

24 MARCH 2023

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Friday, 24 March 2023

* 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:

Liz Thomas, KPMG (Remote Attendance)

Officers Attending:

Naomi Baxter, Liz Foster, Kevin Green, Antony Harvey, Ryan Stevens and Andy Rogers

Apologies

Apologies were received from Cllrs J Davies, Lane, Levitt and J Ward.

44 MINUTES

RESOLVED:

That the minutes of the meeting held on 27 January 2023 be signed by the Chairman as a correct record

45 DECLARATIONS OF INTEREST

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

46 PUBLIC PARTICIPATION

There was no public participation at the meeting.

47 HOUSING BENEFIT SUBSIDY REPORT FROM KPMG

The Committee received and noted an update from Liz Thomas of KPMG on the housing benefit subsidy claim report. The slides from the presentation are available with the agenda pack.

Of a total subsidy of £27.6m in eligible housing benefit payments, overpayment errors totalling £840 were found, which, if extrapolated would result in an estimated overall overpayment of £15,948.

Underpayment errors had also been found. In each case adjustments were made as necessary. The individual underpayments were relatively small amounts and the overall error rate represented a relatively low percentage of errors.

48 EXTERNAL AUDIT RESULTS REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Committee considered the External Audit Results Report for the year ended 31 March 2022.

It was explained that the purpose of the report was to assess the Council's economy, effectiveness and efficiency in its deployment of resources, and in securing value for money for the taxpayer.

The External Auditor had raised two main suggestions aimed at the improvement of the accounts, firstly for the removal of immaterial disclosures, and secondly regarding the trial balance, a reduction in journal entries for small value items.

The Chairman queried why the audit had taken a whole year to complete. The External Auditor explained that this was a national problem affecting local government audit. There were significant reviews of the system taking place. The problems were varied and multiple, but included the complexity of local government accounting, requiring specialism, and retention of trained staff. There did not appear any prospect of resolution in the short term.

Although the audit was still being completed, the Committee was pleased to note that the External Auditor was expected to issue an unqualified opinion on the 2021/22 accounts, but would report any further material observations to the S151 officer and Committee Chairman as necessary.

RESOLVED:

That the External Audit Results Report for the year ended 31 March 2022 be noted.

49 FINAL ANNUAL GOVERNANCE STATEMENT 2021/22

The Committee considered the Final Annual Governance Statement for 2021/22.

The Chairman referred to the section of the report dealing with Committee members having the skills and access to relevant training, and felt that additional training was required, as well as regular refresher training.

Officers advised that training had been arranged as part of the induction for the new administration (see below), and that on-going and specific training would continue for Audit Committee members, covering for example, Treasury Management and Risk Management.

- 26 May 2023, 9.30am - Specific Audit Committee members' induction event, prior to the next Committee meeting on 31 May.
- 9 June 2023, 9.30am - General financial and budgetary training

In addition to the above, officers extended an open invitation to assist any individual member on request.

Members referred to page 53 of the report, and requested that the statement should be updated to include the current Leader of the Council.

RESOLVED:

That, subject to minor amendments outlined above, the Final Annual Governance Statement for the financial year 31 March 2022 be approved as set out in Appendix 1 to the report.

50 FINAL ANNUAL FINANCIAL REPORT 2021/22

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

No changes had been made to the key financial statements since they were first reported to the Committee in July 2022.

The Chairman explained that although the report covered the period to 31 March 2022, the Section 151 Officer had advised that the responsible officers and members named at the head of the report had to be the signatories as current post holders, as required by the regulations.

RESOLVED:

That the report at Appendix 1 be supported, and that the Chief Financial Officer, in consultation with the Chairman, be delegated to sign off the Annual Financial Report for 2021/22 at the appropriate time, on completion of the outstanding audit work.

51 INTERNAL AUDIT PROGRESS REPORT 2022/23

The Committee received and noted the Internal Audit Progress Report for 2022 – 2023, as at February 2023.

The performance dashboard in the report showed that 65% of the audit work had been completed, with the remaining 35% as work in progress.

Live actions currently pending or to be completed included 9 overdue actions; a reduction from the previous report. No new audits had concluded with a 'limited' or 'no' assurance opinion since the December 2022 progress report.

Members noted the rolling work programme showing the status of each review, and the adjustments to the plan.

In answer to a question, it was explained that the Building Control review was showing as red because the usual publication of the annual statement for building control activity had not yet taken place this year, but statements for both this year and last year were being prepared for endorsement by EMT in April 2023, prior to being published, thus addressing the original observation made, and resolving the issue.

It was explained that the review of the emergency plan had been deferred to 2023/24 pending recruitment of key staff in this area.

RESOLVED:

That the report be noted.

52 INTERNAL AUDIT CHARTER 2023/24

The Committee considered the Internal Audit Charter for 2023/24.

Approval of the Charter was an annual requirement and it had not needed to be updated since it was first drawn up in 2017.

The Charter outlined the responsibilities of both Internal Audit and of the Council when audit work was being undertaken, as well as access to information and records, and the way they would be used.

RESOLVED:

That the Audit Charter for 2023/24 be approved.

53 INTERNAL AUDIT PLAN 2023/24

The Committee considered the Internal Audit Plan for 2023/24, together with an indicative plan for 2024/25 to 2025/26.

It was intended that most elements of the Council's activities and operations were audited over at least a 3-to-4-year cycle.

A number of factors were taken into account in compiling the new audit plan, including the strategic and operational risk register, key policies, strategies, committee reports, issues arising from previous work undertaken, information from external audit, and discussion with service managers and other officers.

After reviewing all of these factors the audit plan amounted to in excess of 500 days of work per annum, against an annual provisional allocation of 400 days. This would be accommodated through a number of means, including combining reviews wherever possible.

RESOLVED:

That the Internal Audit Plan for 2023/24 as set out in Appendix A be approved.

54 CIPFA FINANCIAL MANAGEMENT CODE - UPDATE

The Committee received a progress report against the actions included in the July 2022 CIPFA financial management code compliance assessment.

The Chairman referred to page 221 of the report pack, reference B3-Part 2, relating to the required action regarding enhanced financial training for portfolio holders, and requested that this should also include committee and panel chairmen.

RESOLVED:

That, subject to the requested amendment above, the contents of the report and the progress as against the actions as included in the July 2022 compliance assessment be noted.

55 PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS (PCI DSS - UPDATE)

The Committee received an update on compliance with Payment Card Industry Data Security Standards (PCI DSS) at NFDC.

Good progress had been made in the past 12 months with four new PCI - compliant payment processes having been implemented for taking card payments at information offices, over the web, automated telephone payments, and agent - referred payments.

This meant personal card data never entered the Council's systems but was entered, processed and stored in third party systems, which the Council had confirmed were PCI compliant. These precautions were reinforced with updated internal policies and procedures as well as staff training.

Members were pleased to note the progress as outlined in the report.

RESOLVED:

That the report be noted.

56 AUDIT COMMITTEE WORK PLAN

The Committee received and noted its work plan for 2023.

The Committee noted the corrected version of the plan recently circulated, including the reinstated 31 May 2023 meeting, together with the expected reports. It was reiterated that Audit Committee training was arranged for 26 May.

57 CHAIRMAN'S ANNOUNCEMENT

At the conclusion of the meeting, the Chairman thanked all committee members for their valuable input and support over the past four years.

He especially paid tribute to Cllr John Ward, who was retiring after serving on the Council for the past 20 years, and after sitting on the Audit Committee since its inception in 2012.

He also thanked Cllr Levitt, who was standing down at the election after 4 years' service and wished everyone well for the election.

CHAIRMAN