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AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Thursday, 22nd December, 2022

Chairman:

* Councillor Alexis McEvoy

* Councillor Tim Davies
* Councillor Steven Broomfield
* Councillor Dominic Hiscock
* Councillor Keith House
* Councillor Mark Kemp-Gee
* Councillor Derek Mellor
Councillor Michael Thierry

Councillor Andy Tree

*Present

80. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Michael Thierry and Andy Tree.

81. **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.

82. **MINUTES OF PREVIOUS MEETING HELD ON 28 SEPTEMBER 2022**

The minutes of the meeting held on 28 September 2022 were agreed as a correct record and signed by the Chairman.

83. **DEPUTATIONS**

No deputations were received by the Committee on this occasion.

84. **CHAIRMAN'S ANNOUNCEMENTS**

There were no announcements.

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

The Committee considered the report of the Director of Culture, Communities and Business Services, regarding the County Council's use of regulated investigatory powers.

Members heard that surveillance powers had not been used during the previous two quarters. It was further heard that the Head of Legal Services reviewed the policy for the use of regulated investigatory powers on a bi-annual basis, with review by the Surveillance Commissioner every three years.

RESOLVED:

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

86. **STATEMENT OF ACCOUNTS 2021/22**

Members received a report of the Director of Corporate Operations presenting the updated Annual Statement of Accounts.

Further to the previous meeting, the Director of Corporate Operations explained that a statutory override had been put in place by central government to provide a temporary measure to resolve the national issue relating to the accounting for local authority infrastructure assets. Members heard that this solution agreed with County Council's previous position and confirmed that no action would need to be taken in respect of older assets, but would require new assets to be appropriately valued going forward. The external auditors, Ernst and Young, confirmed that this would now enable them to sign off the Statement of Accounts for 2021/22.

In response to Members questions it was heard that an audit firm elsewhere in the country had raised the matter and been unable to sign off a set of accounts as a result, at which point it became a national issue and it was not possible for any accounts requiring accounting for local authority infrastructure assets to be signed off until a resolution was put in place. It was heard that the County Council had been in a favourable position, having already had the accounts for 2020/21 signed off when the matter arose, which many Councils had not.

It was noted that infrastructure assets generally depreciate to a zero value at the point the infrastructure asset is replaced, which was generally accepted to be at 20 years. The County Council, like the majority of Councils nationally, did not hold records going back to record the depreciation value of assets replaced before 20 years, but moving forward this would be put in place. This was in keeping with generally accepted audit practice and the County Council had previously not been required to keep these records as the road infrastructure was not a commercial asset.

RESOLVED:

- That the Audit Committee notes the temporary solution that has been put in place to resolve the national issue relating to the accounting for local authority infrastructure assets.
- That the Audit Committee reconfirms their approval of the Statement of Accounts for 2021/22 for Hampshire County Council and the Hampshire Pension Fund (Appendix 1) reflecting the changes to the PPE disclosure note as a result of the temporary solution put in place to resolve the national issue relating to the accounting for local authority infrastructure assets through changes to the CIPFA Code and the statutory accounting override introduced by DLUHC.
- That the draft letters of representations for Hampshire County Council and the Hampshire Pension Fund be noted (Appendix 2).
- That delegated authority be given to the Director of Corporate Operations to approve minor changes to the accounts agreed between the County Council and EY prior to the final audit opinion being issued and the publication of the accounts.

87. INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit presented the regular update against delivery of the 2022/23 Audit Plan, noting that progress made to date had resulted in an overall healthy position. The report highlighted the overdue actions, with explanations having been received against each and revised implementation dates in place to ensure all actions would be completed by the end of the financial year.

In response to Members questions it was heard that Internal Audit would not generally look at income in isolation and that there were no currently known issues, but if there were this would have been highlighted through the budgetary control process. It was further heard that Internal Audit periodically reviewed the savings programme, for which there were no current concerns, and undertook individual reviews of Section 106 funds for community and social infrastructure.

Councillor Mellor declared a non-pecuniary interest as the Chairman of the Transport and Environment Select Committee.

RESOLVED:

That the Audit Committee note the Internal Audit Progress Report (November 2022) as attached.

88. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 28 JULY 2022 (LESS EXEMPT)

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meeting held on 28 July 2022.

89. **CORPORATE RISK MANAGEMENT UPDATE**

The Committee received a report from the Director of Corporate Operations providing an overview of internal audit activity against assurance work completed in accordance with the approved audit plan.

Members heard that the governance processes had been further strengthened over the last 12 months and that risk management continued to be embedded throughout the organisational culture.

The Chairman commented upon the helpful content of the report and the information contained within, which set out the reporting structure addressing a previous question raised by the Audit Committee.

RESOLVED:

That the Committee notes the contents of the report and the risk management arrangements in place across the County Council

90. **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 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.

91. **CORPORATE RISK MANAGEMENT UPDATE - EXEMPT APPENDIX**

The Committee noted an exempt appendix to the Corporate Risk Management update.

(Summary of an exempt minute)

92. **MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 28 JULY 2022 (EXEMPT)**

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meeting held on 28 July 2022.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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