

24 MARCH 2017

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held in Committee Room 1, Appletree Court, Lyndhurst on Friday, 24 March 2017

* 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, Ernst & Young LLP

Officers Attending:

A Bethune, Miss G Chambers, Mrs R Drummond, Ms N Kitcher and A Rogers

Apologies:

Cllrs Harris, Mrs Lane and Wise.

42 MINUTES

The minutes of the meeting held on 27 January 2017 be signed by the Chairman as a correct record.

43 DECLARATIONS OF INTEREST

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

44 PUBLIC PARTICIPATION

No issues were raised during the public participation period.

45 AUDIT COMMITTEE BRIEFING

The Committee received and noted the local government audit committee briefing paper, produced by the Council's external auditors, Ernst and Young. It gave updates on developments with various aspects including economic news, accounting, auditing and governance arrangements.

It was confirmed that target date milestones for audit services procurement for the appointment of local auditors were being met.

46 2016/17 EXTERNAL AUDIT PLAN

The Committee received and noted the External Auditor's progress report for the 2016/17 audit.

47 PROGRESS AGAINST THE 2016/17 AUDIT PLAN

The Committee noted progress against the 2016/17 internal audit plan, which was approved in March 2016.

It was noted that a number of scheduling amendments had been made to the audit plan, to accommodate operational requirements such as service reviews.

The Committee received a number of updates on audits completed, in particular that the Housing Benefit audit had now been completed with substantial assurance.

RESOLVED:

That the report be noted.

48 INTERNAL AUDIT CHARTER, ASSURANCE FRAMEWORK AND INTERNAL AUDIT PLAN 2017/18

The Committee considered a report on the internal audit charter, assurance framework and internal audit plan for 2017/18.

It was noted that some key financial audits which had been assessed as 'low risk' had been re-programmed to 'light touch' annually audits, with full audits every three years.

RESOLVED:

That the Internal Audit Plan for 2017/18 be approved.

49 LOCAL CODE OF GOOD GOVERNANCE - THE NEW FRAMEWORK

The Committee considered a proposed new version of the Local Code of Corporate Governance.

Since 2008, the Council had adopted a Local Code of Corporate Governance based on the framework produced by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

In 2016 CIPFA/SOLACE carried out a review of their framework to ensure that it still reflected the environment in which Councils were operating and to also reflect the International framework which had been developed by CIPFA and the International Federation of Accountants (IFAC) in 2014.

As a result of their review in April 2016, CIPFA/SOLACE published a new framework document "Delivering Good Governance in Local Government Framework 2016 Edition" with the key focus of governance processes and structures centring on the attainment of sustainable economic, societal and environmental outcomes.

The new framework centred on the following 7 core principles:

A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

B Ensuring openness and comprehensive stakeholder engagement.

C Defining outcomes in terms of sustainable economic, social and environmental benefits.

D Determining the interventions necessary to optimize the achievement of the intended outcomes

E Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F Managing risks and performance through robust internal control and strong public financial management.

G Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The International Framework noted that principles A and B permeate implementation of principles C to G. Each Local Authority should have a code that reflected these principles and be committed to improving governance on a continuing basis.

The process of evaluation and review will be undertaken annually by the Monitoring Officer (Governance and Regulation Executive Head) and the Principal Auditor. The report proposed a revised code for adopting which followed those principles.

A revised code was attached to the report as Appendix 1. The code followed the recommended text in the CIPFA/SOLACE framework.

Members suggested that officers simplify core principle D above, and officers undertook to adjust this prior to being submitted to Council.

The new framework reflected changes in organisations and was a more streamlined document. A report on compliance with the new code would be brought to the June meeting.

RECOMMENDED:

That the new version of the Local Code of Corporate Governance, attached to the report as Appendix 1, be approved, subject to minor simplification of core principle D.

50 THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) - ANNUAL REPORT

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

The Council used its powers under RIPA infrequently, and did not authorise any surveillance activities under RIPA in 2016. The Council has adopted two policies relating to its use of RIPA:

- Surveillance Policy - updated January 2017
- Policy for the Acquisition of Communications Data - updated January 2017

In accordance with these policies the RIPA Monitoring Officer was required to report to the Audit Committee every two years on the Council's use of RIPA unless the specific powers have been used in the first of the two years, in which case a report would be made to the next Audit Committee following use of the powers. The recent updates to the policy also reflected the changes to the management structure.

RIPA provided the Council with a statutory framework to follow so that it may carry out various covert investigatory activities in a lawful manner.

The Council used its powers under RIPA infrequently, but when use was made of such powers it was essential that this was done in accordance with the law and the Council's policies.

RESOLVED:

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

51 WRITE OFF POLICY

The Committee considered an updated code of practice for write offs. Following the recent senior management restructure, officer delegations and authorisations had been reviewed. The review highlighted the need to update the process for writing off debt.

The report sought approval for the adoption of a new write off code of practice, principally to ensure the limits were reasonable and appropriate and to ensure the delegations fitted with the new senior management structure.

RESOLVED:

That it be a recommendation to the Cabinet that the updated code of practice for writing off debt as per Appendix 1 and 2 in the report be approved, effective from 5 April 2017.

52 AUDIT COMMITTEE WORK PLAN

The Committee considered its draft work plan for 2017/18.

RESOLVED:

That the work plan as set out in the report be agreed.

CHAIRMAN