

**AUDIT COMMITTEE
23 MARCH 2009**

Present: Councillors Chowney, Pragnell, Silverson (in the Chair).

Apologies for absence were received from Councillors Springthorpe and Stevens and Jayne Butters, Borough Solicitor.

18. MINUTES

RESOLVED – that the minutes of the meeting held on 13 January 2009 be approved and signed by the Chair as a true record.

19. DECLARATIONS OF INTEREST

Councillors made no declarations of interest at this meeting.

20. ANNUAL AUDIT AND INSPECTION LETTER 2007-08

Sandra Prail from the Audit Commission introduced this item, presenting the Audit Commission's Annual Audit and Inspection Letter to the Audit Committee. Ms. Prail summarised the letter saying it was a summary and a positive message to Hastings Borough Council.

The Council had improved performance in most of its priority areas, for example, Planning performance, waste collection and recycling, cleaner streets and falling levels in crime. The report goes on to say that the council has a good track record of building its capacity and works well in partnership with others. It also states that the council performs well in its use of resources, maintaining the overall judgement secured in 2007. No areas covered by the appointed auditor's judgements deteriorated and arrangements for preparing and publishing the annual accounts improved. The report highlighted some areas for the council to take action, namely to continue reporting to the Audit Committee the progress being made in implementing improvement plans to embed risk management arrangements across all aspects of the Council's operations and provide evidence on standing guidance for the management of contracts that is fully complied with.

Cllr Chowney raised the matter relating to the potential reduced parking income and the impact on the financial pressures facing the council. Cllr Chowney indicated that parking income potentially could increase as more UK residents holiday here and not abroad during the Economic Downturn.

Members acknowledged progress the council has made whilst maintaining existing improvements previously identified as being required. Members sought details of Best Practice in relation to number of private sector houses left vacant for six months as this target is below the average and deteriorating. Ms Prail agreed to provide these details at a later time.

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RESOLVED (unanimously) that: -

- (1) the Committee thank the Audit Commission's Comprehensive Area Assessment Lead (Sussex) for the positive and helpful report;**
- (2) Officers continue to report to the Audit Committee the progress being made in implementing improvement plans to:**
 - Embed risk management arrangements across all aspects of the Council's operations**
 - Evidence standing guidance for the management of contracts is fully complied with;**
- (3) the Council maintain focus on improving service in priority areas;**
- (4) the Council build on the strengthened approach to equalities and diversity to harness good practice and further improve outcomes; and**
- (5) the Council undertake a systematic Council-wide workforce skills analysis to ensure that the Council has the skills to meet its long term priorities.**

Reason for recommendations:

To further improve the Council's overall performance.

21. USE OF RESOURCES 2008

Committee agreed to take this item in conjunction with the previous item due to the strong connections between them.

The Deputy Chief Executive presented the Use of Resources 2008 report reporting back on recommendations/points for the Council to consider made by the External Auditor at the last Audit Committee.

RESOLVED (unanimously) that: -

- (1) Members note the officers' response to the Use of Resources 2008 recommendations/points for consideration; and**
- (2) that a further progress report be made to the Committee in six months time.**

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Reason for recommendations:

To respond appropriately and proportionately to the recommendations/points for consideration made by the External Auditor.

22. AUDIT FEE LETTER 2009-10

Neil Dart, Deputy Chief Executive, informed the Audit Committee of the proposed external audit fee and the rationale underpinning that.

Robert Grant, from PKF, explained that whilst the proposed fee had increased by 4% on 2008-09, it still remained at 21% below the scale fee. The 4% increase reflected the additional work that would need to be undertaken from the previous year, however the fee is 21% below the scale fee as the council has proven to manage its finances well.

Sandra Prail, Comprehensive Area Assessment Lead (Sussex), informed the Committee that the Audit Commission's inspection fee was to be heavily subsidised leaving just a notional fee to be paid by local authorities. She said she would write shortly with the fixed fees as these had not yet been published

RESOLVED (unanimously) – that the Audit Committee note the Audit Fee Letter.

Reason for recommendation:

To be aware of the planning assumptions that support the indicative fee and be aware of the scope of the external audit work during 2009-10.

23. CORPORATE RISK MANAGEMENT POLICY AND STRATEGY

Richard Homewood, Corporate Director Environmental Services, presented the revised Corporate Risk Management Policy and Strategy for consideration and approval by the Audit Committee.

There was considerable debate and the committee asked for it to be amended before they would endorse it. Members requested sight of the guidance document 'Risk Management for Managers' prior to endorsement of the strategy. Members raised matters such as a requirement for a clear defined risk identification and escalation process, clearer links between managing performance and risk management, reference to clearer roles and responsibilities within the council on managing risks, and an updated action plan.

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The Chair requested that members of the committee be offered a tour of the Grace software being used by officers and it was agreed this would be captured during the training planned in June.

Neil Dart, Deputy Chief Executive, said there would be a further draft in June 2009 and that training would be provided for the new Committee as voted for at Annual Council.

RESOLVED (unanimously) – that Richard Homewood, Corporate Director Environmental Services submit a revised document to the June Audit Committee meeting before onward transmission to Cabinet for approval.

Reason for recommendation:

To allow further improvements to The Risk Management Policy and Risk Management Strategy that reflect changes and improvements made in recent years to national guidance and “best practice”. Further work is needed on this document, which provides details of embedded risk management principles throughout the Council’s work and the performance management framework that supports it.

24. INTERNAL AUDIT PLAN 2009-10

Tom Davies, Chief Auditor, presented the internal audit plan for 2009-10 and added that the plan will keep aligned to the corporate objectives.

RESOLVED (unanimously) – that the Audit Committee approve the plan.

Reason for recommendation:

To provide clear authority for Internal Audit to discharge the assignments listed therein and to enable monitoring of the efficiency and effectiveness of Internal Audit by the Audit Committee.

25. CHIEF AUDITOR’S SUMMARY AUDIT AND RISK REPORT

Tom Davies, Chief Auditor, informed the Audit Committee of recent audit findings during the follow up audit of Housing Benefit and Council Tax Benefit.

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

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Reason for recommendation:

To monitor the degree of implementation of accepted recommendations.

(The Chair declared the meeting closed at 7.08 pm)