

**22 MARCH 2013**

**NEW FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee held at Appletree Court, Lyndhurst on Friday, 22 March 2013.

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

**Councillors:**

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

**Councillors:**

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

**Officers Attending:**

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

**Also Present:**

Mrs K Lee, Ernst and Young (External Audit)

**39. MINUTES.**

**RESOLVED:**

That the minutes of the meeting held on 8 February 2013, be signed by the Chairman as a correct record.

**40. DECLARATIONS OF INTEREST.**

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

**41. PUBLIC PARTICIPATION.**

No issues were raised during the public participation period.

**42. ANNUAL GOVERNANCE STATEMENT 2011/12 AND GOVERNANCE REPORT 2011/12 – ACTION PLAN PROGRESS (REPORT A).**

The Committee noted the Annual Governance Statement for 2011/12 and progress against the Action Plan.

**RESOLVED:**

That the report be noted.

**43. PROGRESS AGAINST THE 2012/13 AUDIT PLAN (REPORT B).**

The Committee noted progress against the 2012/13 Audit Plan.

It was noted that there was more limited assurance this year than in previous years. The Executive Management Team had asked to be kept informed of progress on these issues and given monitoring information on trends.

**RESOLVED:**

That the report be noted.

**44. INTERNAL AUDIT CHARTER, ASSURANCE FRAMEWORK AND INTERNAL AUDIT PLAN 2013/14 (REPORT C).**

The Committee considered the Internal Audit Charter, Assurance Framework and Internal Audit Plan for 2013/14 and the 4 Year Work Plan to 2017.

Members noted a proposed arrangement where the NFDC Internal Audit Team would enter into a reciprocal arrangement with other authorities to undertake an assessment to ensure that the Internal Audit Team was complying with national standards. This was a mandatory requirement and this method of implementation would avoid costs by getting internal Chief Auditors from other authorities in Hampshire to audit each other, rather than buying in Audit. The exercise would have to be undertaken once every 5 years as a minimum.

The Committee considered the Internal Audit Charter, the Assurance Framework, the Internal Audit Plan for 2013/14 and the 4 year Work Plan in detail and asked questions.

Members noted the contingency time built into the Audit Plan. Members felt that the new regime of housing purchases as a new process should be given appropriate scrutiny. Members were informed that this was already in place. A more detailed list would be brought to a future meeting.

**RESOLVED:**

That the following documents be approved:

- (i) Internal Audit Charter
- (ii) Assurance Framework
- (iii) Internal Audit Plan 2013/14
- (iv) 4 year work plan

**45. FRAUD POLICY REVIEW (REPORT D).**

The Committee considered the Fraud Response Plan.

Members noted that prevention work was the most important part of the Fraud Response Plan.

**RESOLVED:**

That the contents of the fraud risk register, fraud prevention, and detection work and the Fraud Response Plan detailed in Report D be approved.

**46. RESPONSE TO THE EXTERNAL AUDITOR ON MANAGEMENT AND CONTROLS IN THE ORGANISATION (REPORT E).**

The Committee discussed the response to the External Auditor on the Council's Management Controls.

**RESOLVED:**

That, subject to the amendments discussed, the letter be endorsed for submission to Ernst and Young.

**47. THE EXTERNAL AUDIT PLAN 2012/13 (REPORT F).**

The Committee noted the External Audit Plan for 2012/13.

Mrs Lee, (Ernst and Young), explained the perceived Financial Statement risks set out in the Audit Plan as well as measures to ascertain economy, efficiency and effectiveness in the Council's use of resources. The report also covered the audit process and strategy.

It was noted that a new analytical approach was being used on the Council's financial data. Ernst and Young were using computer based analytic tools to identify specific exceptions and anomalies which gave a greater likelihood of identifying errors. These would be reported to a future meeting of the Audit Committee.

**RESOLVED:**

That the report be noted.

**48. 2012/13 EXTERNAL AUDIT PROGRESS REPORT (REPORT G).**

The Committee noted the 2012/13 Progress Report from Ernst and Young.

Officers reported that communications between the Council's officers and External Audit was going well under the new arrangements, and good progress was being made. There were some differences in the way the tasks had been undertaken, but these were positive things, and in addition the new arrangements were leading to lower costs.

**RESOLVED:**

That the report be noted.

**49. 2013/14 AUDIT FEE LETTER (REPORT H).**

The Committee received and noted the External Audit Fee letter for 2013/14.

**50. TREASURY MANAGEMENT PERFORMANCE REPORT – 1 APRIL 2012 TO 28 FEBRUARY 2013) (REPORT I).**

The Committee received and noted the Treasury Management Performance Report for the period 1 April 2012 to 28 February 2013.

**51. RISK MANAGEMENT (VERBAL UPDATE).**

The Committee noted a verbal update on risk management.

The Cabinet had approved the current Risk Management Strategy in 2009. The Strategy team had taken a pragmatic approach with risks being managed within existing processes.

The new Corporate Plan required a new strategy and this and a new Corporate Risk Register with this alongside a shorter revised strategy would be reported to the June meeting of the Audit Committee. There were good processes in place which needed updating and refreshing. A training session would be given to Committee Members prior to the June meeting.

**52. OPERATIONAL RISK AUDIT (REPORT J).**

The Committee received details of an Operational Risk Audit.

As part of the Hampshire Authorities' joint procurement of insurance, Zurich provided a Risk Audit of each Council covering the 3 risk areas – general property, motor and combined liability.

Part of the arrangement with Zurich was that the company would come to the Council annually to undertake a Risk Audit so that it can properly cost its cover and give the Council assurance about its arrangements. The overall conclusion was that the Council was achieving minimum requirements across the organisation and it complied with legal requirements. The Council's performance was in the mid-range compared to other authorities.

The Council was accepting some of the lower assessments, as it was satisfied with its arrangements and did not feel any significant action was necessary. Some of these scores were low because some policies and procedures were not in place, rather than any other more tangible defects, and these items would be rectified in due course.

**RESOLVED:**

That the report and appendices be noted.

**53. AUDIT COMMITTEE WORK PLAN 2013/14 (REPORT K).**

The Committee considered its future Work Programme.

**RESOLVED:**

That the Work Plan be approved.

CHAIRMAN

(AC220313)