

26 SEPTEMBER 2014

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held at Appletree Court, Lyndhurst on Friday, 26 September 2014.

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

Councillors:

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

Councillors:

ap R A Wappet
p J G Ward
p C A Wise

Officers Attending:

Mrs G Chambers, Ms N Kitcher, Mrs R Drummond, K Green, R Jackson,
Mrs L Upton

Also in Attendance:

Mrs H Thompson, Ernst and Young

18. MINUTES.

RESOLVED:

That the minutes of the meeting held on 20 June 2014 be signed by the Chairman as a correct record.

19. DECLARATIONS OF INTEREST.

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

20. PUBLIC PARTICIPATION.

No issues were raised during the public participation period.

21. AUDIT RESULTS REPORT 2013/14 (EXTERNAL AUDITOR) (REPORT A).

The Committee noted the External Auditor's results report for 2013/14. This included:

- Financial statements
- Value for money
- Whole of Government accounts
- Audit Certificate

Mrs Thompson explained that the report set out the results of the Audit and included audit risks and assurances against these. The format was slightly different this year to reflect the low number of issues. She was pleased to inform the Committee that the External Auditors were able to give an unqualified opinion of the accounts and value for money statement. There were no objections from members of the public. She highlighted two significant risks mentioned in the report which were common to all local government bodies, concerning new business rates appeals provisions, and also on fraud. No issues had been identified for arrangements for financial resilience and she noted that the authority was undertaking longer term financial planning. She wished to thank officers for their assistance in helping the Audit go smoothly and ensuring the financial statements were well produced.

RESOLVED:

That the report be noted.

22. ANNUAL FINANCIAL REPORT (STATEMENT OF ACCOUNTS) 2013/14 (REPORT B).

The Committee considered the Annual Financial Report (Statement of Accounts) for 2013/14. The Committee were reminded that their role was to consider and authorise the Statement of Accounts as a true and fair view of the Council's position. The External Auditor had confirmed that the Council had a "clean bill of health" on the Statement of Accounts, and no significant changes had been made to the report since it was last received by the Committee in June 2014. Reasons for major variations in the Income and Expenditure account between 2012/13 and 2013/14 were explained. The Committee asked a number of detailed questions.

The Committee were satisfied with the Financial Statement, and in approving it, supported the letter of representation being signed by the Chairman of the Committee and the Section 151 Officer.

RESOLVED:

That the Statement of Accounts for 2013/14 as set out in the report be approved.

23. ANNUAL GOVERNANCE STATEMENT 2013/14 (REPORT C).

The Committee considered the Annual Governance Statement for 2013/14.

The draft AGS 2013/14 was approved by the Audit Committee in June 2014 and provided to the external auditors for review. The document had been unchanged since then.

Members were reminded of the section in the External Auditor's report concerning the Council's Annual Governance Statement, which confirmed that:

- It complied with the requirements of the CIPFA / SOLACE Delivering Good Governance in Local Government framework; and
- It was consistent with other information that the External Auditor was aware of from their audit of the financial statement.

Members were satisfied with the Annual Governance Statement and indicated their support to it being signed by the Leader of the Council and the Chief Executive as the Head of Paid Service.

RESOLVED:

- (a) That the Annual Governance Statement for the financial year ended 31 March 2014 be approved as set out in Appendix 1 to Report C;
- (b) That the Leader of the Council and Head of Paid Service (Chief Executive) sign the Annual Governance Statement 2013/14; and
- (c) That the Annual Governance Statement 2013/14 be published on the Council's website, ensuring ease of access.

24. PROCUREMENT RULES, REGULATIONS AND CONTRACTS STANDING ORDERS – WAIVERS 2013/14 (REPORT D).

The Committee noted the waivers to various Council rules and regulations relating to procurement for the financial year 2013/14.

RESOLVED:

That the waivers to the Council's procurement rules, regulations and contract standing orders be approved during the financial year 2013/14.

25. PROGRESS AGAINST THE 2014/15 AUDIT PLAN (REPORT E).

The Committee noted progress made against the 2014/15 Audit Plan, which was approved in March 2014.

At the last meeting on 20 June 2014, Members had enquired about the Parking audit, which had not at that time been completed. The Parking audit report has since been finalised and had concluded a limited level of assurance. Weaknesses had been identified in several areas, including stock management and reporting arrangements for income discrepancies. Copies of the Annual Parking and Enforcement Report for 2013/14 (as required under Section 55 of the Road Traffic Act 1984), together with a detailed report on the audit of the Council's parking processes and administration, were circulated to Members. The Section 55 report had been published on the Council's website. The full parking report would be considered by the Environment Review Panel in November this year. Members noted that a procurement exercise in respect of the replacement of Council parking meters was in progress. The machines were coming to the end of their expected economic life and there were doubts about their accuracy. The Committee noted

the documents, which included an action plan for improving processes and practices.

