

21 MARCH 2025

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Friday, 21 March 2025

* Cllr Alan Alvey (Chairman)

* Cllr John Adams (Vice-Chairman)

Councillors:

* Kate Crisell
* Jacqui England
* Alan O'Sullivan
Caroline Rackham

Councillors:

Janet Richards
* Malcolm Wade
* Richard Young

*Present

Officers Attending:

Alan Bethune, Katie Lean, Simon Mathers, Antony Harvey, Tanya Coulter,
Ryan Stevens, Andy Rogers and Lee Ellis

Apologies

Apologies were received from Cllr Caroline Rackham and Cllr Janet Richards.

49 MINUTES

That the minutes of the meeting held on 24 January 2025 be signed by the Chairman as a correct record.

The Chairman thanked Cllr Jack Davies for his contribution over the period of membership of the Audit Committee and also welcomed Cllr Malcolm Wade to the Audit Committee.

50 DECLARATIONS OF INTEREST

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

51 PUBLIC PARTICIPATION

There was no public participation at the meeting.

52 ANTI-FRAUD, BRIBERY AND CORRUPTION STRATEGY AND WHISTLEBLOWING POLICY REVIEW

The Committee received a report on the Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing Policy Review.

It was confirmed that the strategy and policy was last reviewed in 2021 and although they remained fit for purpose, it was good practice to review the documents every three years. Southern Internal Audit Partnership had also recently reviewed the strategy and policy and following this there had been some minor changes to reflect changes in procedures but there had been no fundamental changes in the policies.

The Anti-Fraud, Bribery and Corruption Strategy supported the Council's commitment and culture of tackling fraud, bribery and corruption, with a strong emphasis on prevention. This was underpinned by the Council's fraud risk surveys, which considered risks, mitigating factors and any actions that need to be undertaken. Those were reviewed annually by each Service Manager or sooner if there was a change in anything within those service areas.

There was also a range of other policies to support the Council's approach to preventing frauds which were listed in the Anti-Fraud, Bribery and Corruption Strategy. The Whistleblowing Policy ensured an open culture where staff were encouraged to report suspected wrongdoing and where reports were thoroughly investigated. The report detailed the Council's approach to whistleblowing and the potential outcomes. Once the reports were approved, they would be communicated to staff.

A Member asked that in relation to a previous, well publicised case of fraud at the Council, had this policy been produced before that and subsequently modified? It was again confirmed that both policies were previously reviewed and approved in 2021 and that all Service Managers received the fraud risk survey, which was subsequently reviewed and included what were the risks, what actions needed to be undertaken and what new processes needed to be implemented.

There was then discussion on whether whistleblowers were discouraged from remaining anonymous or not. In response, it was confirmed that data wasn't kept on the number of anonymous whistleblowers and it was preferable if the whistleblower wasn't anonymous as additional information could be gained and conversations held. Anonymous whistleblowing would make an investigation a bit more difficult but the Council was trying to encourage an open environment where people could come forward, knowing that they would be treated in strict confidence and concerns would be fully investigated. It would be an individual's choice as to whether they wished to be anonymous or not.

RESOLVED:

That the Committee approved the:

- 1) Anti-Fraud, Bribery and Corruption Strategy.
- 2) Whistleblowing Policy

53 EXTERNAL AUDITOR'S ANNUAL REPORT FOR YEAR ENDED 31 MARCH 2024

The Committee noted an External Auditors Annual Report for year ended 31 March 2024.

An overview was provided of the report, which summarised the findings from the work undertaken in the year and included a full narrative commentary on value for money.

The Chairman requested clarification on the statement in the report citing delays in receiving audit evidence in sufficient time. In response, it was confirmed that where the External Auditor could not get assurance that it was due to the impact of the back stop. In addition, there was one further area where although the majority of the work on income and expenditure had been completed then the either final evidence was not available or there wasn't sufficient time to get final evidence, in relation to a very small number of income items. Therefore, that narrative was then

included in the audit report. It was not a reflection on the team not being quick in their responses to the external audit, as there was a very good relationship between the two.

RESOLVED:

That the report be noted.

54 EXTERNAL AUDIT PLAN 2024/25 (VERBAL REPORT)

The Committee received a verbal report on the External Audit 2024/25.

The External Auditor confirmed that:

Had started work on planning the 2024/25 audit and aimed to issue an Audit Plan to management by the end of April. That Audit Plan would be brought to the next meeting of the Audit Committee.

