

22 JANUARY 2016

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held in Committee Room 1, Appletree Court, Lyndhurst on Friday, 22 January 2016

* Cllr A D O'Sullivan (Chairman)
Cllr J G Ward (Vice-Chairman)

Councillors:

* W G Andrews
* M R Harris
* J D Heron

Councillors:

Mrs E L Lane
* R A Wappet
* C A Wise

*Present

Also In Attendance:

Mr A Boutflower, Hampshire County Council
Mrs H Thompson, Ernst and Young

Officers Attending:

Miss G Chambers, Mrs L Conway, K Green, Ms N Kitcher, A Rogers and
Mrs A Wilson

Apologies:

Cllrs Mrs E L Lane and J G Ward

33 MINUTES

That the minutes of the meeting held on 25 September 2015 be signed by the Chairman as a correct record.

34 DECLARATIONS OF INTEREST

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

35 PUBLIC PARTICIPATION

No issues were raised during the public participation period.

36 TREASURY MANAGEMENT STRATEGY 2016/17

The Committee considered the treasury management report for 2016/17. The investment strategy was relatively unchanged as proposed, with the priority being on security of funds through a diversity of investments.

It was noted that significant cash sums were being held back for various potential liabilities, including business rates appeals.

A member referred to the limited returns accrued from cash investments, bearing in mind the continued low interest rates and likelihood that they would remain static for the foreseeable future. Given this and the volatility of the stock markets, it was queried whether there were other options which offered the same levels of security but with an improved rate of return, for example property investments. Officers undertook to discuss this matter and report back to the Committee at an appropriate time.

Action: Andrew Bouflower/Bob Jackson/Kevin Green

RECOMMENDED:

That the Treasury Management Strategy 2016/17 to 2018/19, together with the treasury indicators contained within Annex A to the report, be approved with effect from 23 February 2016.

37 EXTERNAL AUDITOR - ANNUAL AUDIT LETTER

The Committee received the external auditor's annual audit letter for the year ended 31 March 2015.

It was noted that, although the letter indicated that this would be Mrs Thompson's final year as Executive Director of Ernst and Young and engagement lead for this Council, it had since been decided that she would continue for a further year.

RESOLVED:

That the audit letter be noted.

38 EXTERNAL AUDITOR - PROGRESS AGAINST THE 2015/16 ACTION PLAN

The Committee received the external audit progress report for 2015/16. The external audit was in its early stages and was progressing well.

It was reported that the Department of Communities and Local Government (DCLG) had decided not to extend the existing arrangements for external audit contracts beyond the end of 2017/18. This meant that, from 2018/19 onwards, local authorities would be responsible for appointing their own auditors, and the resulting contract. Councils would need to start putting in place the mechanism required to deliver this, and the selection, appointment and removal of external auditors would need to take place from early 2017. The new auditors would take over for the year 2018/19.

Action: Bob Jackson/Kevin Green/Grainne O'Rourke

RESOLVED:

That the progress report be noted.

39 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2014/15

The Committee noted the certification of claims and returns annual report for 2014/15.

It was noted that initial testing of a sample of rent allowances cases had identified errors of underpayment and overpayment as a result of the Council miscalculating the claimants' weekly incomes. Whilst members noted that these calculations were very complex and the discrepancies were within the Department for Work and Pensions tolerance levels, members sought reassurance that the issue was subject to proper controls and queried whether any further action was required. The external auditor undertook to forward information on this to the Committee Administrator who would circulate it to the Committee in due course.

Action: Mrs H Thompson/A Rogers

RESOLVED:

That the report be noted.

40 INTERNAL AUDIT - PROGRESS AGAINST THE 2015/16 AUDIT PLAN Q3

The Committee noted progress made against the 2015/16 internal audit plan, which was originally approved in March 2015. The Principal Auditor amplified her report and explained the changes to the plan and reasons for them.

The Committee noted that the Internal Audit team had now moved from Lymington Town Hall to Appletree Court, where the team was at present split into different locations. The Committee hoped that a permanent solution for locating the team could be expedited.

Action: Glenda Chambers / Manjit Sandhu

RESOLVED:

That the report be noted.

41 REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - ANNUAL REPORT

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

It was reported that the Council had not authorised any surveillance activities under RIPA in 2015.

Members were pleased to note that Sir David Clarke, Assistant Surveillance Commissioner, had visited the Council to undertake an inspection of the Council's use and management of its powers under RIPA and had concluded that the Council's RIPA structure remained in good health.

RESOLVED:

That the report be noted.

42 AUDIT COMMITTEE - ANNUAL WORK PLAN AND TRAINING

The Committee made minor amendments to its annual work plan.

Attention was drawn to future procedural changes in the audit cycle, and it was acknowledged that nearer the time the dates of Audit Committee meetings may need to be adjusted accordingly.

Action: A Rogers

CHAIRMAN