

26 JULY 2024

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

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

- * Cllr Alan Alvey (Chairman)
- * Cllr Keith Craze (Vice-Chairman)

Councillors:

- * Kate Crisell
- Jack Davies
- * Jacqui England
- * Alan O'Sullivan

Councillors:

- * Caroline Rackham
- * Janet Richards
- * Richard Young

*Present

In attendance:

Councillors:

Colm McCarthy

Councillors:

Joe Reilly

Also In Attendance:

Andrew Boutflower, Hampshire County Council

Officers Attending:

Alan Bethune, James Clarke, Liz Foster and Karen Wardle

Apologies

Apologies for absence were received from Cllr Davies.

17 MINUTES

RESOLVED:

That the minutes of the meetings held on 31 May 2024 be signed by the Chairman as a correct record.

18 DECLARATIONS OF INTEREST

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

19 PUBLIC PARTICIPATION

There was no public participation at the meeting.

20 FINAL ANNUAL FINANCIAL REPORT 2022/23 BACKSTOP UPDATE

The Strategic Director Corporate Resources and Transformation provided an update to the Committee on the current position for the production of the Final Annual Financial Report for 2022/23.

Members were reminded that the auditors had been working to a revised set of backstop dates for Local Government audit. The proposed backstop date for the publication of the 2022/23 accounts had been the end of September. However, at the end of May, with the calling of the General Election and the dissolution of Parliament, the secondary legislation required had not been laid. This legislation was still awaited and therefore it was unlikely that the 30 September date for the completion of the 22/23 audit would be used.

The Committee noted that the external auditors had continued to carry out work for the revised scope of the audit for 2022/23, but details were needed to confirm what the 'disclaimed' audit opinion should look like in order for the assurance work to be completed. In response to a member question regarding whether the delay had led to any issues being discovered, it was confirmed that the assurance work to date had not identified any matters of significance.

The Audit Committee meeting date in October had previously been brought forward to September, but as a result of the delay, it was proposed that the meeting date revert back to 25 October, therefore cancelling the September meeting.

The Committee noted that until the secondary legislation had been passed and guidance issued it was not possible for the accounts for 2022/23 to be completed.

21 INTERNAL AUDIT PROGRESS REPORT 2024/25

The Committee received the Internal Audit Progress report for 2024/25. The Internal Auditor outlined the report which detailed progress on the first quarter of the financial year. The audit work to date was 15% complete and 18% of the work was in progress which was a good position to be in at this point in the year.

The high, medium and low (red, amber and green) for overdue management actions within the 'live' audit reviews was questioned by members and the criteria for determining these. It was noted that officers within the District Council assign the category when they provide the management actions to internal audit. Officers use set criteria when determining the category of these actions, which was based on the materiality of the impact, if it was not put in place.

Members highlighted that at the last meeting, Internal Audit were to meet with senior officers to ensure that the work of internal audit was aligned to that of the relevant service areas. It was confirmed that this meeting had taken place and the results of this and appropriate support could be seen against the progress of the audit report to date.

A member of the Committee sought further information regarding the overdue action regarding open spaces and playground safety checks which was a high priority. An answer could not be provided at the meeting and therefore it was agreed that an answer would be provided to members outside of the meeting.

RESOLVED:

That the content of the progress report, attached as Appendix A, summarising internal audit progress with delivering the 2024-25 audit plan to 9 July 2024, be noted.

22 TREASURY MANAGEMENT REPORT Q1 2024/25

The Committee received the Treasury Management report for the first quarter of 2024/25 providing an update on treasury management activity.

The Head of Investment and Borrowing at HCC briefly outlined the report and recognised that the District Council was currently benefitting from high interest rates in the cash balance.

In response to a question regarding the £4.1m for short term borrowing, detailed in table 2 of the report, it was confirmed that this related to the Housing Revenue Account loan which was due each year.

A member asked about the statutory override on accounting for gains and losses on pooled investment funds, recognising that the override had only been extended until the end of March 2025 and what would happen next. It was confirmed that the implication of the override when it lapses was that any gains or loss at the end of the financial year needed to be reflected in the revenue account. It was acknowledged this was not a helpful position on this type of investment. Officers would wait and see what the new Government's view was on the override position. The District Council had however reduced exposure to this, by reducing the level of pooled funds and the investments which had been liquidated had generated a profit. This would be used to mitigate against any potential deficit on the remaining pooled funds.

The Strategic Director Corporate Resources and Transformation reported that in addition to a new Government, there was a new Chief Executive of CIPFA who would have a view on the override position. Officers would provide feed back on this matter if there was an opportunity to do so. It was felt that it was not sensible to account for a loss until the point that loss was realised.

RESOLVED:

That the Treasury Management report Q1 2024/25 be noted.

23 STRATEGIC RISK REGISTER UPDATE

The Committee reviewed the updated Strategic Risk Register which detailed the high level significant risks in the Council achieving the priorities set out in the 'For people, place, prosperity Corporate Plan 2024-28'. It was noted that the Strategic Risk Register would be presented to Full Council for approval, following consideration by Cabinet.

A Committee Member had reviewed the ICT risks identified in the Strategic Risk Register and questioned whether it should be updated in light of the recent global IT outage which had caused major disruption. The Insurance and Risk Officer undertook to raise this with officers to consider. He reported that that it could be added for when Cabinet consider the report in September.

A comment was made in relation to Strategic Risk 7, “Delivering Council Service through adverse environmental conditions” and the risk control, A4 regarding communication with residents on all platforms, giving the example of social media. It was recognised that some vulnerable residents did not use social media and therefore consideration should be given on how to communicate with these residents. It was recognised that in an emergency situation, the Town and Parish Councils were well placed to be involved, including in helping to communicate important messages to local residents.

RESOLVED:

That the Strategic Risk Register, be reviewed by officers in light of the comments made by the Committee prior to onward review by the Cabinet in September.

24 AUDIT COMMITTEE WORK PLAN

The Committee received and noted the Work Plan. It was confirmed that the meeting scheduled for 27 September was no longer required and that the business would be considered at the meeting on 25 October instead.

Members noted that it was possible that the Final Annual Financial report for 2022/23 could slip to a future meeting if the changes in legislation and subsequent guidance was not forthcoming.

CHAIRMAN