

AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Wednesday, 29th September, 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 Rob Mocatta
* Councillor Stephen Philpott

*Present

15. APOLOGIES FOR ABSENCE

Apologies were noted from Councillors Mark Kemp-Gee and Rob Mocatta.

16. 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.

No declarations were made.

17. MINUTES OF PREVIOUS MEETING HELD ON 26 JULY 2021

The minutes of the meeting held on 26 July 2021 were agreed as a correct record and signed by the Chairman.

18. DEPUTATIONS

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

19. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements.

20. **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 the report was brought in front of the Committee on a quarterly basis, as required by the Home Office, to ensure that officer use of surveillance powers was transparent and open to scrutiny. Further, Members heard that any failure to do so could impact upon the lawfulness of any evidence obtained later being utilised in court to secure a successful prosecution.

The report highlighted that surveillance powers had been used once during the previous quarter, for investigating a doorstep crime.

Members heard that usage of powers was broadly in line with that seen during the previous year. Committee Members expressed an interest in receiving an update within the next annual report outlining how effective the use of powers had been in terms of numbers of prosecutions.

RESOLVED:

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

21. **EXTERNAL AUDIT REPORTS 2020/21 - 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 2021.

The external auditor highlighted the following:

- That that there was general uncertainty in the market due to the ongoing Covid pandemic. As a result, the value of complex assets held by the Council required review by a specialist property team. Their report was outstanding at the time of the meeting, but the external auditors did not anticipate any issues would be raised.
- It was unlikely that the accounts would be signed off by the 30 September deadline, as a result of the delay of this report. It was heard that most public sector audits would be completed after the deadline, as a result of the ongoing impact of the Covid pandemic and pressure on audit resources. Assurances were given that the accounts would be signed off as soon as possible and it was expected that an unqualified opinion would be provided.
- The audit of the Hampshire Pension Fund was complete and had concentrated on the valuation of investment assets, in particular those at levels two and three. Members heard that the auditors were happy with the material accuracy of the pension fund figures recorded within the

statement of accounts and reported no issues in all other areas of risk. The auditors explained that the Pension Fund audit could not be signed off until the County Council audit was complete, as both needed to be signed on the same date.

- No material uncertainties were identified in respect of the County Council being a going concern, with the auditors noting that the Council's cashflow modelling, in particular, demonstrated sufficient liquidity.
- The auditors had identified no risk in value for money and brought forth no matters to report. It was further noted that the County Council had processes in place to demonstrate value for money to both the public and key stakeholders.
- Highway Infrastructure in Hampshire was considered a substantial asset, which was valued at a historical depreciation. Members suggested that ensuring an accurate valuation on the highway infrastructure would be a helpful tool to support spending decisions for maintenance. It was however understood that the level of effort, both in financial cost and time, would need to be commensurate with the outcome.

RESOLVED:

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

22. STATEMENT OF ACCOUNTS 2020/21

The Committee considered the report of the Director of Corporate Operations presenting the annual Statement of Accounts for 2020/21.

Members heard that the Statement of Accounts would not be final until the external audit was concluded, however any changes to the draft accounts were anticipated to be very minor. It was suggested that delegated responsibility be granted to the Director of Corporate Operations to make any final amendments to the Statement of Accounts before the statutory deadline.

Once complete, letters of representation to the County Council and Hampshire Pension Fund would be signed and shared electronically, with examples presented before Members within the papers.

RESOLVED:

That the Statement of Accounts for 2020/21 for Hampshire County Council and the Hampshire Pension Fund be approved.

That the letters of representation for Hampshire County Council and the Hampshire Pension Fund set out in Appendix 1 be signed.

That delegated authority be given to the Director of Corporate Operations to approve any minor amendments to the Statement of Accounts prior to the issue of the final audit opinion and publication of the Statement of Accounts.

23. **TREASURY MANAGEMENT MID-YEAR MONITORING REPORT 2021/22**

The Committee considered a report of the Director of Corporate Operations, providing an update on the performance of the treasury management function.

Members heard that:

- All treasury management activity had been undertaken in accordance with the strategy, as approved by the County Council.
- £195m was being held in a combination of pooled funds, which continued to earn good returns, counterbalancing the very low interest rates on cash investments.
- No new borrowing was anticipated in year.
- A total of £169m had been lent out to other local authorities. The financial stability of authorities borrowing monies was fully assessed and no defaults had occurred in repayments to date.
- Officers receive updates from the County Council's Treasury Management Advisor on economic conditions, including potential inflationary pressures. It was considered that inflation levels would not have a significant impact on treasury management, as investments were generally made on short-term or variable rate basis.
- Following the meeting of the Audit Committee, the mid-year treasury management report would be presented to Cabinet.

RESOLVED:

The Audit Committee note the following recommendations that are being reported to Cabinet:

- That the mid-year review of treasury management activities be noted.
- That the clarification to the 2021/22 Treasury Management Strategy as set out in paragraph 36, for investments in un-rated corporations where the County Council owns a controlling interest in the corporation, is approved in line with previous years' strategies.

24. **ANNUAL GOVERNANCE STATEMENT**

The Committee considered the report of the Head of Law and Governance and Director of Corporate Operations presenting the Annual Governance Statement.

Members heard that the Annual Governance Statement was required to be published alongside the statement of accounts and looked back over the previous financial year, with a forward looking action plan.

RESOLVED:

That the Audit Committee approve the 2020-21 Annual Governance Statement.

25. **APPOINTMENT OF COUNTY RETURNING OFFICER**

Members considered a report of the Chief Executive which recommended the appointment of the County Council Returning Officer.

Members heard that the established procedure within the County Council was for the Chief Executive to act as the County Council Returning Officer.

Following the retirement of the previous Chief Executive, Members were asked to confirm the appointment of the Chief Executive, Carolyn Williamson, as Returning Officer.

RESOLVED:

That the Chief Executive of the County Council be appointed as County Council Returning Officer and that the appointment of Carolyn Williamson in this regard be confirmed.

26. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 26 MARCH 2021 (LESS EXEMPT)**

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 26 March 2021.

27. **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 Paragraph 3 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.

28. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 26 MARCH 2021 (EXEMPT)**

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 26 March 2021.