

26 JANUARY 2024

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Friday, 26 January 2024

* Cllr Alan Alvey (Chairman)

* Cllr Matthew Hartmann (Vice-Chairman)

Councillors:

* Keith Craze
Jack Davies
Jacqui England
Neil Millington

Councillors:

* Alan O'Sullivan
* Caroline Rackham
* Richard Young

*Present

Officers Attending:

Alan Bethune, Antony Harvey, James Clarke, Tanya Coulter, Daniel O'Rourke, Andy Rogers, Andrew Boutflower, Kevin Suter (Online) and James Stuttaford

Apologies

Apologies were received from Cllrs England, J Davies and Millington.

32 MINUTES

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

33 DECLARATIONS OF INTEREST

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

34 PUBLIC PARTICIPATION

There was no public participation at the meeting.

35 EXTERNAL AUDITOR'S ANNUAL REPORT FOR 2021/22

The Committee received the External Auditor's Annual Report for 2021/22.

RESOLVED:

That the External Auditor's Annual Report for 2021/22 be approved.

36 FINAL ANNUAL FINANCIAL REPORT 2021/22

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

The Financial Statements now presented aligned to the External Auditor's annual audit report for 2021/22 and included adjustments where required.

RESOLVED:

That the report at Appendix 1 be supported for the Chief Financial Officer and the Chairman to sign off the Annual Financial Report for 2021/22

37 FINAL ANNUAL GOVERNANCE STATEMENT - 2021/22

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

RESOLVED:

That the Audit Committee recommends that the Final Annual Governance Statement for the Financial Year ended 31st March 2022 as reported in Appendix 1 to the report be approved by the Chief Executive and Leader of the Council.

38 LOCAL AUDIT MARKET UPDATE - DECEMBER 2023

The Committee received an update from the External Auditor concerning Government proposals to revise the local authority audit framework. The update included a letter from Ernst and Young, the Council's external auditors, dated 6 December 2023

The letter stated that, following the ministerial statement in July and the continuing expectation of a 31 March 2024 backstop date for the completion of all outstanding audits to 2022/23, a number of steps had been taken to support the delivery of consistent high-quality audits and to prepare for implementation of the proposals.

These included:

- Maximising the completion of historic audits
- Pension fund audits prioritisation.
- Value for Money reporting prioritisation
- Planning for 2023/24 audits focusing on the most recent set of financial statements and supporting the reset.

The External Auditor reported that the required government guidance on the new approach was still not available. However, the minister had since written to Section 151 officers on 9 January 2024 along the lines expected by Ernst and Young as detailed above, with backstop dates to be set for completing audits or giving some form of qualified opinion.

It was also anticipated that the National Audit Office (NAO) would be consulting on changes to the audit code of practice and likewise CIPFA on changes to their accounting reporting code.

All these steps would help the situation move from a reset to a recovery period over the next 4-5 years and towards normalised timescales.

Mr Suter also reported that the 2022/23 Value for Money work would be completed for the next Committee meeting and work would commence on the 2023/24 audit and opinion.

Ernst and Young had set out in their letter a number of requests for councils to assist their work, centering on:

- Stakeholder engagement
- Flexibility
- financial statement preparation
- planning for 2023/24 year end

In answer to a question, the Council's Strategic Director for Corporate Resources and Transformation advised that work had already begun on the areas listed above.

In answer to a query, the External Auditor advised that if not all audit work had been completed by the backstop date, it was expected that the regulations would require a qualified opinion to be given. In such circumstances, a full explanation would be included in the auditor's annual report, to make it clear that such assessments were not in the Council's control, and to ensure nothing was wrongly inferred.

39 HOUSING BENEFIT AUDIT REPORT 2022/23 (PRESENTATION)

This item was withdrawn and deferred to the next Committee meeting on 22 March.

40 INTERNAL AUDIT PROGRESS REPORT 2023/24 (DECEMBER 2023)

The Committee received the Internal Audit Progress report for 2023/24.

As at December 2023, 27% of audits were complete, 63% were in progress, and 10% had yet to start. This was a little behind where anticipated but the partnership was doing everything possible to get the programme up to date.

Members noted actions in train and completed arising from previous audit reviews, the variations to the audit plan, and the reasons for them.

RESOLVED:

That the report be noted.

41 TREASURY MANAGEMENT STRATEGY 2024/25

The Committee considered the proposed Treasury Management Strategy for 2024/25.

The Committee noted the implications of the Government decarbonization programme which, along with the Housing Delivery Strategy, contributed to a projected increase in the HRA capital financing requirement of c£50m in 2027.

RESOLVED:

- (i) That it be a recommendation to the Council that the Treasury Management Strategy 2024/25 to 2026/27, including the Annual Treasury Management Investment Strategy for 2024/25 (and the remainder for 2023/24) and the Treasury Indicators contained within Annex A, be approved.

- (ii) That authority be delegated to the Section 151 Officer, who in turn delegates to Hampshire County Council's Deputy Chief Executive and Director of Corporate Operations, as agreed in the Service Level Agreement, to manage all Council investments and borrowing according to the Treasury Management Strategy Statement as appropriate.

42 INVESTMENT STRATEGY 2024/25

The Committee considered the proposed Investment Strategy for 2024/25.

RESOLVED:

That it be a recommendation to the Council that the proposed Investment Strategy for 2024/25 be approved.

43 STRATEGIC RISK REGISTER UPDATE

The Committee received the Strategic Risk Register Update.

The Strategic Risk Register contained the significant cross cutting risks, as identified by senior and executive council officers in consultation with the Portfolio Holders, in the Council achieving the priorities set out in the 'Community Matters Corporate Plan 2020-24.

The Chairman referred to recent local problems with the water supply, which although not a direct risk for the Council, presented a risk for residents and queried how this was dealt with in the Strategy.

Another query was raised in relation to switching off the analogue telephone system and in particular the implications for the Council's Appletree Careline and its users.

In response to both issues, the Insurance and Risk Officer undertook to address these concerns and take them on board in future iterations of the Strategy.

Members commented on the colour coding of risks and queried the way that even mitigated risks were treated, and were still showed as red or orange. In response, it was explained that some risks remained unavoidably high in all organisations, even when mitigated, ie ICT, due to their ever evolving nature and the overall environment.

RESOLVED:

That, subject to new issues raised, the Strategic Risk Register be supported as part of the 6 monthly review process.

44 THE REGULATION OF INVESTIGATORY POWERS ACT 2000

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

It was noted that the Council rarely used these powers and had not done so in the 12 months since the report was last brought to this Committee.

Corporate refresher training on the use of RIPA powers was being arranged for enforcement officers in the first half of 2024, which would ensure they continued to be kept aware both of the limitations, and opportunities, in this context.

RESOLVED:

That the report be noted.

45 AUDIT COMMITTEE WORK PLAN

The Committee received and noted its work plan.

The Housing Benefit Audit report deferred at this meeting would be added to the agenda for the Committee meeting on 22 March.

A report on the Housing Maintenance police investigation would also be brought to the March meeting, assuming matters had been concluded.

CHAIRMAN