

**AUDIT COMMITTEE  
27 JANUARY 2010**

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

Apologies for absence were received from Councillors Armstrong and Pragnell.

**16. DECLARATIONS OF INTEREST**

There were no declarations of interest made at the meeting.

**17. MINUTES**

**RESOLVED** – that the minutes of the meeting held on 28 September 2009 be approved and signed by the Chair as a true record.

**18. EXCLUSION OF THE PUBLIC**

**RESOLVED** – that the public be excluded from the meeting during the consideration of the item of business listed below because it is likely that, if members of the public were present, there would be disclosure to them of “exempt” information as defined in the paragraphs of Schedule 12A to the Local Government Act 1972.

Minute No.	Subject Matter	Paragraph No.
23 (E)	Counterfeit Cheques	7

**19. ANNUAL AUDIT LETTER 2008/09**

The Deputy Chief Executive and Director of Corporate Resources submitted a report on the Annual Audit Letter 2008/09 that had been prepared by the Council’s external Auditors, PKF. Robert Grant, a partner at PKF, was in attendance. He presented the report and answered questions from members.

Overall the assessment was that the Council performed well in its use of resources, scoring 3 out of 4. PKF had issued an unqualified opinion on the financial statements and an unqualified value for money conclusion. The report identified five areas on which the Council should continue to focus, as follows: -

- (1) balancing the overall financial position over the medium term while planning for a reduced resource base;
- (2) delivering planned efficiencies identified through the Priorities Income and Efficiencies Review (PIER) process;

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- (3) successfully completing those measures funded by direct grant from the Government;
- (4) embedding new organisational structures and delivering the refreshed workforce development plan; and
- (5) improving performance against the Equalities Framework for local government.

**RESOLVED – that: -**

- (1) the contents of the Annual Audit Letter 2008/09 be noted;**
- (2) Officers be requested to circulate the letter to all Members of the Council;**
- (3) a report be submitted to the next meeting on the Workforce Development Plan; and**
- (4) the staff involved be thanked for their hard work in achieving for the Council an overall score of 3 - performing well.**

**20. EXTERNAL ANNUAL AUDIT PLAN 2009/2010**

The Deputy Chief Executive and Director of Corporate Resources presented his report on the Annual Audit Plan 2009/10. He also amended the figure for the additional fees sought by the auditors as set out in paragraph 3 of his report. The report updated the 2009/10 fee letter issued by the Council's external auditors, PKF earlier in the year. Robert Grant, a partner at PKF, was in attendance at the meeting and presented the Plan.

The Auditors were seeking additional fees of £4,500. The report contained reasons for the request. If Members agreed the new fee, the total external audit costs (excluding grant work) would increase from £96,400 to £100,900. The plan contained a table showing a breakdown of the figures.

**RESOLVED – that the level of fees requested by PKF, the Council's external auditors, be agreed.**

**21. INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Chief Accountant presented a report on the impact of the requirement to move to International Financial Reporting Standards in respect of the preparation of the annual statement of accounts. This requirement would apply to all local authorities from 1 April 2010. The report contained details of the approach that the Council was taking to implement these standards and the expected impact on the Council.

**RESOLVED – that: -**

- (1) the anticipated impact of moving to International Financial Reporting Standards (it was not anticipated that these changes should have**

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any effect on the calculation of annual council tax, a view that was confirmed in recent Government announcements and draft regulations) be noted;

- (2) the Project Initiation Document appended to the report, that provided information of the approach the Council was taking to implement these standards, be noted and officers be praised for its excellent quality; and
- (3) Dave Froude, Chief Accountant, be thanked for his work on this matter and, in view of his imminent retirement, he be thanked for his excellent work in the past.

**22. CHIEF AUDITOR'S SUMMARY AUDIT AND RISK REPORT**

The Chief Auditor presented internal audit findings in respect of Main Accounting Systems and Treasury Management. Findings in respect of follow-up audits of the Museum shop and Non Domestic Rate and debtors audits were also submitted.

Overall assessments of "Good" had been achieved in respect of all audits and follow-up audits with the exception of the Museum shop which had received an "adequate" assessment. Whilst 2 recommendations had not been implemented and 1 recommendation had been partially implemented, they were all interconnected with each other and applied to the need for documented procedures – particularly in relation to stock checks.

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

**23 (E). COUNTERFEIT CHEQUES**

This matter was considered, with the approval of the Chair, as a matter of urgency, because of the need to inform members of this current activity without delay.

The Chief Auditor orally reported that forged cheques that appeared to come from Hastings Borough Council were being sent to individuals and companies as a means of obtaining money fraudulently from the recipients of the cheques. This had not affected Hastings Borough Council directly.

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

(The Chair declared the meeting closed at 7.20 pm)