

**10 JANUARY 2014**  
**NEW FOREST DISTRICT COUNCIL**  
**AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee held at Appletree Court, Lyndhurst on Friday, 10 January 2014.

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  
ap Mrs B M Woodfield

**Also in Attendance:**

Mrs H Thompson, Ernst and Young (External Audit)

**Officers Attending:**

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

**27. MINUTES.**

**RESOLVED:**

That the minutes of the meeting held on 20 September 2013 be signed by the Chairman as a correct record.

**28. DECLARATIONS OF INTEREST.**

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

**29. PUBLIC PARTICIPATION.**

No issues were raised during the public participation period.

**30. ANNUAL AUDIT LETTER – YEAR ENDING 31 MARCH 2013 (REPORT A).**

The Committee received the Annual Audit Letter from the External Auditor. There were no major issues of concern.

The report set out findings on financial statements, the Annual Governance Statement, and conclusions on the economy, efficiency and effectiveness of the Council and its use of resources. The report also set out the audit fees for 2012/13 which were £73,076, with a £8,700 fee for certification of claims and returns.

It was noted that one objection to the 2012/13 accounts had been received from a member of the public which had incurred extra costs of £2,304. It was concluded that this did not impact on the issue of the Audit Report on the Financial Statements or the Value for Money Conclusion, though it did delay the issue of the Audit Completion Certificate and incur additional fees from the External Audit in dealing with the matter. The objection had eventually been dismissed as requiring no action in response to the matters raised.

**RESOLVED:**

That the report be noted, including the external auditor's additional costs of £2,304.

**31. EXTERNAL AUDIT PROGRESS REPORT (REPORT B).**

The Committee received the External Auditor's progress report, which set out the work that had been completed since the last report to the Committee in September 2013. Its purpose was to provide the Committee with an overview of the 2012/13 audit, and an outline of the External Auditor's plans for the 2013/14 audit in accordance with the requirements of the Audit Commission Act 1998 as well as other Codes of Practice and guidance. The report set out the timetable for the 2013/14 audit.

There were no issues to bring the Committee's attention.

**RESOLVED:**

That the report be noted.

**32. TREASURY MANAGEMENT STRATEGY REPORT 2014/15 (REPORT C).**

The Committee considered the Treasury Management Strategy Report for 2014/15 which outlined and recommended the Council's prudential indicators for 2014/15 – 2016/17 that related to the treasury management function.

A further report detailing the prudential indicators relating to capital expenditure was to be submitted to the Cabinet in February 2014. The Strategy was aligned with the Hampshire County Council's Treasury Management Strategy, given the proposed transfer of the function to the County Council in March of this year.

Members noted at Annex A3 the adjustments to the maximum counter-party limit for 2014/15.

It was noted that there would be savings of approximately £10,000 per annum in consultancy fees once the transfer to the County Council was made.

The benefits of transferring the function to Hampshire County Council were that it would allow greater scope for investments. The District Council could, if the arrangements proved unsatisfactory at some point in the future, step back and

revert to the current situation where the District Council undertook its own Treasury Management. It was emphasised that the Council would still be a standalone Authority in terms of its investments and its monies would not be included with those of Hampshire County Council.

**RECOMMENDED:**

***That it be a recommendation to the Council that the Treasury Management Strategy 2013/14 – 2016/17 and the Treasury Prudential Indicators contained within Annex A of the report be approved with immediate effect.***

*[Note: Following the meeting, a discrepancy was identified in the table at para 8.1 of the report relating to the maturity structure of investments. This was amended when submitted to the Council for approval.]*

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

The Committee noted progress made against the 2013/14 Audit Plan which had been approved in March 2013. The Internal Audit Manager gave a detailed update on the Audit Plan timetable and outcomes 2013/14.

It was explained that the timetable was continually risk assessed to ensure that resources were being concentrated on the most important areas. Reasons for changes to the timetable were given. Overall the process was going well. The Committee was informed of progress made against high priority recommendations which were overdue, which were covered in detail.

