

**31 OCTOBER 2025**

**NEW FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

Minutes of a meeting of the Audit Committee held on Friday, 31 October 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

**Also In Attendance:**

Antony Harvey, Internal Audit, HCC, Daniel Hayward, KPMG, Katie Lean, External Auditor, Jade Lakeland, Internal Audit, HCC, Daniel O'Rourke, HCC and Rumana Rafiq Ullah

**Officers Attending:**

Alan Bethune, Chris Noble, Ryan Stevens, Paul Whittles and Lee Ellis

**Apologies**

Apologies were received from Cllr Jacqui England

**21 MINUTES**

**RESOLVED:**

That the minutes of the meeting held on 27 June 2025 be signed by the Chairman as a correct record.

**22 DECLARATIONS OF INTEREST**

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

**23 PUBLIC PARTICIPATION**

There was no public participation at the meeting.

**24 HOUSING BENEFIT SUBSIDY ASSURANCE**

The Committee received a presentation on the annual Housing Benefit Subsidy Assurance Report from KPMG, who highlighted the positive contents of the report.

A Panel member thanked the team for the work undertaken on the Housing Benefit Review.

The Chairman noted that although the report was comprehensive and favourable for the Council, it had been considerably delayed. It was hoped that the 2024/25 report would not be delayed.

**RESOLVED:**

That the report was noted.

**25 AUDIT PROGRESS REPORT - ERNST & YOUNG LLP**

The Committee received an Audit Progress presentation from Ernst & Young LLP. A Panel member asked for an explanation as to why there had been a delay to adjust the statements in relation to the adoption of the IFRS 16 Leases standard. In response, it was confirmed that the standard had not been reflected by the original deadline and was a new change to the statements and standards, which needed to be incorporated by the Council. Work on rectifying had been ongoing and the updated statement would be finalised shortly.

A question was asked regarding the preparation of the statement of accounts and what was expected of audited bodies, by a Panel Member. It was confirmed by Ernst & Young that the requirement was now included in reports and provided an expectation to Councils and audit companies.

**RESOLVED:**

That the report was noted.

**26 TREASURY MANAGEMENT MID-YEAR REPORT 2025/26**

The Committee received the Treasury Management Mid-Year Report 2025/26 which sets out the Council's treasury activity in 2025/26.

A Panel member requested clarification on whether the Council was too conservative in its interest rate exposure planning. In response, it was explained that the Council was constantly trying to forecast Bank of England interest rates and the Council had to base its budget on what it thought would be a prudent and sensible estimate. Additional interest had been earned in the previous financial year, along with the majority of other Hampshire authorities.

The Chairman asked why monies had been moved from money market funds into unsecured deposits. In response, it was confirmed that there were a number of different investment options within the portfolio. Unsecured deposits included overnight deposit accounts with banks and short-term certificates of deposit. This was to include as much diversification within the portfolio as possible. All unsecured investments were based on the counter party list provided by Arlingclose, which was comfortable with the risk involved.

An explanation was requested by the Chairman as to why the Council did not plan to make any further pooled fund investments. It was confirmed that as the Council had moved from being an investing authority to a borrowing authority that the strategic pooled funds which the Council held and had been a good investment whilst at a 0.25% base rate. However, the Council was now earning a similar interest position in relation to even market money funds, compared to some strategic pooled funds. There was no reason to put monies aside in longer

investments when the Council had a borrowing requirement and interest earning would be the same as could be earned in the shorter-term markets.

**RESOLVED:**

That the Audit Committee:

1. Approved the Treasury Management Mid-Year Report.
2. Noted the treasury activity to date in 2025/26 as laid out in the report, including compliance with both the treasury management prudential indicators and relevant legislation and guidance.

**27 EXTERNAL QUALITY ASSESSMENT**

The Committee received the External Quality Assessment which provided an overview of the alternative options considered in commissioning an external assessor to undertake the independent assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

A Panel member asked if the use of artificial intelligence (AI) met a strict criteria when adopted as part of the external quality assessment. In response, it was confirmed there were different AI options which could be used, and the Southern Internal Audit Partnership was used the Hampshire County Council endorsed AI model. The Partnership also used bespoke data analytic software, which currently used more than AI, and had a dedicated trained team.

**RESOLVED:**

The Audit Committee noted the arrangements for the external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

**28 INTERNAL AUDIT PROGRESS REPORT 2025/26**

The Committee received the Internal Audit Progress Report 2025/26.

A Panel member sought an explanation on the progress of the IT – Firewall Management and Monitoring review noting that it had been delayed due to SIAP resource availability. It was explained that when the review had been initially scoped, the Auditor identified to undertake the review had left the Partnership and as a result it had been put on hold. The Partnership had since recruited two new Auditors to that team and therefore, the review would now be progressed.

Members requested that outstanding draft reviews were followed up and finalised by the Council.

The Chairman raised whether the Partnership audited IT software for its suitability when a software manufacturer had admitted there was an issue with the product. In response, it was confirmed that it wasn't directly part of the remit of internal audit but a review would look to see if patches had been applied to mitigate risk, whether the data was regularly backed up, appropriate safeguards and firewalls in place, etc.

**RESOLVED:**

The Audit Committee noted the Internal Audit Progress Report 2025-26 (September 2025).

**29 INTERNAL AUDIT CHARTER 2025/26**

The Committee received the Internal Audit Charter 2025/26 which contained updated revisions.

The Chairman raised concern that the report did not reflect the track changes within the Charter.

It was agreed to circulate a Charter which contained track changes to the Chairman and that the Chairman be delegated to the approve the amendments to the Internal Audit Charter 2025/26.

**RESOLVED:**

That the Chairman of the Audit Committee was delegated to approve the revisions to the Internal Audit Charter 2025-26.

**30 INTERNAL AUDIT STRATEGY 2025/28**

The Committee received the Internal Audit Strategy 2025/28.

**RESOLVED:**

The Audit Committee reviewed and noted the Internal Audit Strategy 2025-2028.

**31 RISK MANAGEMENT PROCESS**

The Committee received the Risk Management Process which updated the Committee of the Council's approach to risk management following approval of the Risk Management Policy.

The Chairman stated that he had requested the report as the previous risk management report had not addressed the issues with around the implementation of the Waste Strategy. Concern was raised that there had been a risk score of eight, which had risen to sixteen. The issues identified had not been added to the risk register. In addition, if a risk had been identified, there needed to be a plan to mitigate against the risk.

The Chairman stated that the risk strategy should be a tool to help management and put a potential cost against them, alongside a plan of how a risk should be dealt with. The Strategic Director – Corporate Resources and Transformation responded, recognising that valid points had been raised regarding the process and that there had been a question on timing of the updates during the waste rollout, along with the judgement of risks. It was hoped that improvements would be seen when the risk register was presented to the Committee in January 2026.

**RESOLVED:**

That the Audit Committee noted report.

**32 FUTURE MEETING DATES**

**RESOLVED:**

That the following dates for future meetings of the Committee in the 2026/27 municipal year be agreed:

(Friday at 10.00am):

**2026**

26 June

30 October

**2027**

29 January

19 March

**33 AUDIT COMMITTEE WORK PLAN**

**RESOLVED:**

That the Work Programme be approved.

CHAIRMAN