

6 JULY 2012

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held in the Council Chamber, Lymington Town Hall, on Friday, 6 July 2012.

p Cllr A O'Sullivan (Chairman)
p Cllr Mrs D E Andrews (Vice-Chairman)

Councillors:

p M R Harris
p C J Harrison
p D B Tipp

Councillors:

p R A Wappet
ap C A Wise
p Mrs B M Woodifield

Officers Attending:

R Jackson, Ms G Chambers, Ms J Hawker, A Rogers and Ms L Upton.

4. MINUTES.

RESOLVED:

That the minutes of the meeting held on 18 June 2012 be signed by the Chairman as a correct record.

5. DECLARATIONS OF INTEREST.

No declarations of interest were made by any members in connection with any agenda item.

6. PUBLIC PARTICIPATION.

No issues were raised during the public participation period.

7. AUDIT COMMITTEE – TERMS OF REFERENCE (REPORT A).

RESOLVED:

That the Committee's Terms of Reference be noted.

8. AUDIT COMMITTEE WORK PLAN (REPORT B).

The Committee considered their future Work Plan for 2012/13.

RESOLVED:

That the Work Plan as set out in Appendix 1 to Report B be agreed.

Action: Lucinda Upton

9. ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2011/12 (REPORT C).

The Committee considered the performance of the Treasury Management Service, the revenue effects and the position as at 31 March 2012, together with the Prudential Indicators and Performance Indicators for 2011/12.

The Committee received a brief outline of Treasury Management issues. One of the main principles in the Investment Strategy was the importance of maintaining a balance between security of finances and obtaining a satisfactory return on investments. There were sometimes difficulties in finding suitable areas to place funds.

The Council had a contract with 'Sector', who provided independent treasury management consultancy services to public sector organisations. A member noted that the use of Sector's services would be subject to a review at the end of the current contract, and asked to be kept informed of this and of the date of the review.

Reference was made to the table at paragraph 7.5 of the report showing average earnings for the Council's temporary investments, against those of the external fund managers' industry averages and other councils. NFDC was performing just below the industry average and outperforming Christchurch, East Dorset and Purbeck. It also compared well with London Interbank Bid (LIBID) 7 day and 3 month benchmark rates.

Members queried the Net Debt / Average Rate percentage in the table at paragraph 9 of the report, which set out the Treasury Position at 31 March 2012. An explanation would be given to members after the meeting.

A graph was circulated which showed NFDC investment earnings for various periods of deposit, which illustrated how higher rates were paid to the Council if moneys were deposited for longer periods. Advice from consultants was not to invest for more than three months unless the bank was partially owned by the UK Government, when the recommended maximum was one year.

It was noted that the overall investment situation was monitored in regular meetings between the Finance and Efficiency Portfolio Holder and the Section 151 Officer and his team. The Cabinet and the Council set the Council's investment strategy, but the Audit Committee would have input into it.

In answer to a question, it was explained that the recent publicity concerning the Barclays / LIBOR issue had not had a significant effect on the Council.

Members congratulated officers concerned and felt that NFDC did very well in comparison with other authorities whilst maintaining a safe position on counterparty risks.

RESOLVED:

That the Annual report of the Treasury Management Service and the Actual Prudential Indicators for 2011/12 be endorsed.

Action: Jan Hawker

10. REVIEW OF COMPLIANCE WITH LOCAL CODE OF GOOD GOVERNANCE (REPORT D).

The Committee considered issues following a review of compliance with the Local Code of Good Governance.

The Council had adopted the code of good governance in 2008, which had been modelled on a framework recommended by CIPFA and SOLACE. The report gave detailed evidence on the Council's compliance with the Code in 2011/12. The Committee noted the six core principles of the governance framework. The actions from 2011/12 were listed at Appendix 2 of the report. The Code had been regularly revised and updated.

It was suggested that Planning Enforcement be part of a future review and officers undertook to investigate this and report back.

Action: Lucinda Upton

RESOLVED:

That the actions arising from the review of compliance with the Council's Code of Good Governance for 2011/12 as set out in Appendix 2 to the report be approved.

Action: Lucinda Upton

11. INTERNAL AUDITOR'S REPORT 2011/12 (REPORT E).

Members considered the Annual Internal Auditors' Report for the year 2011/12. The report summarised the performance of Internal Audit for the year ended 31 March 2012 against the approved internal audit plan and included the auditor's opinion on the level of assurance surrounding the control environment. The Auditor's opinion was that the Council's overall control system was adequate to safeguard the Council.

It was noted that the internal audit team had a good working relationship with the Audit Commission, and that external audit fees might be reduced further as a result of more audit work being undertaken internally by Council staff.

RESOLVED:

- (a) That the annual report and opinion and the level of assurance it can give over the adequacy of the Council's internal control systems be endorsed; and

- (b) That the effectiveness of the internal audit function in line with the Accounts and Audit Regulations 2011 be noted.

Action: Lucinda Upton

12. ANNUAL GOVERNANCE STATEMENT (REPORT F).

The Committee considered the Annual Governance Statement for 2011/12. The Council was required to produce an Annual Governance Statement (AGS), following an assessment of its governance arrangements. The report concluded that there were sound levels of internal control and good governance arrangements.

It was noted that there was on-going work around the Council's partnership work to make any such arrangements as transparent as possible.

Reference was made to the recent IT disruption and its impact on business continuity. It was explained that this issue would be investigated at senior management level, and a report made to the Committee at the appropriate time.

RESOLVED:

That the Annual Governance Statement for the ended 31 March 2012 be approved.

Action: Lucinda Upton

13. AUDIT PARTNERSHIP WORKING ARRANGEMENTS (REPORT G).

The Committee received a report concerning Audit Partnership Arrangements.

The Committee noted arrangements that had been established for the Council's Internal Audit Manager to work with certain District Councils in Dorset, as well as NFDC. It was explained that sharing audit management services was a common arrangement among local authorities in recent times and had benefits in sharing best practice. It was acknowledged that the arrangement would be reviewed after one year, and part of the Audit Manager's role would be supported by other members of the team.

Members felt it would be useful for the Committee to visit and meet audit committee members from other authorities to share experience and learning. It was agreed that this be pursued.

Action: Lucinda Upton

RESOLVED:

That the report be noted.

14. INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2012/13 (REPORT H).

The Committee considered the Internal Audit Strategy and Annual Audit Plan for 2012/13.

The Committee discussed the Audit Plan for 2012/13, which set out time allocations, in days, for auditing of various activities, tasks and functions within the Council. Members requested comparative information for audit time allocations for 2011/12, and officers undertook to provide this.

RESOLVED:

- (a) That the Internal Audit Strategy be approved; and
- (b) That the Annual Internal Audit Plan 2012/13 be approved.

Action: Lucinda Upton

15. TRAINING PROGRAMME (REPORT I).

The Committee considered the future suggested Training Programme.

It was agreed that the training as suggested in the report would be provided approximately 7 to 10 days before each Committee Meeting. Dates would be advised in due course. Consideration would be given to any relevant external training.

RESOLVED:

That the Training Programme be approved.

Action: Andy Rogers / Lucinda Upton / Jan Hawker / Bob Jackson / Kevin Green

16. DATES/ARRANGEMENTS FOR FUTURE MEETINGS.**RESOLVED:**

That the arrangements for future Committee meetings for 2012/13 were noted as follows:

(Fridays, 10.00 a.m. Appletree Court)

21 September 2012

18 January 2013

22 March 2013

CHAIRMAN