In answer to a member's query, the Internal Audit Manager gave a brief summary of the current situation in regard to the auditing partnership with East Dorset, Christchurch, North Dorset and Purbeck District Councils. It was explained that the process was going well and that protocols had been aligned wherever possible to make for the most efficient working arrangements. Unlike New Forest District Council, who had Ernst and Young as External Auditors, the other authorities had Grant Thornton as their External Auditor and again the relationship with them was good.

**RESOLVED:**

That the report be noted.

**34. FINAL ACCOUNTS 2012/13 – BAD DEBTS WRITE-OFFS (REPORT E).**

The Committee noted the total bad debts written-off during the financial year 2012/13. This was the first time that this report had been brought to the Committee and it was now a requirement to do so. It was anticipated that this would regularly be considered at the June meeting of the Committee.

It was explained that officers always used their best endeavours to avoid writing-off debts, but there were certain circumstances (detailed in the Appendix to the report) where this was unavoidable. Only Heads of Service could write-off debts.

It was agreed that future reports would include the proportion of write-offs which had to be borne specifically by New Forest District Council, as well as the overall sums which fell on other authorities.

The total of bad debt write-off for 2012/13 was £780,304, an increase compared with the 2011/12 figure of £597,994.

**RESOLVED:**

That the report be noted.

**35. REGULATION OF INVESTIGATORY POWERS ACT (REPORT F).**

The Committee noted a summary of the Council's use of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

This would be an annual report to the Committee at its January meetings.

RIPA provided a statutory framework whereby certain surveillance and information gathering activities could be authorised and conducted by the Council in a lawful manner where they were carried out for the prevention and detection of crime and in some cases for the prevention of disorder.

The Committee noted the current Surveillance Policy at Appendix 1 and the Policy for Acquisition of Communications Data at Appendix 2. The RIPA Monitoring Officer was required to report to the Audit Committee annually on the Council's use of RIPA.

The Council used its powers infrequently but when use was made of such RIPA powers it was essential that this was done in accordance with the law and the Council's policies. RIPA had not been used during the whole of 2013.

**RESOLVED:**

That the use made by the Council of its powers under RIPA be noted.

**36. AUDIT COMMITTEE – WORK PLAN (REPORT G).**

The Committee reviewed its Work Plan for 2014/15.

**RESOLVED:**

That the Committee's Work Plan be approved as set out in Appendix 1 to these minutes.

CHAIRMAN

**Attachment:** Minute 36 – Appendix 1

**Audit Committee Work Plan**

<b>DATE</b>	<b>WORK / REPORTS</b>
21 March 2014	External Auditor Reports (to be confirmed with new District Auditor) Treasury Management Internal Audit Progress report against the audit plan 13/14 Q4 (provisional) Outstanding high priority audit recommendations Internal Audit Charter & Internal Audit Plan 14/15 Review of Policies including Whistleblowing, Anti-Fraud, Bribery and Corruption Response to the external auditor on the management and controls in the organisation Review of any other relevant policies as required Risk Update
21 June 2014	External Audit Progress Report Annual Work Program Annual Report on the Treasury Management service and Actual Prudential Indicators 2013/14 Review of the Local Code of Good Governance Annual Auditors Report 2013/14 Annual Governance Statement Internal Audit Progress report against 14/15 Q1 Strategic Risk Register - Update Write-Offs
26 September 2014	External Auditor - Draft Annual Governance Report External Auditor - Opinion of the Statement of Accounts & Value for Money Statement of Accounts Annual Governance Statement Governance Action Plan Follow up Treasury Management Financial Monitoring Report Q2 Internal Audit Progress report against the audit plan 14/15 Q2 Outstanding high priority audit recommendations
15 January 2015	Annual Governance Statement External Auditor Grant Claim Certification External Audit Progress Report Treasury Management Report Q3 Internal Audit Progress report against the audit plan 13/14 Q3 Outstanding high priority audit recommendations Risk Update Annual Write-Offs RIPA Update