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AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Thursday, 3rd March, 2022

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

42. APOLOGIES FOR ABSENCE

All Members were noted to be in attendance.

43. 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.

44. MINUTES OF PREVIOUS MEETING HELD ON 16 DECEMBER 2021 (PUBLIC)

The public minutes of the meeting held on 16 December 2021 were agreed as a correct record and signed by the Chairman.

45. DEPUTATIONS

No deputations were received by the Committee on this occasion.

46. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements.

47. **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.

48. **EXTERNAL AUDIT ANNUAL REPORT FOR THE YEAR ENDING 31 MARCH 2021**

The Committee received the annual report from the external auditors for the year ending 31 March 2021.

The auditor highlighted to Members that:

- The information within the report had been presented as an Annual Audit Letter in previous years, however auditors were now required to submit an Auditor's Annual Report which included commentary on value for money.
- Due to the time required to complete property valuations, the audit for 2020/21 had taken longer than anticipated. An unqualified report had been signed off by Ernst and Young in December, which had not identified any issues which would require the use of wider powers. It was further heard that certification had not yet been issued, due to the unavailability of systems at the Treasury preventing the County Council entering the necessary Whole of Government Accounts data for audit. It was expected that the certification of completion of the audit would be issued in July 2022.
- The audit had identified a net overstatement on the value of lands and building, however this was not material to the accounts and still represented the value of the Council's accounts fairly.
- Materiality, which represented the benchmark for error, was based on proportionality and had been set at £50m for Hampshire County Council and £100m for the Hampshire Pension Fund. Members heard that it was generally applied for valuations, where there was no definitive right answer and allowed for a difference in opinion between the auditor and the organisation.

RESOLVED:

That the Audit Committee receives and notes the Hampshire County Council and Hampshire Pension Fund Audit Reports for year ending 31 March 2021.

49. **TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23 TO 2024/24**

The Committee considered a report of the Director of Operations presenting the Treasury Management Strategy Statement for 2022/23 to 2024/25.

Members heard that:

- A new section had been included in the report this year, which outlined the liability benchmark and demonstrated that the County Council had no requirement to borrow over the forecast period.
- Investments were managed through limits within the strategy. The strategy proposed included temporarily increased counterparty limits from £70m to £90m per organisation due to temporarily increased cash balances as a result of capital programme delays resulting from the Covid-19 pandemic and the receipt of grant that was due to be spent. Members heard that increased limits would ensure that the investment portfolio could be invested in accordance with the strategy.
- Arlingclose had updated their position in February with a forecast for two further interest rate rises during 2022. Members were advised that this position could change again during the course of the year ahead.

RESOLVED:

That the Audit Committee notes the following recommendations that have been made to Cabinet:

- That the Treasury Management Strategy for 2022/23 (and the remainder of 2021/22) be approved.
- That authority is delegated to the Director of Corporate Operations to manage the County Council's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.

50. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 28 SEPTEMBER 2021 (PUBLIC)**

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 28 September 2021.

51. **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.

52. **MINUTES OF THE PREVIOUS MEETING HELD 16 DECEMBER 2021
(EXEMPT)**

The exempt minutes of the meeting held on 16 December 2021 were agreed as a correct record.

53. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD
MEETING - 28 SEPTEMBER 2021 (EXEMPT)**

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 28 September 2021.

Chairman, 26 May 2022