

26 OCTOBER 2018

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held in Committee Room 1, Appletree Court, Lyndhurst on Friday, 26 October 2018

* Cllr A D O'Sullivan (Chairman)

* Cllr J G Ward (Vice-Chairman)

Councillors:

* A R Alvey
* W G Andrews
* J D Heron

Councillors:

* Mrs E L Lane
Miss A Sevier
* C A Wise

*Present

Also In Attendance:

Ms A Chalmers (Southern Internal Audit Partnership)

A Harvey (Southern Internal Audit Partnership)

Mr A Bouflower (Hampshire County Council)

Officers Attending:

A Bethune, Miss J Debnam and R Stevens

Apologies:

Apologies for absence were received from Cllr Sevier.

24 MINUTES

RESOLVED:

That the minutes of the meeting held on 27 July 2018 be signed by the Chairman as a correct record.

25 DECLARATIONS OF INTEREST

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

26 PUBLIC PARTICIPATION

No issues were raised in the public participation period.

27 TREASURY MANAGEMENT MID YEAR MONITORING REPORT 2018/19

The Committee's attention was drawn to the most salient points in the report.

The Bank of England's decision in August to increase interest rates would have some benefits in increasing income for the Authority.

There had been no borrowing activity, which was in accordance with the Treasury Management Plan.

The main area of activity was in investments, with the value having grown since March, largely as a consequence of the pattern of cash flow within the organisation, with cash flowing into the Council in the early part of the financial year.

Consequently the majority had been placed into short term investments. The decision had however been taken to increase investment in pooled property funds, with an additional £0.5 million having been invested so far and 2 further tranches of £0.5 million planned. The percentage of unsecured investments in the portfolio had also increased, but a spread of risk had been maintained to mitigate that change.

Overall, the investment benchmarking, as set out in table 5 of the report, showed that the Council was maintaining a positive position.

Members discussed the possibility of increasing the proportion of investment in higher yield funds, recognising that these carried an increase in risk. It was also noted that it was important to maintain a degree of flexibility, without too high a proportion of the Council's investments locked into longer term schemes, to allow the Council's own planned investments in property. In addition, some investment funds were not immediately available and there could be a waiting list of up to 12 months. There were also limits, within the Council's investment rules, on the amount that could be invested in each fund.

RESOLVED:

That the performance of the treasury function, as set out in Report item 7 to the Committee, be noted.

28 FRAUD UPDATE

The Committee received an update on activities to combat fraud in the period since January 2018. In that period there had been a total of 36 referrals, with details of the type of case set out in paragraph 2.3 of the report. The case had been closed on 17 of those referrals, with 19 cases still under consideration. Details of the outcomes were set out in Appendix 1 to the report and included warning letters, administrative penalties and the return of 2 Council properties to be reallocated. It was noted that the staff resource dedicated to this work was a 0.53 FTE Fraud and Compliance Officer, which Members considered represented good value for money. The Committee was reminded that, in addition to this work, the service also undertook extensive data matching to identify potential fraud. The staff resource dedicated to combatting fraud would however be kept under review to ensure best value for money to the Council.

The Committee was advised of matters of significance in the context, locally and nationally, for fraud, including the updating of key policy documents within this Council.

RESOLVED:

That the information be noted.

29 2017/18 ANNUAL AUDIT LETTER

The Committee noted that the Annual Audit Letter did not contain any new information in relation to the audit of the 2017/18 accounts, but was now presented in the format for publication. The Executive Summary emphasised the unqualified opinion on the financial statements and an unqualified conclusion that the Council was securing value for money in the use of resources.

Members noted that the officers would be working with the external auditors on the new accounting standards relevant for the current year.

RESOLVED:

That the Annual Audit Letter for the year ended 31 March 2018 be received.

30 INTERNAL AUDIT PROGRESS REPORT

The Committee noted that this was the first year of the new arrangement with the Southern Internal Audit Partnership. The work programme for the year had been produced prior to developing a close working relationship with the Council and the first few months had been devoted to meeting senior managers to learn more about the context for the planned audit reviews. As a result of the time taken in this valuable process there had been some delay in the completion of the planned reviews. It was also proposed to adjust the programme where external factors meant that a delay into 2019/20 would be advisable. The performance of Internal Audit for 2018-19 was summarised in Appendix 1 to the report.

The Committee was also advised of progress in implementing the actions that had been identified in the 2017/18 audit plan. They were pleased to note that good progress had been made with respect to the high priority actions that had been identified and welcomed the new style of reporting on these important matters.

In answer to questions the Committee was advised that the Southern Internal Audit Partnership employed 45 staff, who included a number of specialists who could be called upon for specific problems. The majority of the staff were out on placement with the organisations that they were auditing. They were hosted by Hampshire County Council and also had satellite offices. Their staff were based on site when undertaking an audit.

RESOLVED:

- (a) That the progress report be noted; and
- (b) That the proposed changes to the 2018-19 Internal Audit Plan, as attached as Appendix 1 to the report, be approved.

31 MEETING DATES 2019-2020

RESOLVED:

That the following programme of meetings be agreed each starting at 9.30 a.m.:

Friday, 25 January 2019
Friday, 29 March 2019
Friday, 31 May 2019
Friday, 26 July 2019
Friday, 25 October 2019
Friday, 24 January 2020
Friday, 27 March 2020

32 AUDIT COMMITTEE WORK PLAN

RESOLVED:

That the Committee's Work Programme, as attached as Appendix 1 to these minutes, be approved.

CHAIRMAN

Audit Committee Work Plan 2018/19

DATE	WORK / REPORTS
25 January 2019	External Audit Plan Summary Strategic Risk Register Treasury Management Strategy External Auditor – Annual Audit Letter Certification of Claims and Returns Annual Report Internal Audit Progress Against the Audit Plan
	(Provisional Dates)
29 March 2019	External Audit Planning Report 2018/19 Internal Audit Progress Report 2018/19 Internal Audit Plan 2019/20 Internal Audit Charter 2019/20 Fraud Update Report Risk Update
31 May 2019	Treasury Management Out-turn Report 2018/19 Local Code of Good Governance Review Draft Annual Governance Statement Draft Annual Financial Report Final Accounts Bad Debts Write-offs 2018/19 Procurement Waivers 2018/19 Annual Internal Audit and Opinion Report 2018/19
26 July 2019	Audit Results Report 2018/19 Annual Governance Statement 2018/19 Annual Financial Report 2018/19

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