

AT A MEETING of the Audit Committee of HAMPSHIRE COUNTY COUNCIL
held at the castle, Winchester on Thursday, 23rd May, 2019

Chairman:

* Councillor Keith Evans

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| * Councillor Alexis McEvoy | * Councillor Lance Quantrill |
| * 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 Rob Mocatta | Councillor David Harrison |

108. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Derek Mellor and Rob Mocatta. Councillor Zilliah Brooks and Steven Philpott were in attendance as the Conservative substitutes. Councillor Tennent was in attendance, from item seven of the agenda, as the Liberal Democrat substitute.

109. 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 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.

110. MINUTES OF PREVIOUS MEETING HELD ON 21 FEBRUARY 2019

The minutes of the meeting held on 21 February 2019 were agreed as a correct record and signed by the Chairman.

111. DEPUTATIONS

There were no deputations.

112. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements.

113. 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.

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.

114. ANNUAL TREASURY OUTTURN REPORT 2018/19

Councillor Tennent joined the meeting at this item.

The Committee considered the annual report of the Deputy Chief Executive and Director of Corporate Resources regarding the performance of the treasury function during 2018/19 including the effects of any decisions taken and transactions executed throughout the year.

In response to Member's questions it was heard:

- Energy efficiency enhancements, funded through loans from Salix, were delivering savings on energy budgets at a departmental level.
- Where electronic vehicle charging points were placed within the County's estate the cost of electricity used was paid for by the user, through a registered account with NewMotion.
- The credit rating agency Fitch placing the UK's AA long term sovereign credit rating on Rating Watch Negative in February was having little impact on the County Council's income, due to the treasury management strategy of investing only within the UK. The County Council was taking a prudent approach to treasury management, and that security continued to be managed ensuring investments complied with the strategy and Arlingclose's counterparty and duration recommendations.

RESOLVED:

That the Audit Committee notes the following recommendation being reported to Cabinet and Full Council:

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

115. RELATED PARTY DISCLOSURE 2018/19 - UPDATE

The Committee considered the report of the Deputy Chief Executive and Director of Corporate Resources regarding the return of related party declarations by elected members.

The Committee discussed the procedure followed in seeking these declarations from the three Councillors, as outlined within the report, who had yet to return their 2018/19 related party declaration.

Members heard that the Chairman of the Audit Committee would write again to the three Members whose declarations were outstanding, following this meeting, asking them to return their declarations before 31 May 2019.

RESOLVED:

The Audit Committee agreed that:

i) That for the County Councillors who, as at 31 May 2019 have not returned their 2018/19 related party declaration to the Deputy Chief Executive and Director of Corporate Resources, those Councillors will be referred to the Conduct Advisory Panel for a breach in compliance with County Council procedures.

116. HAMPSHIRE COUNTY COUNCIL AND HAMPSHIRE PENSION FUND AUDIT PROGRESS REPORT FOR YEAR ENDING 31 MARCH 2019

The Committee received and noted the external auditors report for both Hampshire County Council and the Hampshire Pension Fund for the year ending 31 March 2019.

In response to Members' questions it was heard:

- The tri-annual valuation would be signed off by the Actuary in March 2020. Ernst and Young complete the audit before that date so would use indices to establish the valuation, in line with usual procedure during years in which there isn't a valuation due.
- If there was a significant difference in view regarding the International Financial Reporting Standards 9 (IFRS) Ernst and Young would undertake a thorough assessment of whether the impact was material, and if so this would be recorded in the audit report.
- Fixed assets, noted in the fixed asset register, were physically verified wherever possible. Sales documents from disposed assets were also audited, ensuring that the depreciation of the value of the asset had been monitored and that it had been removed from the fixed asset register.

RESOLVED:

That the Audit Committee notes:

i) The Hampshire County Council and Hampshire Pension Fund Audit Progress Report for year ending 31 March 2019 as attached at Appendix 1.

117. HAMPSHIRE COUNTY COUNCIL AND HAMPSHIRE PENSION FUND FEE LETTER 2019/20

The Committee received a letter from the external auditors, Ernst and Young, outlining the proposed audit fees for the 2019/20 financial year for Hampshire County Council and the Hampshire Pension Fund.

It was noted by Members that the proposed fees remained the same as those for 2018/19. This followed the significant reduction in 2017/18 and Members suggested keeping that history in future fee letters will provide a useful reference.

RESOLVED:

That the Audit Committee notes:

- i) The Hampshire County Council and Hampshire Pension Fund Fee Letter 2018/19 as attached at Appendix 1
- ii) The supporting information as attached at Appendix 2.

118. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 14 DECEMBER 2018 AND 15 FEBRUARY 2019 (LESS EXEMPT)

The Committee received and noted the non-exempt minutes of the Hampshire Pension Fund and Board meetings held on 14 December 2018 and 15 February 2019.

119. 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.

120. MINUTES OF THE HAMPSHIRE PENSION FUND PANEL AND BOARD MEETING - 14 DECEMBER 2018 AND 15 FEBRUARY 2019 (EXEMPT)

The Committee received and noted the exempt minutes of the Hampshire Pension Fund and Board meetings held on 14 December 2018 and 15 February 2019.