AT A MEETING of the AUDIT COMMITTEE of the COUNTY COUNCIL held at The Castle, Winchester on 29 September 2016.

PRESENT:

p Councillor Keith Evans (Chairman)

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

Maria Grindley and Faraz Yunus from the External Auditors also attended this meeting.

167. **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.

168. **APOLOGIES**

Apologies were received from Councillor Mark Kemp-Gee.

169. **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.

170. **MINUTES**

The Minutes of the meeting held on 29 June 2016 were agreed as a correct record, subject to the amendment that Councillor Collett had given his apologies for this meeting, and signed by the Chairman.

171. **DEPUTATIONS**

No deputations were received for this meeting.

172. **CHAIRMAN'S ANNOUNCEMENTS**

No announcements were made on this occasion.

173. **RIPA – QUARTERLY REPORTING OF SURVEILLANCE**

The Committee received a presentation from the Director of Transformation and Governance – Corporate Services (Item 6 in the Minute Book) outlining the County Council's use of surveillance to date from 1 April this year.

It was noted that there were two instances where authorisation had been required for communication data in relation to websites/emails regarding Trading Standards.

174. **INTERNAL AUDIT PROGRESS REPORT – SEPTEMBER 2016**

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 7 in the Minute Book) giving an overview of progress made on internal audit activity and the status of "live" reports.

The Director answered a number of queries and advised Members' that the "Friends and Family" audit review currently had a number of outstanding actions against it (page 7 of the report). The Committee were informed that a revised action plan had now been put in place and that these actions would be completed by the end of October.

It was also reported that a review would be carried out on the Enterprise M3 LEP as part of the County Council governance arrangements for that body.

RESOLVED:

That the progress report for the period to September 2016 be noted.

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

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 8 in the Minute Book) giving an update on the arrangements for appointing external auditors.

Following consideration of this item at the June meeting, the Director gave an update on how other local bodies were approaching this appointment process. It was noted that a survey was sent to 477 organisations, of which 58% of respondents said they would prefer "an opt-in sector-wide body for collective procurement set up by the Local Government Association.

Members were also advised that as the Hampshire Pension Fund was administered by Hampshire County Council and not a separate legal entity, the auditor for the County Council would also audit the Pension Fund.

RESOLVED:

That it be a recommendation to Full Council that:

The future appointment of External Audit for Hampshire County Council, as required under the Local Audit and Accountability Act 2014, be undertaken through engagement with Public Sector Audit Appointments as part of the sector-led appointment.

176. **HAMPSHIRE COUNTY COUNCIL HAMPSHIRE PENSION FUND ANNUAL RESULTS, REPORTS AND FEES**

The Committee received and noted the annual results, reports and fees for both the Hampshire Pension Fund and Hampshire County Council (Items 9a and 9b respectively in the Minute Book).

The External Auditor highlighted that audit testing had been carried out on the risk of management override and bias. It confirmed that no evidence had been found and this risk could now be "tied off".

The Director drew the Committee's attention to the importance of all Members completing their related party transactions and that as of 19 September 2016, there was still one outstanding declaration. The Committee agreed with the process of obtaining these declarations but that it should be made aware of non-compliance earlier in the process so that appropriate actions could be taken in a more timely manner.

177. **STATEMENT OF ACCOUNTS – 2015-16**

The Committee considered a report of the Director of Corporate Resources – Corporate Services (Item 10 in the Minute Book) the County Council's Statement of Accounts for 2015/16.

The Director highlighted that for 2015/16, the main change within the Statement of Accounts was that the previous explanatory foreword was replaced with a narrative statement from both the Leader and Chief Financial Officer of the County Council, which assisted a better understanding and interpretation of the key issues.

RESOLVED:

1. That the Statement of Accounts for 2015/16 be approved.

2. That the letters of representation for Hampshire County Council and the Hampshire Pension Fund be signed.

3. That delegated authority be given to the Director of Corporate Resources – Corporate Services to approve any minor amendments to the Statement of Accounts prior to the issue of the final audit opinion and publication of the Statement of Accounts.

178. **MINUTES OF THE PENSION FUND PANEL AND BOARD MEETING – 3 JUNE 2016 (LESS EXEMPT MINUTES)**

The Committee received and noted the minutes of the Pension Fund Panel and Board meeting held on 3 June 2016 (less exempt matters) (Item 11 in the Minute Book).

179. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

That, in relation to the following item, 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.

180. **EXEMPT MINUTES OF THE PENSION FUND PANEL AND BOARD MEETING – 3 JUNE 2016 (EXEMPT MINUTES)**

The Committee received and noted the exempt minutes of the Pension Fund Panel and Board meeting held on 3 June 2016 (Item 13 in the Minute Book).