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AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held virtually on Wednesday, 30th September, 2020

Chairman:

* Councillor Keith Evans

* Councillor Alexis McEvoy	Councillor Rob Mocatta
* 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 Floss Mitchell	Councillor David Harrison

*Present

181. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Keith House and Rob Mocatta. Councillor Zilliah Brooks was in attendance as the Conservative substitute, and Councillor Bruce Tennant as the Liberal Democrat substitute.

182. 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 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.

183. MINUTES OF PREVIOUS MEETING HELD ON 23 JULY 2020

The minutes of the meeting held on 23 July 2020 were agreed as a correct record and signed by the Chairman.

184. DEPUTATIONS

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

185. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements.

186. INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS

The Committee considered the report of the Director of Transformation and Governance regarding the County Council's use of regulated investigatory powers.

It was heard that surveillance powers had not been used during the previous quarter as, such powers were only used sparingly and no cases had warranted their use.

RESOLVED:

That the Audit Committee receives and notes the data regarding the County Council's use of surveillance powers as attached at Appendix 1 to the report.

187. EXTERNAL AUDIT REPORTS 2019/20 - 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 2020.

The auditor highlighted the following:

- In line with changes to national timeframes the audit had not yet been fully completed, however all information required had been presented to the auditors and the final opinion was expected to be given prior to the November deadline.
- The final format of the report was still being considered, including whether an emphasis of matter paragraph would be required. The impact of the Covid-19 pandemic on the valuation of assets around the year end was to be assessed, as well as details of going concern and potential future impact of the Covid-19 pandemic.
- Additionally, 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, a variation to the valuation of lands and buildings had been identified, but as this was not material, it was agreed that an adjustment was not required.
- A risk was noted in relation to investment properties. Rental income and valuations were expected to fall as a result of the Covid-19 pandemic and possible defaults on rent payments. As reported to the last meeting of the Audit Committee, valuation expertise were engaged in the preparation of the report and a small misstatement was noted in the potential fall in value in evaluation of one item, just above the nominal amount of £2.1m. As this fell just above nominal amount it was considered not material and it had been agreed that this would remain unadjusted.

- Other areas of risk and audit focus were outlined within the report, however their impact was not regarded to be material to the audit and no significant risks had been identified in relation to value for money.
- The 2018/19 Code of Practice required an additional disclosure note relating to cash-flow financing activity, however this had not been included this year, 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, and an additional statutory instrument would need to be laid down in order to allow for the accounts to be signed off. There was confidence that this would happen ahead of the 30 November deadline.
- The Private Finance Initiatives report was still outstanding at the time of the meeting, however no changes were anticipated as a result.
- Whilst the report was fully independent, thanks were offered by the auditors to officers of the Council for their assistance.

RESOLVED:

The Audit Committee notes the Hampshire County Council and Hampshire Pension Fund Audit Reports for year ending 31 March 2020.

188. **STATEMENT OF ACCOUNTS 2019/20**

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources with the annual Statement of Accounts for 2019-20.

Members heard that the draft Statement of Accounts was published on the County Council's website in early June and were subject to external audit. It was noted that the accounts wouldn't be final until the external audit was concluded, however any changes to the draft accounts were anticipated to be very minor and would predominantly be required wording adjustments, particularly around the concept of going concern. It was suggested that delegated responsibility be granted to the Chief Financial Officer to make any final amendments to the statement accounts before statutory deadline of 30 November.

Once complete, letters of representation to the County Council and Hampshire Pension Fund would need to be signed by senior management, and on behalf of the Committee, with examples presented before members within the papers.

RESOLVED:

That the Statement of Accounts for 2019/20 for Hampshire County Council and the Hampshire Pension Fund are approved subject to the anticipated announcement by CIPFA or the Government regarding the accounting presentation for the deficit on Dedicated Schools Grant (DSG).

That the letters of representation for Hampshire County Council and the Hampshire Pension Fund exemplified in Appendix 1 are signed.

That delegated authority is given to the Deputy Chief Executive and Director of Corporate Resources to approve any minor amendments to the Statement of

Accounts, including any change required to the accounting presentation of DSG, prior to the issue of the final audit opinion and publication of the Statement of Accounts.

189. INDEPENDENT REVIEW INTO THE OVERSIGHT OF LOCAL AUDIT AND THE TRANSPARENCY OF LOCAL AUTHORITY FINANCIAL REPORTING BY SIR TONY REDMOND

The Committee received the report of the Deputy Chief Executive and Director of Corporate Resources highlighting key findings of the independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities.

Members heard the report of Sir Redmond had been published in September 2020 and made 23 recommendations. Officers would review the report in detail and bring back any recommendations for consideration to a subsequent meeting of the Audit Committee.

Cllr Tom Thacker joined the meeting at this point

In response to Members questions it was heard that an exact timescale had not been outlined for response to the individual recommendations of the Redmond report, however it was noted that some would require legislative change.

RESOLVED:

That the Audit Committee notes the contents of the review and that officers will bring an update on action required to the next meeting of the Audit Committee.

190. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 14 FEBRUARY 2020 (LESS EXEMPT)

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 14 February 2020.

191. 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.

192. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 14 FEBRUARY 2020 (EXEMPT)**

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 14 February 2020.

Chairman,

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