

**8 FEBRUARY 2013**  
**NEW FOREST DISTRICT COUNCIL**  
**AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee held at Appletree Court, Lyndhurst on Friday, 8 February 2013.

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  
a C A Wise  
a Mrs B M Woodifield

**Officers Attending:**

Mrs J Hawker, R Jackson, Mrs L Upton, A Rogers

**Also Present:**

Mrs K Lee, and Ms Helen Thompson (Ernst and Young)

**28. MINUTES.**

**RESOLVED:**

That the minutes of the meeting held on 21 September 2012, be confirmed as a correct record and signed by the Chairman.

**29. DECLARATIONS OF INTEREST.**

There were no declarations of interest made by any members in connection with any agenda items.

**30. PUBLIC PARTICIPATION.**

No issues were raised during the public participation period.

**31. GRANT CLAIM CERTIFICATION REPORT 2011/12 (AUDIT COMMISSION) (REPORT A).**

The Committee received the Audit Commission Report on Grant Claim Certification for 2011/12.

The report was intended to provide assurance to grant paying bodies that claims for grants from subsidies were made properly or that the information in financial returns was reliable. The report summarised the outcomes of the Audit Commission's certification work on the Council's 2011/12 claims and returns. It set out the overall results of the 2011/12 certification work, progress on previous recommendations, and recommendations for the future.

Attention was drawn to a discrepancy on figures in Appendix 4 to the report, concerning audit fees for 2010/11, and it was noted that some figures had been omitted as certain items no longer required auditing.

**RESOLVED:**

That the report be noted.

**32. ANNUAL AUDIT FEE 2012/13 (REPORT B).**

The Committee received the Annual Audit Fee letter for 2012/13.

Ms Helen Thompson, Director, Ernst and Young, (external auditor) introduced the report and the total Audit Fee was £73,076 (compared with £121,000 the previous year). In addition to this, a fee for Certification of Claims and Return of £8,700 had been stated, but this was to be reviewed.

**RESOLVED:**

That the Annual Audit Fee for 2012/13 be noted, subject to clarification of the fee for Certification of Claims and Returns.

**33. AUDIT COMMITTEE ASSURANCE (REPORT C).**

The Committee received a letter from Ernst and Young on Audit Commission Assurance concerning the Council's management and controls.

The Committee noted the letter from Ernst and Young on various points relating to the Council's processes and arrangements. There were 7 main questions for the Committee's consideration involving Governance and processes and compliance with regulations for the Committee to consider. These questions would be considered and addressed in a future report to the Committee

**RESOLVED:**

That the letter from Ernst and Young be noted and the contents be the subject of a future report to the Committee.

**34. AUDIT COMMITTEE BRIEFING (REPORT D).**

The Committee noted an Audit Committee Briefing from Ernst and Young.

On 1 November 2012 and as part of the wider abolition of the Audit Commission, Audit practice staff transferred to Ernst and Young, an established professional service provider to the Government and public sector. The document set out developments on Government policy and consultations, regulation and inspection in Local Government, and set out Ernst and Young's commitment to learning and sharing best practice.

**RESOLVED:**

That the report be noted.

**35. TREASURY MANAGEMENT PERFORMANCE REPORT 1 APRIL 2012 – 31 DECEMBER 2012 (REPORT E).**

The Committee received a Treasury Management Performance Report for 1 April 2012 – 31 December 2012.

The report set out interest rate trends, an update on the economic position globally and for the UK, as well as the future outlook, together with borrowing and investment aspects.

**RESOLVED:**

That the performance of the Treasury Management function for the period 1 April 2012 to 31 December be noted.

**36. TREASURY MANAGEMENT STRATEGY REPORT 2013/14-2015/16 (REPORT F).**

The Committee considered the Treasury Management Strategy for 2013/14 – 2015/16.

The report set out external borrowing and investment plans and objectives and risk management aspects.

The report detailed the Council's prudential indicators for 2013/14 – 2015/2016 and the expected treasury operations for that period. The prudential indicators provide a framework to cover the affordability, sustainability and prudence of capital expenditure, external debt and the Council's treasury and investment strategies for each financial year; the minimum revenue provision policy sets out how the Council will pay for General Fund capital assets through revenue each year; the treasury management statement sets out how the Council's treasury service will support the capital expenditure and financing decisions; and the investment strategy sets out the Council's criteria for choosing investment counter-parties and limiting exposure to risk of loss.

The Council would only borrow for short-term cash flow requirements in 2013/14. Work is on-going on formulating a plan to optimise yield but also recognising an acceptable level of risk.

It was noted that regular informal treasury management monitoring meetings were held between the Section 151 Officer, the Treasury Management Accountant, the Finance and Efficiency Portfolio Holder, and latterly, Cllr Harris, and Cllr O'Sullivan as Audit Committee Chairman. Whilst officers had delegated authority to make treasury management decisions within the Strategy, officers felt these meetings provided a useful member perspective.

Any member of the Audit Committee was welcome to attend these meetings, and details of arrangements would be circulated. The members involved would bring quarterly progress reports to the Committee.

**RECOMMENDED:**

- (a) That the prudential indicators and limits for 2013/14 to 2015/16 contained within Annex A of Report F to the Audit Committee, including the authorised limit prudential indicator, be agreed;**

- (b) *That the minimum revenue provision (MRP) policy statement contained within Annex A of Report F to the Audit Committee, which sets out the Council's policy on MRP, be agreed;*
- (c) *That the treasury management strategy 2013/14 to 2015/16, and the treasury prudential indicators contained within Annex B of Report F to the Audit Committee be agreed; and*
- (d) *That the investment strategy for 2013/14, including the 2011 revised CIPFA Code of Practice, contained in the treasury management strategy (Annex B), and the detailed criteria included in Annex B1 of Report F to the Audit Committee, be agreed.*

**RESOLVED:**

That the Committee endorse the informal arrangement where members meet the Section 151 Officer to monitor and advise on the Treasury Management function against the Treasury Management Strategy and report to the Committee on a quarterly basis on progress.

**37. PROGRESS AGAINST THE 2012/13 AUDIT PLAN (REPORT G).**

The Committee noted the progress made against the 2012/13 Audit Plan which was approved in July 2012. A full year end report would be made to the June Committee meeting.

**RESOLVED:**

That the report be noted.

**38. AUDIT COMMITTEE – WORK PLAN 2012/13/14 (REPORT H).**

The Committee considered its draft Work Plan for the Audit Committee for 2012/13/14. A number of amendments were discussed and these would be incorporated for submission to the Committee at the next meeting. A number of briefing sessions would be arranged and members would be advised of the dates of these in due course.

It was agreed that Committee members be provided with a copy of the Public Sector Internal Audit Standards document, which would be sent to members.

**RESOLVED:**

That the Work Plan be approved.

CHAIRMAN