

21 JUNE 2013

**NEW FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee held at Appletree Court, Lyndhurst on Friday, 21 June 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  
p C A Wise  
p Mrs B M Woodifield

**Officers Attending:**

R Jackson, K Green, Mrs J Hawker, Miss G O'Rourke, A Rogers and Mrs L Upton.

**Also in Attendance:**

Mrs K Lee and Mrs H Thompson - Ernst and Young (External Audit)

**3. MINUTES.**

**RESOLVED:**

That the minutes of the meetings held on 22 March and 13 May 2013 be signed by the Chairman as correct records.

**4. DECLARATIONS OF INTEREST.**

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

**5. PUBLIC PARTICIPATION.**

No issues were raised during the public participation period.

**6. CODE OF GOOD GOVERNANCE: ANNUAL REPORT OF THE MONITORING OFFICER AND INTERNAL AUDIT MANAGER 2012/13 (REPORT A).**

The Committee considered the Code of Good Governance annual report of the Monitoring Officer and the Internal Audit Manager 2012/13.

Members noted additional evidence in respect of governance reports to the Committee in July 2012 and March 2013.

Members referred to the recent ICT problems and felt the situation should be monitored. They noted that the Corporate Overview and Scrutiny Panel were receiving updates on the topic.

**RESOLVED:**

That the actions arising out of the review of compliance with the Council's Code of Good Governance for the financial year 2012/13 as set out in Report A to the Committee be approved.

Action: L Upton

**7. ANNUAL INTERNAL AUDITOR'S OPINION REPORT 2012/13 (REPORT B).**

The Committee considered the annual Internal Auditor's opinion report 2012/13.

**RESOLVED:**

- (a) That the annual report and opinion be noted and the indicated level of assurance over the adequacy of the Council's internal control systems be accepted.
- (b) That the effectiveness of the internal audit function in line with the Accounts and Audit Regulations 2011 be endorsed.

Action: L Upton

**8. ANNUAL GOVERNANCE STATEMENT 2012/13 (REPORT C).**

The Committee considered the Annual Governance Statement (AGS) for 2012/13.

The Chairman commented that the AGS was difficult to locate on the Council's website, and suggested that the document be made more readable and user-friendly, including the use of graphics. Officers undertook to investigate this.

**RESOLVED:**

That the Annual Governance Statement for the financial year ended 31 March 2013 be approved as set out in Appendix 1 to Report C.

Action: L Upton

**9. PROGRESS AGAINST THE 2013/14 AUDIT PLAN (REPORT D).**

The Committee considered progress against the 2013/14 Audit Plan.

The Committee noted the current position on those items that had been identified as high priority recommendations, some of which were due to be completed by the end of June 2013.

**RESOLVED:**

That the report be noted.

Action: L Upton

**10. ANNUAL FINANCIAL REPORT – UPDATE AND ACCOUNTING POLICY CHANGE 2012/13 (REPORT E).**

The Committee noted the current position on the production of the Annual Financial Report for 2012/13, together with details of a change to the accounting policy on Property, Plant and Equipment. The report included the following provisional financial statements:

- A) Comprehensive Income & Expenditure Statement
- B) Movement in Reserves
- C) Balance Sheet
- D) Cash Flow Statement
- E) Housing Revenue Account
- F) Collection Fund

The Executive Director reported that there were no issues of concern to raise on these statements, and they included a very strong Balance Sheet.

Members noted the proposed change to the Council's current accounting policies which are set out within the Council's Annual Financial Report. The change would aid budget management policies and management control. It was anticipated that the arrangement to not capitalise some items with a value in excess of the proposed £10,000 deminimis level would generally relate to ICT, would only be needed rarely and would be reported at appropriate times.

**RESOLVED:**

That the draft Accounting Statements set out in Appendix A to Report E be noted and that the change in Accounting Policy set out in paragraph 4.2 of Report E be approved, subject to the removal of the word 'alone'.

Action: K Green

**11. ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2012/13 (REPORT F).**

The Committee noted the annual report on the Treasury Management Service and actual prudential indicators 2012/13.

The report set out the following information:-

- The treasury strategy agreed for 2012/13
- Summary of economic factors affecting the strategy over 2012/13
- The decisions taken and the performance of the treasury service and their revenue effects

- The Council's treasury position as at 31 March 2013
- The main prudential indicators and compliance with limits
- Performance indicators set for 2012/13
- Risk and performance

Attention was drawn to some minor errors in the actual figures for 2012/13 relating to the maturity structure of fixed rate borrowing. The correct figures would be forwarded to members after the meeting.

Members congratulated officers on the excellent performance, given the difficult market conditions prevailing.

**RESOLVED:**

That the report be noted.

**12. EXTERNAL AUDITOR'S PROGRESS REPORT AND AUDIT COMMITTEE BRIEFING (REPORT G).**

The Committee received the external auditor's progress report and briefing. The external auditor's Audit Plan had been presented to the March 2013 Audit Committee meeting, including a timetable showing the key stages of the audit. The audit was on track in accordance with the timetable and Ernst and Young were due to start the audit of the Council's financial statements on 1 July 2013.

No significant risks were identified in the Audit Plan, however a small number of financial risks were identified. No new or significant financial risks had been found from their work to date. The auditor had met the Chief Executive and Executive Director (Finance) and other staff as part of the on-going audit process. The Committee noted the completion of systems walk-throughs and tests of control as explained in the report. IT controls had also been tested and any findings from this would be discussed with managers and reported to the Audit Committee meeting in September 2013.

Members felt the briefing document was useful and asked that Ernst and Young continue to submit these.

The Chairman wished to place on record his thanks to Karen Lee, who would be leaving Ernst and Young in July. Members wished her well for the future. It was noted that Steve Aldridge and Malcolm Haines would be the new contacts for Ernst and Young, and they would ensure there was a smooth transition.

**RESOLVED:**

That the report be noted.

**13. AUDIT COMMITTEE – WORK PLAN AND TRAINING NEEDS 2013/14 (REPORT H).**

The Committee reviewed its work plan as set out in the report.

**RESOLVED:**

That the work plan attached to Report H to the Committee be approved.

Members confirmed that they would continue to receive training sessions as and when required on the provisional dates scheduled.

(AC210613)

CHAIRMAN