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AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Thursday, 16th December, 2021

Chairman:

* Councillor Alexis McEvoy

* Councillor Rod Cooper

Councillor Tim Davies

* Councillor Dominic Hiscock

* Councillor Keith House

* Councillor Mark Kemp-Gee

* Councillor Derek Mellor

Councillor Michael Thierry

Councillor Andy Tree

*Present

29. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Tim Davies and Michael Thierry.

30. **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.

Councillor House declared a non-pecuniary interest in Item 7 of the agenda, as a Member of the Board of Public Sector Audit Appointments (PSAA).

31. **MINUTES OF PREVIOUS MEETING HELD ON 29 SEPTEMBER 2021**

The minutes of the meeting held on 29 September were agreed as a correct record and signed by the Chairman.

Members were advised by the Head of Corporate Operations that the Statement of Accounts for 2020/21 had been signed off. In the final accounts was a net adjustment of £12.8m, which Members heard was a technical adjustment and had been agreed by the Head of Corporate Operations, in line with the delegated authority given by the Audit Committee at the previous meeting.

32. **DEPUTATIONS**

No questions or deputations were received by the Committee on this occasion.

33. **CHAIRMAN'S ANNOUNCEMENTS**

There were no announcements.

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

The Committee considered the report of the Chief Executive regarding the County Council's use of regulated investigatory powers.

Members heard that surveillance powers had not been used during the previous quarter.

RESOLVED:

That the Audit Committee receives and notes the data regarding the County Council's use of surveillance powers.

35. **OPTIONS FOR THE APPOINTMENT OF EXTERNAL AUDITORS**

The Committee considered a report of the Director of Corporate Operations outlining the options available to the County Council for the appointment of external auditors for the 5 year period from April 2023.

Members heard that:

- The current contract with Ernst and Young had been commissioned through the previous arrangement with PSAA. At that time, 98% of local authorities opted into the PSAA scheme.
- Advantages of the PSAA national scheme were considered to include efficiencies which would allow auditors to offer better rates, reduction in administrative costs for the council and consistency in the provider used across the shared services arrangements.
- Only nine audit firms were registered nationally to work as local authority auditors, and therefore the pool of providers would be no greater should the council undertake its own procurement process.
- It was anticipated that costs for external audit would increase as a result of the growth in requirements to meet local authority audits, as well as resource pressures.

RESOLVED:

That the Audit Committee recommends to Full Council that the County Council accepts the invitation to opt-in to Public Sector Audit Appointments (PSAA) national scheme for the appointment of external auditors for Hampshire County Council (including the Hampshire Pension Fund) for the 5 year period from April 2023, noting that the decision to opt-in will be taken before contract prices are known.

36. **INTERNAL AUDIT PROGRESS REPORT**

The Committee received and noted a report from the Director of Corporate Operations providing an overview of internal audit activity against assurance work completed in accordance with the approved audit plan.

Members heard that only five actions had needed to be raised to address risks noted as overdue and that robust and timely actions had been taken by officers. It was recognised that there was a significant amount of work to be undertaken during quarter four, however the Head of Internal Audit was confident that final report would be presented in a timely manner for the meeting of the Audit Committee in July.

RESOLVED:

That the Audit Committee note the Internal Audit Progress Report (November 2021)

37. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 27 JULY 2021 (LESS EXEMPT)

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 27 July 2021.

38. CORPORATE RISK MANAGEMENT UPDATE

The Committee considered the report of the Chief Executive and Director of Culture, Communities and Business Services which provided an update on the County Council's Corporate Risk Management.

Members heard that Corporate Risk Management had transferred to Culture, Communities and Business Services (CCBS) in May 2021, along with Emergency Planning and Health and Safety. Since that time the department, through the Risk Management Board, had focussed upon utilising the dynamic risk management tool to capture and manage risks and embed risk management into the culture, policies and procedures of Hampshire County Council.

In response to members questions it was heard that whilst CCBS maintained a corporate oversight of all risks, each department was responsible for the management and scrutiny of any risks sitting within their own business area, co-ordinated through the Risk Management Board and reported to the Corporate Management Team.

RESOLVED:

That the Committee notes the contents of the report and the risk management arrangements in place across the County Council.

39. 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 Paragraphs 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, for the reasons set out in the minutes.

40. **CORPORATE RISK MANAGEMENT UPDATE - EXEMPT APPENDIX**

The Committee noted an appendix to the Corporate Risk Management update.

(Summary of an exempt minute)

41. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 27 JULY 2021 (EXEMPT)**

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 27 July 2021.

Chairman, 3 March 2022

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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