

**AUDIT COMMITTEE  
29 JUNE 2009**

Present: Councillors Armstrong (in the Chair), Beaver (as the appointed substitute for Councillor Pragnell), Chowney and Silverson.

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

**1. MINUTES**

**RESOLVED** – that the minutes of the meeting held on 23 March 2009 be approved and signed by the Chair as a true record.

**2. DECLARATIONS OF INTEREST**

The following Councillors declared their interests in the minutes indicated: -

Councillor	Minute	Interest
Beaver	21 – Corporate Risk Management Policy and strategy	Personal – Lead Member of the Cabinet

**3. ZM RISK MAGEMENT REVIEW**

Philip Coley from Zurich Municipal was in attendance and gave a PowerPoint presentation on the Strategic Review of Hastings Borough Council's Risk Management arrangements. The presentation was generally positive and in respect of progress to date commented:-

- 1) Clear commitment from key individuals, including senior managers to ensure that risk management is a robust and practical tool which can be embedded across the Council;
- 2) concise risk management strategy developed;
- 3) risk management methodology follows best practice;
- 4) monitoring process allows for regular review of significant risks;
- 5) GRACE system provides practical way of recording and managing risk information which can be easily updated;
- 6) risk management responsibilities have been defined and the setting up of the Risk Management Group is in line with best practice;
- 7) risk management training has been undertaken for all 120 people (23% of the workforce) identified by the Risk Management Group and is ongoing;

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- 8) helpful and informative guidance documents have been produced;
- 9) bespoke refresher training and update training for Risk Management (as well as other topics) is able to be provided through E-learning developed in-house;
- 10) Risk Management participated in a process benchmarking exercise with other authorities and reviewed itself against outcomes; and
- 11) development work has been consistent with the British Standard for Risk Management BS 31100:2008.

Philip Coley also made a number of proposals to further develop risk management within the Council, which officers will progress through the Risk Management Group.

**RESOLVED – that the report be noted.**

**4. CORPORATE RISK MANAGEMENT POLICY AND STRATEGY**

Richard Homewood, Corporate Director Environmental Services, presented a report on the revised Corporate Risk Management Policy and Strategy to seek the comments of the Audit Committee. He stated that the Councillors comments from the previous Audit Committee had been taken on board and had been incorporated within the report. Furthermore, a review of the risk registers had been undertaken, evidence that the Senior Managers were thinking 'risk' in terms of project planning.

Councillor Chowney suggested a number of amendments to the report. He also questioned the categories of risk and noted there was no reference to risk avoidance and risk mitigation.

Councillor Silverson sought a clear definition of a statement of risk, stating it needed to be defined with diagrams to break the risks down, which would clarify individual roles and responsibilities.

Richard Homewood agreed to amend the documents prior to presenting to Cabinet.

Members asked that all officers involved be thanked for their hard work.

**RESOLVED that:-**

**(1) the Corporate Risk Management Policy and Strategy be endorsed and recommended to Cabinet subject to the following:-**

- a) clarification that the categories of risk set out in Appendix B are subsets of the Strategic and Operational Risks;**

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- b) that 'Risk Avoidance' and 'Risk Mitigation' are defined;
- c) that a definition of the 'statement of risk' and diagrammatic representation of the hierarchy of risk be included; and
- d) that the Councils risk management structure and arrangements are represented diagrammatically in an appendix to the Strategy.

**5. REVIEW OF LOST INCOME**

The Chief Executive presented a report to brief the Audit Committee on further progress in implementing the recommendations made by PKF in their Review of Lost Income Report, presented to Audit Committee on 30<sup>th</sup> June 2008.

**RESOLVED** – that further progress made in implementing the recommendations are noted.

**6. AUDIT COMMITTEE 2008-09 REPORT TO COUNCIL**

Tom Davies, Chief Auditor, presented a draft report from the Audit Committee to Council. He stated that advances were being made and as a result of an action plan last year, some target dates have now been revised.

Members acknowledged the hard work achieved and thanked everyone involved.

**RESOLVED** – that the report be approved.

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**7. ANNUAL GOVERNANCE STATEMENT 2008-09**

Tom Davies, Chief Auditor, presented the report for publication in the Financial Statements in compliance with the Accounts and Audit Regulations 2003.

Members asked that officers be thanked for their hard work.

**RESOLVED that:**

- (1) the Leader and the Chief Executive sign the Annual Governance Statement; and**
- (2) that the Annual Governance Statement is included in the Financial Statements as required by the Accounts and Audit Regulations 2003.**

**8. FINAL ACCOUNTS**

Peter Grace, Head of Financial Services, presented the report. The report set out the final accounts position for 2008-09. The Audit Committee were asked to approve the Statement of Accounts on behalf of the Council in accordance with the Accounts & Audit Regulations 2003. Peter Grace confirmed it had been a financially difficult year.

Councillor Beaver asked for confirmation that the £25m pension deficit would not be requested in one lump sum, but over a period of time. Peter Grace confirmed the deficit payment would be spread over a number of years and indeed at the next three yearly actuarial valuation will be different, depending upon economic circumstances.

Members discussed other areas of financial accounts including current loans, concessionary fares and the Medium Term Financial Strategy.

Members formally thanked everyone for their hard work.

**RESOLVED that:-**

- (1) the draft Statement of Accounts be approved and a copy signed by the Chair of the Audit Committee in accordance with the Accounts & Audit Regulations 2003;**
- (2) the Committee note the outturn position on the General Fund for 2008-09;**

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- (3) the 2008-09 outturn position, along with the revised estimates for 2009-10 be taken into account when preparing the 2010-11 detailed revenue estimates; and**
- (4) that Cabinet be requested to agree the transfer of the underspend on the General Fund to the Interest Equalisation Reserve in order to meet expected shortfalls of investment income in 2009/10 and beyond.**

(The Chair declared the meeting closed at 7.40 pm)