plan.

RESOLVED:

That the Audit Committee approves the Audit Plan for 2018 – 2019.

78. INTERNAL AUDIT CHARTER 2018-19

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources (Item 10 in the Minute Book) presenting the Internal Audit Charter 2018-19 in accordance with the requirements of the Public Sector Internal Audit Standards.

RESOLVED:

That the Audit Committee approves the Internal Audit Charter 2018-19.

79. **ANNUAL GOVERNANCE STATEMENT**

The Committee considered the report of the Directors of Transformation and Governance and Corporate Resources – Corporate Services (Item 11 in the Minute Book) presenting the Annual Governance Statement for 2017-18.

Discussion was held regarding the action plan and Members felt that setting targets for continual self evaluation and improvement was important. As part of the discussion, the governance of joint and partnership working was mentioned and Members were keen to ensure that the high standard of governance at the County Council was maintained throughout joint working programmes.

RESOLVED:

That the Audit Committee approves the draft Annual Governance Statement for signature by the Leader of the County Council and the Chief Executive.

80. **STATEMENT OF ACCOUNTS 2017/18**

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources (Item 13 in the Minute Book) with the annual Statement of Accounts for 2017-18.

Members were grateful for the significant workload which had gone into producing the Statement of Accounts and recorded their thanks to all officers who had been involved.

RESOLVED:

- i) That the Statement of Accounts for 2017/18 for Hampshire County Council and the Hampshire Pension Fund be approved.
- ii) That the letters of representation for Hampshire County Council and the Hampshire Pension Fund attached at Appendix 1 to the report be signed.
- iii) That delegated authority be given to the Deputy Chief Executive and Director of Corporate Resources to approve any minor amendments to the Statement of Accounts prior to the issue of the final audit opinion and publication of the Statement of Accounts.
- iv)

81. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 9 APRIL 2018 (LESS EXEMPT)**

The Committee received and noted the non-exempt minutes from the Hampshire Pension Fund Panel and Board meeting held on 9 April 2018 (Item 14 in the Minute Book).

82. EXCLUSION OF THE PRESS AND PUBLIC

The press and 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 Paragraph 3 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.

83. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 9 APRIL 2018 (EXEMPT)

The Committee received and noted the exempt minutes of the Hampshire Pension Fund Panel and Board meeting held on 9 April 2018 (Item 16 in the Minute Book).