

AT A MEETING of the AUDIT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on 5 February 2015.

PRESENT:

p Councillor Keith Evans (Chairman)

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| p John Bennison | p Roger Huxstep |
| p Vaughan Clarke | a Tony Hooke |
| a Adrian Collett | p Mark Kemp-Gee |
| p Andrew Gibson (V. Chairman) | p George Ringrow |

Hassan Rohimun and Maria Grindley (who had replaced Kate Handy as a Director) from the County Council's auditors, Ernst & Young, also attended this meeting.

77. BROADCASTING ANNOUNCEMENT

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes. This would not apply to the confidential part of the meeting.

78. APOLOGIES

Apologies were received from Councillor Collett and Councillor Dowden attended in his place as the Liberal Democrat substitute member.

79. 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.

80. MINUTES

The Minutes of the meeting held on 25 September 2014 were agreed as a correct record and signed by the Chairman.

81. CHAIRMAN'S ANNOUNCEMENTS

No announcements were made at this meeting.

82. INFORMATION COMPLIANCE – USE OF REGULATED INVESTIGATORY POWERS

The Committee considered a report of the Director of Policy and Governance – Corporate Services on how the County Council had used its investigatory powers in the last three months (Item 5 in the Minute Book).

The Committee noted that the principal reason for using the surveillance was for the prevention and detection of crime and that it was assured that the County Council had used its investigatory powers in a lawful and appropriate way. The Director answered several questions from Members and agreed to circulate the meaning of the acronym “CHIS” contained in the report to the Committee in due course.

It was also noted that the County Council had only used its powers once in first quarter of 2013/14.

RESOLVED:

That the report be noted.

83. LOCAL AUDIT AND ACCOUNTABILITY ACT 2014 – UPDATE

The Committee considered a report of the Director of Corporate Resources – Corporate Services providing an update on the Local Audit and Accountability Act 2014 (Item 6 in the Minute Book).

Members were given an update on the provisions within the Local Audit and Accountability Act 2014 empowering local public bodies to appoint their own auditors. They were advised that an auditor must be appointed by 31st December in the financial year prior to the year which will be covered by the accounts to be audited.

The Director answered a number of detailed questions around the timetable of when decisions needed to be made and the opt-in process for sector-led collective procurement arrangements. It was reported that the draft regulations to support the collective procurement of audit went out to consultation in June 2014, with responses required by July 2014, and that details from the consultation exercise had yet to be communicated.

RESOLVED:

That the Committee noted the update and requirements of the Local Audit and Accountability Act 2014.

84. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report of the Director of Corporate Resources – Corporate Services on the progress of internal audit (Item 7 in the Minute Book). It provided an overview of internal audit activity against assurance work completed in accordance with the approved audit plan.

The Chief Internal Auditor gave an overview of the status of “live” reports and answered detailed questions from Members.

In considering the report, the Committee requested that the Chief Internal Auditor pursue with managers actions which remained outstanding pre-2014 and that these findings be provided to Members in due course.

Members were advised of a successful bid from the Southern Internal Audit Partnership (one of only 59 approved from 164 applications) to the Department for Communities and Local Government, which had resulted in funding of £72,000 being awarded to support initiatives in respect of fraud detection and prevention. This funding would also contribute to the development of a generic fraud risk assessment framework to inform and educate of key fraud risks.

RESOLVED:

That progress on internal audit activity for the period up to December 2014 be noted.

85. TREASURY MANAGEMENT MONITORING REPORT 2014-15

The Committee considered a report of the Director of Corporate Resources – Corporate Services regarding the treasury management activities during the year to date (Item 8 in the Minute Book).

The Director highlighted a number of key points within the report and answered several questions on the County Council’s investments and borrowing, which included details on how treasury management decisions had been made.

During discussion, the Director agreed to provide Members with further details on the costs of premature repayment of the County Council’s loans.

RESOLVED:

That the mid-year review of treasury management activities be noted.

86. TREASURY MANAGEMENT STRATEGY AND INVESTMENT STRATEGY 2015/16 TO 2017/18

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 9 in the Minute Book) in respect of the Treasury Management Strategy and Investment Strategy 2015/16 to 2017/18.

The report explained the economic and financial background against which the Treasury Management Strategy was being set, which included interest rate forecast, credit outlook and the County Council’s objectives on borrowing and investments.

RESOLVED:

That the Audit Committee noted the recommendations being reported to Cabinet on:

1. Treasury Management Strategy and Annual Investment Strategy for 2015/16 (and the rest of 2014/15) including:
 - a. Prudential Indicators for 2015/16, 2016/17 and 2017/18 – Appendix C
 - b. Minimum Revenue Provision (MRP) Statement – Appendix D
 - c. That authority is delegated to the Director of Corporate resources to manage the Council's investments according to the risk assessment process in the Investment Strategy as appropriate to most effectively manage the Council's investments.
2. An additional reserve of £0.5m is created in the County Council's accounts as protection against the irrecoverable fall in value of any investments.

87. UPDATE ON THE INTEGRATED BUSINESS CENTRE

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 10 in the Minute Book) on the progress being made regarding the implementation of the Integrated Business Centre nine months after the Go Live in April 2014.

The Director advised Members that this had been the County Council's largest business and IT change programme in a decade and that the programme was now complete with all original partners now live.

The report also gave details on those aspects of the programme which had gone well, the challenges which had been faced and the enhancements which were to be made over the coming months.

RESOLVED:

That the Audit Committee noted the progress and success of the Integrated Business Centre, recognising the challenges experienced and the further enhancements being made.

88. MINUTES OF THE PENSION FUND PANEL MEETINGS – LESS EXEMPT MINUTES (FOR INFORMATION)

The Committee received and noted the minutes of the Pension Fund Panel meetings held on 11 July, 26 September and 7 November 2014 (Items 11 i, ii and iii respectively in the Minute Book) (less exempt minutes).

89. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That, in relation to the following items, the public be excluded from the meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public are present during these items there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that, in all the circumstances the

case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the exempt minutes.

90. **EXEMPT MINUTES OF THE PENSION FUND PANEL MEETINGS – EXEMPT MINUTES (FOR INFORMATION)**

The Committee received and noted the exempt minutes to those meetings identified in Minute 88 above (Items 13 i, ii and iii respectively in the Minute Book).