

29 JULY 2022

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Friday, 29 July 2022

* Cllr Alan Alvey (Chairman)
Cllr Emma Lane (Vice-Chairman)

Councillors:

* Hilary Brand
* Jack Davies
* Martyn Levitt

Councillors:

* Alan O'Sullivan
Ann Sevier
* John Ward

*Present

Also In Attendance:

Andrew Boutflower, Hampshire County Council
James Stuttaford

Officers Attending:

Alan Bethune, James Clarke, Liz Foster, Antony Harvey, Ryan Stevens and Andy Rogers

Apologies

Cllrs Lane and Sevier.

14 MINUTES

RESOLVED:

That the minutes of the meeting held on 31 May 2022 be confirmed and signed by the Chairman as a correct record.

15 DECLARATIONS OF INTEREST

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

16 PUBLIC PARTICIPATION

There was no public participation at the meeting.

17 EXTERNAL AUDITOR'S ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Committee received the External Auditor's Annual Report for the year ended 31 March 2021. The Committee was pleased to note the External Auditor had given an unqualified opinion that the financial statements were a true and fair view of the financial position for the period to the end of the 2020/21 financial year, meaning there were no major issues raised.

Members noted the total Audit fee of £89,270 was double the initial scale fee of £42,721. The S151 Officer noted that Government funding had been received to recover some of these costs associated with the change in scope of audit since the original contract was awarded by the PSAA. The fee variation was due to be submitted to the PSAA by the external auditor, who acted in an independent capacity to assess its reasonableness.

RESOLVED:

That the External Auditor's Annual Report for the year ended 31 March 2021 be noted.

18 EXTERNAL AUDIT OUTLINE AUDIT PLAN FOR THE YEAR ENDED 31 MARCH 2022 (21/22)

The Committee received the External Audit Outline Plan for the year ended 31 March 2022.

Members queried External Audit's indicated November 2022 commencement of the Audit of the Council's 2021/22 accounts, which was later than the Government timetable, and was projected to complete in March 2023. It was felt this was a significant delay, and complicated officers' workflow leading up to the budget meeting in February. The External Auditor explained that the indicated timescale was necessary to ensure sufficient resources were available to ensure a quality audit.

RESOLVED:

That the Plan be noted.

19 DRAFT ANNUAL FINANCIAL REPORT 2021/22

The Committee considered the Draft Annual Financial Report for 2021/22.

It was explained that in accordance with usual practice, the full sets of accounts would be submitted to the Committee later in the year upon completion of the external audit.

It was noted that an amendment was required to the report at last line of the recommendation, to the effect that the submission deadline should have read 31 July, rather than 31 May.

RESOLVED:

That the draft Accounting Statements set out in Appendices 1-6, which were a summary of the Annual Financial Report to be certified by the Responsible Financial (S151) Officer, for submission to the external auditor by the deadline of 31 July, be agreed.

20 TREASURY MANAGEMENT ANNUAL OUTTURN REPORT FOR 2021/22

The Committee received the Treasury Management Annual Outturn report for 2021/22.

RESOLVED:

That the Treasury Management Annual Outturn report for 2021/22 be noted.

21 FINAL ACCOUNTS 2021/22 BAD DEBTS WRITE-OFF

The Committee received the Final Accounts 2021/22 Bad Debts Write Off report.

RESOLVED:

- (a) That the Final Accounts 2021/22 Bad Debts Write Off report be noted.
- (b) That the proposal to change the Service Manager approval for the Accounts Receivable write offs threshold to £3,500 be supported.

22 FRAUD - ANNUAL REPORT 2021/22

The Committee received and noted the Annual Report on Fraud for 2021/22.

23 CIPFA FINANCIAL MANAGEMENT CODE: ASSESSMENT OF COMPLIANCE

The Committee received an overview of the Council's compliance against the CIPFA Financial Management Code (the consultation version).

Officers were pleased to report that the Authority was generally at a high level of compliance, though it was noted that it would be very difficult for any local authority to comply fully.

Some of the areas where high compliance was not shown were outlined. Undertaking the process had been a useful exercise which had highlighted some future actions for improvement. It was agreed that the Committee would receive a progress update on the actions identified at its March 2023 meeting.

Stakeholder Engagements was shown as low compliance, and, in addition to other external consultation measures, it was reported that it was intended to hold an external budget consultation with business rate payers in the forthcoming years.

RESOLVED:

That the report be noted and that the Committee receive a progress update on the actions identified at its March 2023 meeting.

24 UPDATED RISK MANAGEMENT POLICY AND STRATEGIC RISK REGISTER

The Committee received the updated Risk Management Policy and Strategic Risk Register.

In respect of the Policy and the risk impact ratings at page 127, members asked that the probabilities shown be reviewed, as it was felt that 'highly unlikely' events should be rated at less than the stated 25% chance of occurring. Officers would review the issue further having regard to best practice.

In respect of risk 5 within the Risk Register, it was suggested that the word 'assets' be taken to also include related risks to buildings. It was explained that

this particular risk had a digital focus, and that assets including buildings were covered through risk 7 included within the risk register.

On section 7, the Committee wished to highlight the importance of ensuring that staff were encouraged and reminded to undertake ICT training, and it was noted that improved take - up monitoring tools were in development.

Also on section 7, Members suggested that an action be added concerning links / working with parish and town councils, as they would be key partners in the event of emergencies and events such as extreme adverse weather conditions.

RESOLVED:

That the report be noted, subject to comments and feedback set out above.

25 INTERNAL AUDIT PROGRESS REPORT

The Committee received the Internal Audit progress report.

The Internal Auditor raised an issue concerning the employment of HGV drivers outside of the agency framework, in response to a significant shortage of HGV drivers needed to deliver front line services during the pandemic. It was felt that although the level of off - framework agency spend was not disproportionate, it was recommended that a contract should be in place with the providers used, if continued use was anticipated, together with improved documentation processes to inform a more strategic view of their use. It was acknowledged that these measures were used in extreme circumstances, and actions were being out in place in response to the observations made.

RESOLVED:

That the report be noted.

26 WORK PROGRAMME

The Committee considered its future work programme.

As agreed earlier in the meeting, an update on the compliance with the CIPFA Financial Management Code would be brought to the March 2023 committee meeting.

Clarification on January and March 2023 agendas would be given at the next meeting.

CHAIRMAN