

AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Monday, 26th July, 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
Councillor Juliet Henderson
Councillor Tom Thacker
Councillor Adrian Collett
Councillor David Harrison

*Present

1. APOLOGIES FOR ABSENCE

All Members were noted to be present at the meeting.

2. 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 at this point in the meeting.

3. MINUTES OF PREVIOUS MEETING HELD ON 4 MARCH 2021

Further to item 211 of the minutes, it was noted that the final audit fees for the year ending 31 March 2020 were still awaiting Public Sector Audit Appointments (PSAA) approval. Cllr House declared a non-pecuniary interest, as a Member of the Board of PSAA.

The minutes of the meeting held on 4 March 2021 were agreed as a correct record and signed by the Chairman.

4. DEPUTATIONS

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

5. **CHAIRMAN'S ANNOUNCEMENTS**

There were no announcements.

6. **INFORMATION COMPLIANCE - USE OF REGULATED INVESTIGATORY POWERS**

Members received a report of the Director of Culture, Communities and Business Services and Chief Executive – Corporate Services, outlining the County Council's use of its investigatory powers during the previous financial year.

The report identified that powers had only been used in respect of communications data during the previous 12 months. Members heard that examples of how such powers were used included obtaining the details of the owner of a mobile phone account or website, to support trading standards in tackling online fraud or the sale of counterfeit or non-genuine goods. The report further highlighted that since 2011 surveillance activities have resulted custodial sentences totalling 113 years and 2 months being handed down, and orders to recover of £550,000 of criminal proceeds.

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.
- That the Audit Committee 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 the Executive Member of the continued use of surveillance powers by the County Council.

7. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 12 FEBRUARY 2021 (LESS EXEMPT)**

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 12 February 2021.

8. **EXTERNAL AUDIT PLANNING REPORT 2020/21**

The Committee received the annual audit planning report for 2020/21 from the external auditors. Members heard that:

- The external auditors, Ernst and Young, were expecting to present the final reports ahead of the deadline of 30 September.
- There had been limited change to the Audit Strategy, compared to the previous year.
- Work in respect of the value for money assessment for Hampshire County Council was subject to change. The auditors highlighted that they were required to report against three criteria, instead of the previous single criteria, however their risk assessment had not identified any

weakness in those areas. Members further heard that there was no requirement for the auditors to undertake a separate value for money assessment for the Hampshire Pension Fund.

RESOLVED:

That the Audit Committee receives and notes the Hampshire County Council and Hampshire Pension Fund Audit Planning Reports for 2020/21.

9. INTERNAL AUDIT PLANNING REPORT AND OPINION 2020/21

Members received a report from the Director of Corporate Relations presenting the Internal Audit Annual Report and Opinion for 2020/21.

Members heard that:

- During the course of the year internal audit had adapted the plan to address some of the key risks and emerging themes which had resulted from the Covid-19 pandemic. Whilst it had been a challenging year, the internal audit function had adapted well to undertaking audit activity through virtual means, with the use of online meeting technology enabling the County Council to maintain a robust approach to assurance work.
- The overall opinion for the year had provided a reasonable assurance on the adequacy and effectiveness of Hampshire County Council's internal control environment.
- Key observations were made within the report, noting a few areas which had provided challenge to the organisations risk environment. Action plans had been developed to address any issues highlighted, and Members were assured that there were no matters of significance to report from work in those areas.

In response to Members questions it was heard that:

- Thematic reviews were undertaken for schools maintained by the County Council, which included a fairly substantive view of the school's financial value statements. Any particular areas of concern were addressed to the education finance team for review, with separate reporting to the Director of Children's Services for any schools which were noted to be in financial difficulty.
- Internal Audit had undertaken a proactive fraud review, looking at direct payments which would be brought to the next meeting of the Audit Committee in September.
- Of the 60 reviews which had been completed, eight had given rise to a limited statement. The two most common factors, data quality in the adult social care system and contract management, would be fed into the annual governance statement. It was further heard that proactive approaches in these two areas had already started, including the development of a new e-learning module for any staff members with contract management responsibilities.

RESOLVED:

That the Audit Committee approves the Annual Internal Audit Report & Opinion 2020-21.

10. **INTERNAL AUDIT CHARTER 2021/22**

Members received a report from the Director of Corporate Operations presenting the Internal Audit Charter for 2021/22.

Members heard that there had been no changes to the charter from the previous financial year.

RESOLVED:

That the Audit Committee approves the Internal Audit Charter 2021–22.

11. **INTERNAL AUDIT PLAN 2021/22**

Members received a report from the Director of Corporate Operations presenting the Internal Audit Plan for 2021/22.

Members heard that:

- In compiling the plan a range of measures had been taken into account. The plan had been compiled in liaison with directors and benchmarked against peers, coupled with internal audit's assessment of risk and legislative change.
- The plan was a live document, which would remain fluid to adapt to the changing needs of the organisation. Any changes would be reported to the Audit Committee for transparency, as part of the regular progress report.

RESOLVED:

That the Audit Committee approves the Internal Audit Plan 2021-22.

12. **ANNUAL TREASURY OUTTURN REPORT 2021/21**

The Committee received the report of the Director of Corporate Operations giving details on treasury activity during 2020/21.

Members heard that:

- All activity during the year had complied with County Council policy and statutory legislative requirements.
- The net investments position had reduced as a result of repaid borrowing, in line with maturity without refinancing. Investment income had largely come from fixed rate returns and pooled funds, which had recovered well following the pandemic and were worth marginally more than when first invested. Investment focus was to deliver long term stability and revenue return. Investments were monitored regularly and discussed with Arlingclose.

In response to Members questions it was heard that:

- The Council had an option to invest in the land in Manydown, which would be treated as a treasury management activity. The initial investment was made 25 years ago and all costs for consultancy and capital were regularly monitored with the expectation that returns would be realised from 2026/27.

RESOLVED:

That the Audit Committee note the following recommendation is being reported to Cabinet:

- That the outturn review of treasury management activities be noted.

13. 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.

14. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 12 FEBRUARY 2021 (EXEMPT)

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 12 February 2021.

Chairman, 29 September 2021