

AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Tuesday, 23rd July, 2019

Chairman:
Councillor Keith Evans

* Councillor Alexis McEvoy	Councillor Lance Quantrill
Councillor Dominic Hiscock	* Councillor Tom Thacker
* Councillor Keith House	* Councillor Zilliah Brooks
* Councillor Mark Kemp-Gee	* Councillor Stephen Philpott
* Councillor Derek Mellor	* Councillor Bruce Tennent
* Councillor Rob Mocatta	Councillor David Harrison

*Present

121. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Keith Evans, Dominick Hiscock and Lance Quantrill. Councillors Zilliah Brooks and Stephen Phillpott were in attendance as Conservative substitutes, and Councillor Bruce Tennant as the Liberal Democrat substitute Member.

Members heard that, in the absence of the Chairman, the Vice-Chairman Councillor McEvoy would chair the meeting.

122. 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 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 5 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.

123. MINUTES OF PREVIOUS MEETING HELD ON 23 MAY 2019

Councillor House made Members aware that he had given apologies for the previous meeting, however these had not been received by the relevant officer in advance of the meeting commencing.

The minutes of the meeting held on 23 May 2019 were otherwise agreed as a correct record and signed by the Chairman.

124. **DEPUTATIONS**

There were no deputations.

125. **CHAIRMAN'S ANNOUNCEMENTS**

There were no announcements.

126. **EXTERNAL AUDIT REPORTS 2018/19 - HAMPSHIRE COUNTY COUNCIL AND HAMPSHIRE PENSION FUND**

The Committee received and noted the external auditors draft reports for both Hampshire County Council and the Hampshire Pension Fund for the year ending 31 March 2019.

The auditor highlighted the following:

- In line with previous years, the audit of the whole of government accounts had not yet been completed, however this was expected to be completed prior to the August deadline.
- Resulting from the five-year asset valuation cycle, consideration of any changes to the expected value of the assets not valued in-year was required, in line with national indexing. Subsequently, an adjustment to the valuation of lands and buildings had been agreed.
- The 2018/19 Code of Practice requires an additional disclosure note relating to cash-flow financing activity. This has not been included, as it was agreed as not being material to the figures reported.
- Discussion regarding classification of Dedicated Schools Grant (DSG) reserves was ongoing at a national level, to determine best practice in how they should be presented.
- The Hampshire Pension Fund Audit was awaiting an audit review, but otherwise was complete and resolved.

RESOLVED:

The Audit Committee notes the Hampshire County Council and Hampshire Pension Fund Audit Reports for year ending 31 March 2019. The finalised versions of these reports are appended to the minutes.

127. **STATEMENT OF ACCOUNTS 2018/19**

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources with the annual Statement of Accounts for 2018-19.

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:

That the Statement of Accounts for 2018/19 for Hampshire County Council and the Hampshire Pension Fund was approved.

Further:

- That the letters of representation for Hampshire County Council and the Hampshire Pension Fund were signed by the Chairman.
- That delegated authority be given to the Deputy Chief Executive and Director of Corporate Resources to approve any amendments to the Statement of Accounts prior to the issue of the final audit opinion and publication of the Statement of Accounts.

128. 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.

In response to Members questions it was heard that:

- The use of surveillance powers was entirely discretionary, but can be a powerful tool in gaining evidence needed in order to prove illegal activity. Generally over the past 10 years surveillance had been used in establishing the selling of counterfeit goods and of keeping animals in unacceptable conditions.
- All reports made to Trading Standards were investigated, however not all required surveillance, and powers were only used twice in the last year.
- The nature of reports had changed across the last 10 years, with marked change to increased illegal activity facilitated through online channels.

RESOLVED:

That the Audit Committee notes the contents of the report and that the County Council's surveillance powers continue to be exercised appropriately and proportionately.

The Audit Committee, in considering the County Council's use of surveillance powers for the previous financial year, provides the Executive Member for Policy and Resources with assurance that the County Council is operating its powers in a lawful and proportionate manner. Furthermore, the Audit Committee assures him of the continued use of surveillance powers by the County Council.

129. ANNUAL INTERNAL AUDIT REPORT & OPINION 2018/19

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.

Members heard that 15 limited assurance provisions were identified across 86 review areas. It was confirmed that, for each of the services where risks had been identified, a comprehensive action plan was in place and the results from these were due to inform the next audit.

In response to Members questions it was heard that:

- Risk registers were a fundamental part of the risk management process. Confirmation would be provided to the Audit Committee that the process to enable reporting against the risk register to the Corporate Management Team (CMT) was in place.
- In 2019/20 Internal Audit plan to undertake a thematic review across all departments to identify any common themes where contract management could be improved.
- Members suggestion that any proven employee fraud cases be reported anonymously across the workforce, to act as a deterrent to others, would be considered.

RESOLVED:

That the Audit Committee approves the Internal Audit Annual Report & Opinion 2019-20.

130. INTERNAL AUDIT CHARTER 2019/20

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources presenting the Internal Audit Charter 2019-20 in accordance with the requirements of the Public Sector Internal Audit Standards.

RESOLVED:

That the Audit Committee approves the Internal Audit Charter 2019-20.

131. INTERNAL AUDIT PLAN 2019/20

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources with an overview of the County Council's Internal Audit Plan.

In response to Members questions it was heard that:

- The plan would remain fluid through the year to meet the needs of the organisation but any changes will be reported to the Audit Committee as part of the update report, for transparency.
- The matrix approach to resourcing had been devised to meet the needs of the wider partnership, a benefit of which was to maximise the amount of available resource.

RESOLVED:

That the Audit Committee approves the Audit Plan for 2019–20.

132. 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 risk registers and the role of the Audit Committee in the process of developing and monitoring the risk register. It was agreed that ensuring the process behind the risk register was sufficiently robust sat with the Audit Committee, but that to consider the detail of the risk register itself may breach upon the responsibility of other scrutiny committees/processes.

RESOLVED:

That the Head of Legal Services would bring a report on the risk management process to the next meeting of the Audit Committee.

That the Audit Committee approves the draft 2018-19 Annual Governance Statement.

133. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 29 MARCH 2019 (LESS EXEMPT)

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 29 March 2019.

134. 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 1 of 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.

135. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 29 MARCH 2019

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 29 March 2019.

Chairman, 10 December 2019