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AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Thursday, 25th May, 2023

Chairman:

* Councillor Derek Mellor

* Councillor Tim Davies
* Councillor Ryan Brent
Councillor Steven Broomfield
Councillor Juliet Henderson
* Councillor Dominic Hiscock
Councillor Keith House

* Councillor Mark Kemp-Gee
* Councillor Michael Thierry

*Present

104. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Steven Broomfield, Keith House and Juliet Henderson.

105. **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 Personal interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 4 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.

No declarations were made.

106. **MINUTES OF PREVIOUS MEETING HELD ON 2 MARCH 2023**

The minutes of the meeting held on 2 March 2023 were agreed as a correct record and signed by the Chairman.

107. **DEPUTATIONS**

No deputations were received by the Committee on this occasion.

The Chairman announced that item seven would be brought and taken as item five, to be followed by Chairman's announcements as item six and the External Audit Update as item seven.

108. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Councillor Ryan Brent, who had recently been appointed to the Committee, and noted that Councillor Juliet Henderson had been appointed as a full member of the Committee, having previously been a deputy member, and welcomed her participation at the next meeting.

109. EXTERNAL AUDIT 2021/2022 UPDATE

The Committee received two reports under this item, a position statement from the Deputy Chief Executive and Director of Corporate Operations and an update from the external auditors, Ernst and Young, on the status of the audit of Hampshire County Council for the year ending 31 March 2022.

The Deputy Chief Executive introduced the position statement, explaining that the national delay caused by the issues surrounding the valuation of infrastructure assets had meant that a reassessment of the pension valuation figures was required, due to the delay in completion of the audit. Besides that and a few minor technical items to be resolved the audit was nearing completion. The Deputy Chief Executive was clear that the position was not of the external auditors making, and had resulted from the national issues. Members heard that the external auditors were engaging with the actuaries and pensions administration teams to produce a final calculation of the pension valuation. Members heard that, after July, the auditors would focus their entire capacity on completing any outstanding local authority audits ready for sign off and would not allow any further drift within the remit of their control.

In response to members questions it was heard that:

- This was a national issue and most other local authorities were in the same position, and Members heard that central government would be appointing a select committee to review this and Ernst and Young had been invited to contribute to this work.
- The statutory instrument provided a short term solution, for the next three years, to the issue of valuing infrastructure assets, and would allow the necessary time for accounting bodies to determine a longer term solution.
- It was anticipated that the valuation of the pension fund at the end of March 2023 would be below that in March 2022, as a result of a number of well understood and monitored issues. The auditors were required to consider what information was available to the actuary as at March 2022, and whether this could have made a material difference to their estimated value. Providing this work could be completed swiftly, and the testing outcome was clear, the auditors hoped to have the audit completed shortly after the end of July.
- Due to the delays from the 2021/22 audit, progress on the 2022/23 audit was significantly delayed. At this point in the year approximately 30% of the audit would normally be completed. The auditors hoped to have the 2022/23 audit completed by the end of December, but Members heard this could be postponed up until March 2024.

- The Deputy Chief Executive would provide a written update on progress against the 2021/22 audit, once the pension testing was completed.

Councillor Kemp-Gee left the meeting at this point.

RESOLVED:

- That the Audit Committee notes the position statement provided by the Chief Financial Officer on progress with completion of the 2021/22 audit of the statement of accounts
- That the Audit Committee received and notes the update from the external auditors.

110. INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS

The Committee considered the report of the Director of Universal Services, regarding the County Council's use of regulated investigatory powers.

It was observed that there had been no use of powers during the previous year and in response to members questions it was heard that powers were only used when required and that this was reflective of the usage of powers by local authorities across the country.

RESOLVED:

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

111. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 16 DECEMBER 2022 (LESS EXEMPT)

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 16 December 2022.

112. 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 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.

113. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 16 DECEMBER 2022 (EXEMPT)

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 16 December 2022.

Chairman, 27 September 2023