

28 JUNE 2016

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held in Committee Room 1, Appletree Court, Lyndhurst on Tuesday, 28 June 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:

Ms J Thorpe and Mrs H Thompson, Ernst and Young
Mr A Bouflower, Hampshire County Council

Officers Attending:

A Bethune, Miss G Chambers, Mrs L Conway, Ms N Kitcher, Miss G O'Rourke and
Ms M Stephens

Apologies:

Cllr Mrs Lane

3 MINUTES

RESOLVED:

That the minutes of the meetings held on 18 March and 16 May 2016 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 EXTERNAL AUDIT PLAN PROGRESS REPORT 2015/16

The Committee received and noted the External Auditor's plan, which set out the basis of their audit approach and scope for the 2015/16 Audit.

RESOLVED:

That the report be noted.

7 ANNUAL AUDIT AND CERTIFICATION FEES 2016/17

The Committee received and noted a letter from the External Auditor confirming the audit and certification fees for the work that they proposed to undertake for the 2016/17 financial year.

8 TREASURY MANAGEMENT ANNUAL OUT-TURN REPORT 2015/16

The Committee considered the Treasury Management Annual Out-turn Report for 2015/16.

The report dealt with the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Hampshire County Council's Investments & Borrowing Team had been contracted to manage the Council's treasury management balances since March 2014 but overall responsibility for treasury management remained with the Council.

The Committee was pleased to note that cash balances had increased and the outturn improved with borrowing from the previous year decreasing. The Council would continue to diversify its range of investments for the forthcoming financial year, in order to reduce the risk of loss of funds. Security of capital would continue to be the Council's main investment priority moving forward.

RESOLVED:

That the report be noted.

9 DRAFT ANNUAL FINANCIAL REPORT 2015/16 (STATEMENT OF ACCOUNTS)

The Committee considered the Council's statutory draft Annual Financial Report which included six statements of account, the final of which would be presented to the Committee in September, after completion of the external audit taking place in July.

The draft Accounting Statements for 2015/16, prior to external audit, were set out in Appendices 1 – 7 of the report.

The Comprehensive Income and Expenditure Statement and Balance Sheet showed the value of the Council's net worth to have increased by £15.039 million during 2015/16. The principal reasons and the breakdown for this increase between the various reserves were summarised in paragraph 5 of the report.

The report also highlighted a general fund outturn saving of £1.9 million. Some of this saving would be used to increase the general fund reserve and the remainder would support the capital programme. The report also gave details of the Housing Revenue Account which showed an operating surplus of £538,000 (above the originally forecast £1.462m) for 2015/16 which was largely attributed to an underspend in maintenance costs and additional dwelling rent income. The use of

capital receipts and developers' contributions to part finance the HRA capital programme had also resulted in a £4.2m transfer to the acquisitions and development reserve.

RESOLVED:

That the draft Accounting Statements set out in Appendices 1-7 in the report, which were a summary of the Annual Financial Report that would be certified by the Responsible Financial (S151) Officer for submission to the external auditor by the deadline of 30 June 2016, be noted.

10 FINAL ACCOUNTS 2015/16 - BAD DEBTS WRITE-OFF

The Committee received a report, summarising bad debts written off during the financial year 2015/16, in accordance with the Code of Practice for write offs approved by the Cabinet.

The total bad debt write off for 2015/16 was £645,221 (a reduction on 2014/15) which represented 0.26% of the total income collected by the Council.

RESOLVED:

That the report be noted.

11 PROCUREMENT RULES, REGULATIONS AND CONTRACT STANDING ORDERS - WAIVERS 2015/16

The Committee noted the waivers to the Council's procurement rules, regulations and contract standing orders approved during the financial year 2015/16.

There were 36 approved applications for waivers against the procurement rules during the year, the total value of which was £786,280,60. This compared with 46 applications submitted during 2014/15 totalling £1,513,303. The number of waivers had decreased due to the implementation of a more robust procurement process.

RESOLVED:

That the waivers to the Council's procurement rules, regulations and contract standing orders approved during the financial year 2015/16 be noted.

12 REVIEW OF LOCAL CODE OF GOOD GOVERNANCE 2015/16

The Committee considered the annual report of the Monitoring Officer and the Principal Auditor for 2015/16.

The Committee noted the report's conclusion that the view of the Monitoring Officer and Principal Auditor was that the Council was able to have confidence in the effectiveness of its governance arrangements. This was illustrated by the few and relatively minor areas identified for review in Appendix 3 of the report.

Members noted the actions arising from the review of the Code for 2015/16

RESOLVED:

That the actions arising from the review of the compliance with the Council's Code of Good Governance for the financial year 2015/16, as recorded in Appendix 3 of the report, be approved.

13 ANNUAL INTERNAL AUDITOR'S OPINION REPORT 2015/16

The Committee considered the annual report of the Principal Auditor for 2015/16. The Committee considered her opinion on the adequacy and effectiveness of the control environment, and reviewed the effectiveness of internal audit.

The Committee noted the audit outcomes for 2015/16, the actions as a result of the 2015/16 Audits and the work undertaken against the Assurance Framework.

Members noted that a report on the payment card industry data security standards compliance would be presented to the Committee in September.

The Committee noted that actions regarding private sector leasing had been taken forward by the new Service Manager, and plans to address the issues raised within the audit had been put in place.

RESOLVED:

That the annual report and opinion and the level of assurance over the adequacy of the Council's internal control, risk management and governance systems as stated in the report be accepted and that the effectiveness of the system of internal control in line with Regulation 6 of the Accounts and Audit Regulations 2015 be endorsed.

14 ANNUAL GOVERNANCE STATEMENT 2015/16

The Committee noted the draft Annual Governance Statement for 2015/16.

RESOLVED:

That the draft Annual Governance Statement for the financial year ending 31 March 2016, as set out in Appendix 1 to the report, be approved.

15 PROGRESS AGAINST THE 2016/17 INTERNAL AUDIT PLAN

The Committee noted progress made against the 2016/17 audit plan approved in March 2016.

The Committee were pleased with the progress made and that work was moving forward.

RESOLVED:

That the report be noted.

16 DRAFT AUDIT COMMITTEE ANNUAL REPORT 2015/16

The Committee considered a draft annual report for 2015/16 prior to its submission to Council.

RESOLVED:

That the Committee's annual report 2015/16 be submitted to the Council.

17 ANNUAL WORK PLAN

The Committee noted its annual work plan for the year.

RESOLVED:

That the Committee's annual work plan be noted, subject to the inclusion of a report on Risk Management being added.

18 TIMES OF FUTURE MEETINGS

RESOLVED:

That future meetings commence at the earlier start time of 9.30am (instead of 10.00am) with effect from September 2016.

CHAIRMAN