

**AUDIT COMMITTEE  
27 SEPTEMBER 2010**

Present: Councillors Birch, Hodges, Stevens, Westley and Wilson (Chair).

**9. DECLARATIONS OF INTEREST**

Councillor Hodges declared a Personal Interest in item 7, Corporate Risk Register, Appendix A, Target 11, as a Trustee of the Hastings Pier and White Rock Trust.

**10. MINUTES**

**RESOLVED** – that the minutes of the meeting held on 28 June 2010 be approved and signed by the Chair as a true record.

**11. EXTERNAL AUDIT REPORT – FINAL ACCOUNTS**

The supporting document 'Annual Governance Report 2009/10' from PKF was accepted by the Chair as an Urgent Item to be discussed in conjunction with the full report.

This report informed the Audit Committee on matters raised by the Council's External Auditors (PKF) in respect of their Governance Report. This included an unqualified audit opinion of the Council's 2009-10 accounts and their value for money assessment of the Council. The report was as recommended in accordance with the International Standards of Auditing (ISA) 260 report.

PKF partner informed the Committee of the positive outcome obtained in relation to the Annual Governance Statement. He stated that a strong performance had been achieved in relation to the 'value for money' (VFM) conclusion.

Members thanked all staff involved in the preparation of the report and the audit.

**RESOLVED** – that the audit report and action plan be noted.

**12. TREASURY MANAGEMENT – MID YEAR REPORT 2010-11**

The Head of Financial Services presented his report on the Treasury Management – Mid year Report 2010-11. The purpose of the report was to advise the Committee of the Treasury Management activities and performance during the current year, in accordance with requirements of the Code of Practice on Treasury Management; investment returns achieved by the Council's fund manager and the Audit Committee's role in scrutinising the Treasury Management activities and to enable the Audit

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Committee to consider the report and draw any concerns or recommendations to Cabinet and subsequently Council.

Members discussed Fund Manager investment performance. They carefully considered what other councils are doing alongside the potential risks and the safeguards necessary if investments were to be brought back in-house.

In response to Members questions concerning Prudential Indicators and capital expenditure, the Head of Financial Services confirmed he would provide a full written response in respect of the calculation of "ratio of financing costs to net revenue stream" as detailed in the Appendix to the report.

**RESOLVED - that the Audit Committee recommend to Cabinet they consider bringing managed funds back in house, subject to appropriate safeguards being in place in accordance with revised Treasury Management Practice Statements.**

**13. CORPORATE RISK REGISTER**

The Chief Auditor submitted a report setting out the Corporate Risks facing Hastings Borough Council to provide assurance that control arrangements are in place.

The Chief Executive informed the Committee that the report was work in progress and it was the first time the report had been presented.

The Chief Auditor stated that future reports to the Audit Committee would contain a narrative on any new risks, opportunity risks and movement from residual risks to actual risks where this is adverse.

Members discussed the Corporate Risk Register and suggested the risks were too generally allocated and should state the postholder's title when referred to in 'Responsibility for Controls'.

For clarification purposes and to where further comments may be submitted, the Council's Risk Champion is the Corporate Director for Environment.

**RESOLVED – that the Audit Committee approve the Corporate Risk Register and note the report for comparison with future updates.**

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

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The Chief Auditor presented his report on the recent findings of Council Tax and Delegated Authority audit reports. The report concluded that both areas were satisfactory and controls in place were working effectively.

**RESOLVED** – that the Audit Committee note the report.

(The Chair declared the meeting closed at 7.20pm)