Were still within the reset arrangements in 2024/25 with the statutory back stop date for the completion of 2024/25 audit being 27th of February 2026. However, it was hoped to have all the work completed by the end of this calendar year, at the latest and reported by the end of the calendar year.

The National Audit Office had issued a new Code of Audit Practice in November 2024 that required all External Auditors to report value for money arrangement for findings in an Auditor's Annual Report. That Auditor's Annual Report and completion of the value for money work would be presented to the Audit Committee before the end of November 2025.

RESOLVED:

That the report be noted.

55 INTERNAL AUDIT PROGRESS REPORT 2024/25

The Committee noted an overview of the Internal Audit Progress Report 2024/25.

A Member requested clarification on the definitions of substantial, limited and reasonable quality assurance. In response, it was confirmed that Page 82 contained the definitions but a verbal overview was also provided, for context.

It was also raised by the Chairman that there were overdue items for the Audit Committee Work Plan. It was confirmed that the Audit Committee Work Plan would be amended and updated to reflect the actions undertaken. In addition, it was confirmed that a report on the Principal Risk Register would be submitted to the Audit Committee every six months, with the next meeting of the Committee being the first.

RESOLVED:

That the report was noted.

56 INTERNAL AUDIT CHARTER AND PLAN 2025/26

The Committee considered a report on the Internal Audit Charter and Plan 2025/26

It was confirmed that global internal audit standards would be coming into effect in April 2025 and therefore, the Southern Internal Audit Partnership had been required to go through all its documentation to make sure it was aligned to the new standards.

Members agreed the Internal Audit Charter and discussion then moved onto the Plan for 2025/26.

A Member asked if there was enough spare capacity and staff resource to deal with the challenges. In response, it was stated that staff recruitment would continue to be a challenge but it was made sure that there was sufficient staffing to maintain the audit plans. If there were any concerns, then they would be reported to the Audit Committee.

It was also confirmed that there was flexibility in the audit plans, if required.

The Chairman requested that anti-social behaviour be included in the plan. In response, it was confirmed that the risk assessment had been low for anti-social behaviour but if other subjects moved out of the plan, then anti-social behaviour would move up the plan.

RESOLVED:

That the Committee approved the:

- a) Internal Audit Charter 2025-26; and
- b) Risk-Based Plan 2025-26.

57 FINANCIAL REGULATIONS REVIEW

The Committee received a report on the Financial Regulations Review.

It was confirmed that it was good practice to regularly review the Council's financial regulations, to confirm that they were fit for purpose. The last review was previously twelve months ago. This review would update changes to structures, reporting thresholds and at what point decisions could be made and by whom, etc.

A member raised a question on thresholds raised from £250,000 to £450,000 and it was confirmed that this change had been undertaken in conjunction and agreement with the Portfolio Holder for Finance. In answer to a question, it was also confirmed that when there was a variation within the approval threshold and if that then pushed the total into the next threshold then the rules would need to be followed for the greater sum. This was covered as a specific regulation within the document.

RESOLVED:

That the Audit Committee approved that delegation was given to the Section 151 Officer, in consultation with the Chair of Audit Committee, to update the Financial Regulations for any further immaterial changes prior to Council as required.

That it be a recommendation to Full Council that the updated Financial Regulations, as set out in the report and in appendices 1-3, are approved.

58 REGULATION OF INVESTIGATORY POWERS ACT 2000 – ANNUAL UPDATE

The Committee received a report on the Regulation of Investigatory Powers Act Annual Update.

An overview was provided on the Regulation of Investigatory Powers Act Annual Update and it was confirmed that the powers had not been used this year.

A Member asked if IT usage came under those powers or not and it was confirmed that it would be contained within the IT Usage Policy. It was also confirmed that an incidence of fraud would be dealt with by the police under their powers and not the Regulation of Investigatory Powers.

The Chairman asked if the Audit Committee would be made aware of any ongoing investigation using the Regulation of Investigatory Powers Act and it was confirmed that it would only be reported to the Audit Committee after an investigation was completed.

RESOLVED:

That the report was noted.

59 AUDIT COMMITTEE WORK PLAN

The Committee noted its Work Plan.

In response to a query, it was confirmed that the work plan would be amended to reflect the discussions undertaken on the risk management report being added to the work plan.

CHAIRMAN