In respect of the section of the report on progress with high priority recommendations, the Internal Audit Manager reported that she was very pleased with progress on the issue relating to the Payment Card Industry Data Security Standards (PCI DSS).

The collaborative Bank and Insurance procurements were two examples where the work of Finance Officers in Hampshire was being recognised nationally as innovative good practice to the benefit of local residents.

The Section 151 Officer drew attention to various developments in which the Council was pioneering. With reference to the bank migrations to Lloyds from the Co-Operative Bank, the project remained on target to be live by November 2014.

The Executive Director also drew attention to a project to bid for fraud work grant funding from Central Government, in partnership with other Hampshire councils and the outcome would be reported at the next Audit Committee meeting. These developments followed the transfer of the Benefit Investigation Team to the Department of Work and Pensions (DWP) to the Single Fraud Service. The Council would look to use this initiative to supplement its fraud work resource and recruit a specialist fraud officer, if the bid was successful. This resource would be shared with 4 other authorities and two housing associations. It was suggested that some member training on fraud developments be arranged, perhaps around the time of the next Committee meeting in January 2015.

RESOLVED:

That the report be noted.

Action: Lucinda Upton

26. TREASURY MANAGEMENT MID YEAR MONITORING REPORT 2013/14 (REPORT F).

The Committee received a mid-year Monitoring Report on Treasury Management activities in 2013/14.

The Executive Director (Finance) felt that the new arrangements overseen by Hampshire County Council had resulted in a greater diversity of investment opportunities and better rates of return as well as better security of the District Council's funds and more favourable long-term opportunities. It was noted that Winchester City Council would be joining the Hampshire County Council investment arrangements shortly, in the same way that New Forest District Council had.

It was noted that NFDC's investment holding was £55.4m at 31 August 2014, which was over £12.9m (30%) higher than the same time last year.

RESOLVED:

That the performance of the Treasury function detailed in the report be noted.

27. INSURANCE PROCUREMENT (HAMPSHIRE DISTRICT AND BOROUGH COUNCILS) (REPORT G).

Members noted progress on the collaborative insurance procurement initiative.

The current collaborative arrangements with the 11 other Hampshire authorities were due to come to an end in March 2015, so that the contracts with Zurich ended at that time. Work was underway with a view to awarding a new contract in March 2015. NFDC's annual spend was currently £660,000. There were some opportunities for the Council to realise potential savings through self-insurance, depending on the level of risk it was prepared to accept, including through the housing stock. At present the Local Government insurance market was limited, giving the current provider, Zurich Municipal, considerable leverage on pricing. It was hoped that these collaborative arrangements would encourage other companies to come into the market and increase competition.

Members supported the general approach set out in the report.

RESOLVED:

That progress on the collaborative insurance procurement be noted.

28. STRATEGIC RISK REGISTER (REPORT H).

The Committee received a report on the revised Strategic Risk Register. The current register summarised the significant risks to the delivery of the Corporate Plan and the proposed actions of the Portfolio Holders to mitigate against these risks.

Some details of the mitigation measures had been changed and these were detailed in the report. The Chairman thanked the Performance Improvement Manager for what was a clear and readable report.

RESOLVED:

That the report be noted.

29. AUDIT COMMITTEE – WORK PLAN 2014/15 (REPORT I).

The Committee considered its draft Work Plan 2014/15. A number of amendments were suggested.

RESOLVED:

That the Work Plan be agreed as set out in Appendix 1 to these minutes.

30. DATES FOR AUDIT COMMITTEE MEETINGS IN 2015/16.

RESOLVED:

That the following dates be agreed for meetings of the Audit Committee in 2015/16
(Fridays at 10.00 a.m.)

26 June 2015
25 September 2015
22 January 2016
18 March 2016

CHAIRMAN

Attachment: Minute 29 – Appendix 1

(AC260914)

APPENDIX 1

Audit Committee Work Plan

DATE	WORK / REPORTS
23 January 2015	Annual Governance Statement External Auditor Grant Claim Certification External Audit Progress Report External Auditor's Annual Audit Letter Treasury Management Report Q3 Internal Audit Progress report against the audit plan 13/14 Q3 Outstanding high priority audit recommendations Risk Update Annual RIPA Report Insurance Update National Fraud Initiative Fraud Strategy Update
20 March 2015	Treasury Management Administration Update Internal Audit Progress report against the audit plan 14/15 Q4 (provisional) Outstanding high priority audit recommendations Internal Audit Charter & Internal Audit Plan 15/16 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
26 June 2015	External Audit Progress Report Annual Work Programme 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 Write-Offs