

AT A MEETING of the AUDIT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on 23 June 2016.

PRESENT:

p Councillor Keith Evans (Chairman)

p Vaughan Clarke (V. Chairman)	p Mark Kemp-Gee
a Adrian Collett	p Floss Mitchell
p Roger Huxstep	a Andy Moore
a Tony Hooke	p Tom Thacker

Maria Grindley from Ernst & Young also attended this meeting.

149. **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.

150. **APOLOGIES**

Apologies were received from Councillors Tony Hooke and Andy Moore.

151. **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 the meeting.

152. **MINUTES**

The Minutes of the meeting held on 4 February 2016 were agreed as a correct record and signed by the Chairman.

153. **DEPUTATIONS**

No deputations were received for this meeting.

154. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed Councillor Floss Mitchell to her first meeting of the Committee.

The Chairman also updated the Committee on the one outstanding Member who had yet to complete their related party transaction declaration. This had now been received and the matter was now closed.

155. **DATA PROTECTION AND INFORMATION GOVERNANCE**

The Committee considered a report of the Director of Transformation and Governance – Corporate Services (Item 6 in the Minute Book) outlining the governance arrangements the County Council had in place to ensure that the information in its care is appropriately safeguarded.

The Director reported that there had been few serious incidents and the County Council had a good track record of self-reporting any serious incidents to the Information Commissioner. To ensure overall resilience, the County Council had agreed to a consensual audit of its information governance arrangements to be undertaken by the Information Commissioner's Office. This would take place in November this year, the outcome of which would be reported to the Committee early next year.

RESOLVED:

That the report be noted.

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

The Committee considered a report of the Directors of Culture, Communities and Business Services and Transformation and Governance – Corporate Services (Item 7 in the Minute Book) on the County Council's use of its regulated investigatory powers during the last financial year.

It was noted that during the year there was two instances where authorisation had been required for matters relating to communication data.

RESOLVED:

- i. That the Audit Committee noted the contents of this report and that the County Council's surveillance powers continued to be exercised appropriately and proportionately.
- ii. That the Audit Committee considered the County Council's use of surveillance powers for the previous financial year and 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 him of the continued use of surveillance powers by the County Council.

157. **INTERNAL AUDIT CHARTER FOR 2016-17**

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 8 in the Minute Book) on the County Council’s Internal Audit Charter for 2016-17.

Members were advised that the County Council’s Audit Charter provided a compliant framework which defined the purpose, authority and responsibility of the internal audit activity and that there were no significant changes made since the previous year.

RESOLVED:

That the Internal Audit Charter for 2016-17 be approved.

158. **ANNUAL INTERNAL AUDIT PLAN 2016-17**

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 9 in the Minute Book) on the County Council’s Internal Audit Plan for 2016-17.

The Chief Internal Auditor reported that the Plan had been developed to operate at a strategic level providing a value adding, and proportionate, level of assurance aligned to the County Council’s objectives. Members were advised on a number of reviews within the Plan, which would take place over the coming year.

RESOLVED:

That the Audit Plan for 2016-17 be approved.

159. **ANNUAL REPORT AND OPINION FOR 2015-16**

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 10 in the Minute Book) on the County Council’s Annual Report and Opinion for 2015-16.

The Chief Internal Auditor provided the Committee with its opinion on the adequacy and effectiveness of the Council’s framework of risk management, internal control and governance, which for 2015/16 was “adequate”.

Members noted the auditor’s key observation and the mitigating actions put in place in respect of the one ‘no assurance’ opinion on an audit review relating to an educational establishment.

RESOLVED:

That the Chief Internal Auditor’s annual report and opinion for 2015/16 be accepted.

160. **LOCAL APPOINTMENT OF EXTERNAL AUDITORS – UPDATE**

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 11 in the Minute Book) giving an update on the arrangements for appointing external auditors.

In considering the report, Members asked that before a decision was made, more information be gathered regarding; how the Local Government Association were seeking the views of other local authorities, how option 3 in the recommendations would work in practice; what other County Councils were doing regarding the appointment of external auditors. Once this information was received, it was agreed that this matter be brought back to a future meeting.

RESOLVED:

That this matter be deferred to enable further information to be sought and brought back to a future meeting of this Committee.

161. **ANNUAL TREASURY OUTTURN REPORT FOR 2015-16**

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 12 in the Minute Book) detailing the annual treasury outturn for 2015/16.

The Director reported to the Committee that no new borrowing had been undertaken during 2015-16 and that cash balances remained stable.

Members were advised that the proposal to change the 2016/17 Treasury Management Strategy was to be noted by the Committee and the decision to approve these changes was reserved to Cabinet and Full Council.

RESOLVED:

- i. That the contents of the outturn report be noted.
- ii. That the change to the 2016/17 Treasury Management Strategy to increase the limit of principal sums invested for periods longer than 364 days to £350m for 2016/17 and £300m for 2017/18 and 2018/19, as detailed in section 9 of the report be noted.

162. **ANNUAL GOVERNANCE STATEMENT**

The Committee considered a report of the Director of Transformation and Governance and Director of Corporate Resources – Corporate Services (Item 13 in the Minute Book) seeking approval of the County Council's Annual Governance Statement.

The Committee noted that work had begun to review and refresh the County Council's Corporate Strategy *Shaping Hampshire* for the next four years, with a view to agreeing the revised document ahead of April 2017.

The Director set out the action plan to ensure the continuous improvement of the system of corporate governance, which included a new customer channels and engagement governance structure to be established by April 2017.

RESOLVED:

That the draft Annual Governance Statement be approved for signature by the Leader of the County Council and the Chief Executive.

163. **HAMPSHIRE COUNTY COUNCIL ANNUAL FEES LETTER AND HAMPSHIRE PENSION FUND AND BOARD ANNUAL FEES AND LETTER AND ANNUAL PLAN**

The Committee received and noted the following items (Items 14 a and b respectively in the Minute Book) as detailed below:

- i. Annual Fees and Letter for 2016/17 for Hampshire County Council
- ii. Annual Plan 2015/16 and Annual Fees and Letter for 2016/17 for Hampshire Pension Fund and Board

164. **MINUTES OF THE PENSION FUND PANEL AND BOARD MEETING (LESS EXEMPT MINUTES)**

The Committee received and noted the minutes of the Pension Fund Panel and Board meetings held on 18 December 2015 and 4 March 2016 (Items 15 a and b respectively in the Minute Book).

165. **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 Paragraphs 3 and 4 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.

166. **EXEMPT MINUTES OF THE PENSION FUND PANEL AND BOARD MEETING (EXEMPT MINUTES)**

The Committee received and noted the exempt minutes of the Pension Fund Panel and Board meetings held on 18 December 2015 and 4 March 2016 (Items 17 a and b respectively in the Minute Book).