

27 JUNE 2025

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Friday, 27 June 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:

Naomi Baxter, Paul Whittles, Simon Mathers, Antony Harvey, Jade Lakeland, Daniel O'Rourke, Andrew Boufflower, Ryan Stevens, Andy Rogers and Matt Wisdom

Apologies

Apologies were received from Cllrs Jacqui England and Malcolm Wade.

4 MINUTES

That the minutes of the meetings held on 21 March and 12 May be signed by the Chairman as a correct record.

5 DECLARATIONS OF INTEREST

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

6 PUBLIC PARTICIPATION

There was no public participation at the meeting.

7 TREASURY MANAGEMENT OUTTURN REPORT 2024/25

The Committee considered the Treasury Management Outturn Report, which set out the Council's treasury activity in 2024/25, incorporating any borrowing and investment decisions made and compliance with the treasury management prudential indicators and relevant legislation and guidance.

It was reported that the Council's treasury management and finances had been managed in compliance with the strategy and limits set, in support of the Council's Medium Term Financial Plan, which included an increase in borrowing to finance the Council's Capital Programme.

£13m in borrowing had been taken on a short-term basis to match fluctuations in cash flow. Investment balances fluctuated from approximately £80m to £30m. The report indicated that the performance compared well with other authorities.

RESOLVED:

- (i) That the Treasury Management Outturn Report be approved.
- (ii) That the treasury activity in 2024/25 as laid out in the report be noted, including compliance with both the treasury management prudential indicators and relevant legislation and guidance.

8 EXTERNAL AUDIT PLAN 2024/25

The Committee received the External Audit Planning report for year ending 31 March 2025.

The report provided the Committee with a basis to review the proposed audit approach and scope for the 2024/25 audit, including audit risks and areas of focus and Value For Money (VFM).

Following completion of initial VFM work for 2024/25, no risks of significant weaknesses in the Council's arrangements for use of its resources had been identified.

RESOLVED:

That the report be noted.

9 ANNUAL INTERNAL AUDIT CONCLUSION REPORT 2024/25

The Committee received the Annual Internal Audit Conclusion Report for 2024/25.

The report provided the Chief Internal Auditor's opinion on the effectiveness of the framework of governance, risk management and control and summarised audit work from which that opinion was derived.

The Committee noted that Internal Audit was compliant with the required standards, the plan had been substantially delivered, and the Council's governance, controls and risk arrangements were considered to be 'reasonable'.

10 reviews had been undertaken with Substantial assurance, 12 assessed as Reasonable, and 4 Limited. There were no areas where 'no assurance' could be given.

Key strategic governance themes and issues had been identified and were summarised, and it was reported that the Council's governance arrangements at strategic level were robust and fit for purpose.

Members were reminded that the Council's Risk Management arrangements had been given a Limited assurance assessment in past the year, but noted that the actions recommended had now been implemented. Areas for improvement had been identified on areas with a Limited assurance.

Members noted the need for shared delivery arrangements with town and parish councils to be formally documented in all areas.

It was noted that some reviews had been deferred pending the peer review and where resources were not in place at the appropriate time. Officers reported that EMT were informed whenever such changes were requested in order to strengthen governance, ensure transparency and oversight, and to be in line with new requirements.

RESOLVED:

That the report be noted.

10 PROGRESS UPDATE OF OUTSTANDING MANAGEMENT ACTIONS JUNE 2025

The Committee received an update on the status of outstanding management actions and engagement findings, together with action plans.

The Committee noted that of the 24 actions which had passed the agreed implementation date:

- 3 had been completed.
- 11 of the actions originally agreed were still relevant and revised target dates for implementation had been provided.
- 10 actions would not be taken forward as originally agreed and would therefore not be tracked through to completion.

Progress updates on actions covered would be given in the 2025/26 internal audit report.

RESOLVED:

That the report be noted and the reassessment and future approach for the legacy management actions be noted.

11 CODE OF GOOD GOVERNANCE REVIEW - ANNUAL REPORT OF THE MONITORING OFFICER AND CHIEF FINANCE OFFICER IN RESPECT OF 2024/25

The Committee received the Code of Good Governance review and annual report of the Monitoring Officer and Chief Finance Officer for the year 2024/25.

The Committee noted the view of the Monitoring Officer and Chief Finance Officer that the Council was able to have confidence in the effectiveness of its governance arrangements. This was illustrated throughout the report and by the relatively few areas identified for review.

RESOLVED

That the assessment carried out by the Monitoring Officer and the Chief Finance Officer and the actions set out in Appendix 3 of the report be noted.

12 DRAFT ANNUAL GOVERNANCE STATEMENT 2024/25

The Committee considered the draft Annual Governance Statement (AGS) for 2024/25.

The AGS reported that the Council had sound levels of internal control and good governance arrangements. It identified some areas for improvement in the action plan, and these would be managed by the Council's Executive Management Team.

RESOLVED:

That the draft Annual Governance Statement for the Financial year ended 31 March 2025 as reported in Appendix 1 to the report, be approved.

13 ANNUAL FRAUD REPORT 2024/25

The Committee received the Annual Fraud Report for 2024/25.

The Committee noted the work being undertaken to support our Fraud Strategy and commitment to reducing fraud and error.

RESOLVED:

That the report be noted.

