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AUDIT COMMITTEE

17 SEPTEMBER 2015

Present: Councillors Beaver (Chair), Clark, Charman and Forward

The Chair thanked officers, members and BDO for arriving at the earlier time of 5pm.

12. **DECLARATIONS OF INTEREST**

There were no declarations of interest made at this meeting.

13. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Chowney and Westley.

14. **MINUTES OF THE MEETING HELD ON 22 JUNE 2015**

RESOLVED – (unanimously) that the minutes of the meeting held on 22 June 2015 be approved and signed by the Chair as a true record.

15. **FINAL ACCOUNTS 2014-15**

The Assistant Director - Financial Services and Revenues presented his report setting out the final accounts position for 2014-15. The Committee was asked to approve the Statement of Accounts on behalf of the Council in accordance with the Accounts & Audit Regulations 2011. Appended to the full report was the Financial Report 2014-15.

The Assistant Director - Financial Services and Revenues informed the committee that it was a good year in terms of identifying savings and the surplus was in line with what was presented to Cabinet in July.

At this juncture, Councillor Charman arrived.

Councillor Beaver queried a £17,000 overspend on the revised budget for Regeneration. The Assistant Director - Financial Services and Revenues explained that this was due to a timing issue where a number of grants had come in during the year but had been paid out earlier than the revised budget had assumed.

RESOLVED – (unanimously) that the Audit Committee approve the Statement of Accounts (2014-15) and a copy signed by the Chair of the Audit Committee in accordance with the accounts and Audit Regulations 2011.

16. **BDO FINAL REPORT TO THE AUDIT COMMITTEE - AUDIT FOR THE YEAR ENDED MARCH 2015**

The Assistant Director - Financial Services and Revenues introduced this report which the BDO Engagement Partner presented. The purpose of the report was to consider the matters raised by the external auditors (BDO) in respect of their Governance

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Report. This included the audit opinion of the Council's 2014/15 accounts, and their value for money assessment of the Council.

The Final Report to the Audit Committee – Audit for the year ended 31 March 2015 was appended to the agenda shortly after it had been published owing to logistical reasons.

The BDO Engagement Partner was pleased to inform the Committee that there were no remaining unadjusted audit differences.

He also explained that their rigorous examination of third party transactions had uncovered a number of interests that had not been made on the annual declarations. The Council accepted the recommendations.

The BDO Engagement Partner informed the Committee that subject to satisfactory completion of their outstanding work, they anticipate to issue an unqualified true and fair opinion on the financial statements for the year ended 31 March 2015.

They are also satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015 and anticipate issuing an unqualified value for money conclusion.

The BDO Engagement Partner expressed his thanks to the Finance team for their co-operation.

The Assistant Director - Financial Services and Revenues said that continuous improvement is being made and he thanked BDO particularly for the thoroughness of their audit.

RESOLVED – (unanimously) that the Audit Committee accepts the audit report and action plan be accepted.

17. TREASURY MANAGEMENT - MID YEAR REPORT 2015-16

The Assistant Director – Financial Services and Revenues presented his report to advise the Audit Committee of the Treasury Management activities and performance during the current year. It provides the opportunity to review the Treasury Management Strategy and make appropriate recommendations to Council to take account of any issues or concerns that have arisen since approving it in February 2015.

A similar report will be considered by Cabinet along with any recommendations (if any) made by the Audit Committee.

The report was set out in accordance with the Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.

The Assistant Director - Financial Services and Revenues said that because there had not been an increase in interest rates and inflation remained low, the investment

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strategy remained valid. The reprogramming within the capital programme meant the Council had not had to borrow money as yet. However he still expected borrowing to occur this financial year. He said the strategy going forward was to recommend to Cabinet that they are not required to amend the strategy.

Councillor Beaver queried why a deposit with National Westminster Bank for £5,000,021 was showing when the Council has a limit of £5,000,000 with any one institution (rated A or above, supported by Government and given a blue (12 month) rating by Capita Asset Services). In his reply the Assistant Director - Financial Services and Revenues pointed to paragraph 38 of the report on compliance with treasury limits and explained that in this instance, it was an interest payment that was made to the account by the bank following the movement of a deposit.

RESOLVED – (unanimously) that:

- 1. Cabinet recommend to Council that the Strategy remains unaltered.**
- 2. To accept the report and note that the investments made are in compliance with the investment strategy and the latest advice provided from the council's Treasury Management advisors.**

18. UPDATE ON INITIATIVES TO COUNTER FRAUD

The Chief Auditor presented his report on the progress on counter fraud initiatives that the council has taken since the Housing Benefit Investigations service transferred to the Department for Work and Pensions on 1 November 2014.

The Council held a meeting with the Department for Work and Pensions (DWP) to review the main processes. Following that meeting, it was agreed that an action plan would be drawn up and agreed for monitoring to completion. This action plan was in the process of being written.

The Chief Auditor explained that Hastings Borough Council had been particularly successful in its joint bids for counter fraud funding and referred to the detail in the report.

The Assistant Director - Financial Services and Revenues added that in addition to all of these new initiatives introduced over the past 10 months, the Council still carries on with its Single Person Discount review, Whistle Blowing reports, National Fraud Initiative work and as part of its Non-Domestic Rate review is employing an external firm to assist in confirming the accuracy of the database and identify any businesses that may not have an adequate valuation.

RESOLVED – (unanimously) that the Audit Committee accepts the report.

19. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS (IF ANY)

None.

(The Chair declared the meeting closed at. 5.55 pm)

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