14 ANNUAL REPORT OF BAD DEBTS AND WRITE-OFFS

The Committee received a summary of the sums written-off in 2024/25 and the bad debt provisions for each debt.

It was noted that there had been a significant increase in business rate debt write offs, with the most recent year rising to £553k, up from £274k the previous year. It was explained that following insolvencies, it was very difficult to recover these sums as there were no assets available from which to recover debts.

It was explained that although some debts were written-off in 2024/25, they were not necessarily related to the year stated, but were in part historic arrears from previous years due to the timescales involved in pursuing recovery of the debt, for example council tax, where the debt may be from a previous year, or years, and recovery methods had been exhausted.

It was reported that the total debt written off for 2024/25 was £1,422,912 (£995,619 for 2023/24). Members noted that this represented 0.44% of the total income collected in 2024/25 and praised officers' ongoing efforts in minimising this.

RESOLVED:

That the report be noted.

15 DRAFT ANNUAL FINANCIAL REPORT 2024/25

The Committee received the Draft Accounting Statements set out in the Appendices which summarised the Annual Financial Report and updates Members on progress to achieve submission to the external auditor in line with the timetable.

The report advised members of key issues in the planned final report. It was noted that the Council was now up to date with audits and the external auditor was planning to complete a full audit of the 2024/25 accounts. However, as a 'light-touch' audit was completed for 2022/23, it had previously been advised that the use of disclaimed opinions was likely to re-occur for another couple of audit cycles whilst assurance on balances was re-established. This was common for a significant number of local authorities.

RESOLVED:

- (i) That the draft Accounting Statements set out in Appendices 1 - 6 which are a summary of the Annual Financial Report that would be certified by the Responsible Financial (S151) Officer for the submission to the external auditor by the deadline of 30 June, be noted.
- (ii) That the changes to accounting policies as detailed in appendix 7 affecting the following areas be approved:
 - (a) Depreciation
 - (b) Plant, property and equipment and
 - (c) Leases

16 PROCUREMENT CONTRACT STANDING ORDERS, BREACHES & WAIVERS 2024/25

The Committee received a report setting out the waivers and breaches of Contract Standing Orders which had occurred during the 2024/25 financial year.

The lower value of approved waivers compared to previous years showed that less Council expenditure was now subject to an approved waiver, meaning that a greater proportion of the Council's total expenditure was subject to the full requirements set out in the Council's Contract Standing Orders.

Members noted the effective and transparent governance process in place for waivers and breaches, whilst maximising value for money and compliance with procurement legislation when procuring goods, services or works.

RESOLVED:

That the waivers and breaches of Contract Standing Orders that occurred during 2024/25 be noted.

17 PRINCIPAL RISK REGISTER REVIEW

The Committee noted the current position in regard to the Council's Principal Risk Register.

All principal risks had been reviewed following the last update in January 2025.

Two risks were proposed for removal due to no longer being a key risk to the Council's operation. One additional risk had been proposed that had arisen or become apparent in the previous 6 months, relating to recruitment and retention of staff in regard to Local Government Reorganisation.

The Chairman commented that previous iterations of the report had included a matrix with likelihood and impact scores and felt that the new version should show the individual scores for these factors. In reply, it was explained that the single score given in the report was the mitigated score, which combined risk and impact, and greater detail was available in service plans. The Chairman considered that it would be clearer if the unmitigated score was given, and then the effect of the mitigation shown. Officers took these comments on board and would look at ways to clarify the information given and provide more commentary.

Members referred to PR2, Emergency Planning, and felt that, given the number of incidents involving water supply disruptions on the Waterside over the last year or so, this item deserved a higher score, both in terms of likelihood and high risk / impact on the community, when relative to a number of other items on the Risk Register. Officers would take this into account.

On PR14, Waste Strategy Implementation and member engagement, officers undertook to confirm that members had the necessary information to support the roll out.

RESOLVED:

That the report be noted that it be a recommendation to the Cabinet that the Principal Risk Register updates be approved for adoption by the Council, subject to the Committee's comments.

18 ANTI-MONEY LAUNDERING POLICY REVIEW

The Committee considered a proposed updated Anti-Money Laundering Policy.

The Council's anti-money laundering policy had been in place since 1 April 2022, and it was good practice to review the policies every three years to ensure they reflected policy and practice required by the Council, including due regard to the current organisational structure.

The update was primarily presentational whilst including amendments to terminology and roles but also proposed an increase in the threshold to £6,000 for cash transactions which needed to be reported to the Money Laundering Reporting Officer.

RESOLVED:

That the updated Anti-Money Laundering policy at Appendix 1 to the report be approved with immediate effect.

19 PAYMENT CARD INDUSTRY DATA SECURITY STANDARD (PCI DSS) UPDATE

The Committee received an update on the status of Payment Card Industry Data Security Standard (PCI DSS) at New Forest District Council (PCI DSS).

It was noted that NFDC had been working towards outsourcing handling cardholder data to PCI DSS accredited third party service providers. These solutions worked in a way such that no cardholder data ever entered NFDC systems.

The project team continued to engage with third party service providers to obtain confirmation of PCI DSS accreditation annually, and a training module was being developed for staff, and alternative solutions sought for vulnerable customers.

RESOLVED:

That the update be noted.

20 AUDIT COMMITTEE WORK PLAN

The Committee received and noted its future work programme.

CHAIRMAN