

**AUDIT COMMITTEE
26 SEPTEMBER 2011**

Present: Councillors Birch, Clark, Hodges (Vice-Chair), M J Lock (Chair) and Stevens.

7. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

8. MINUTES

RESOLVED – that the minutes of the meeting held on 27 June 2011 be approved and signed by the Chair as a true record.

9. STATEMENT OF ACCOUNTS 2010/11

The Committee agreed to discuss item 9 and 10 together at the request of the Deputy Chief Executive and Director of Corporate Resources.

The Deputy Chief Executive and Director of Corporate Resources submitted a report setting out the Statement of Accounts for 2010/11. The Committee were asked to approve the Statement of Accounts on behalf of the Council in accordance with the Accounts & Audit Regulations 2011.

This was the first time the Statement of Accounts had been compiled in accordance with the International Financial Reporting Standards (IFRS). The changes imposed by the regulations require all local authorities to co-ordinate their accounting practises. As such, the previous financial year's accounts dated 2009-2010 were re-stated in the report together with this year's current accounts for 2010-11.

The report concluded that the outturn position is in line with the revised budget estimates once carry forwards are taken into account. The Council's financial standing remains healthy and is on target to achieve a balanced budget in 2012/13.

The Council's external auditors PKF gave an 'unqualified' opinion and stated that they did not find any material error in the accounts.

Cllr M.J Lock proposed that in future reports, the 'White Rock Theatre' should be added to the list of services included in the expenditure summary. The Deputy Chief Executive and Director of Corporate Resources confirmed he would take the comment on board.

Members acknowledged the hard work achieved by all staff involved in preparation of the accounts for this year and the re-statement of accounts from the previous year.

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RESOLVED – (unanimously) that the Audit Committee accepts the draft Statement of Accounts to be approved and a copy signed by the Chair of the Audit Committee in accordance with the Accounts & Audit Regulations 2011.

10. PKF ANNUAL GOVERNANCE REPORT 2010-2011

The Deputy Chief Executive and Director of Corporate Resources submitted his report to consider the matters raised by the Council's external auditors (PKF) in respect of their Annual Governance Report. This includes the audit opinion of the Council's 2010-11 accounts, and their value for money assessment of the Council.

The PKF partner informed the Committee of the satisfactory conclusion obtained in his review of the Annual Governance Report 2010-11. He stated that it was an extremely positive report with an 'unqualified' opinion. In addition, the assessment concluded that Hastings Borough Council was considered to be 'value for money' in the provision of its services.

RESOLVED – (unanimously) that the Annual Governance Report and action plan be noted.

11. ANNUAL GOVERNANCE STATEMENT 2010-11

The Chief Auditor submitted his report and Annual Governance Statement 2010-11 to the Committee.

The purpose of the report was to provide assurance to the Committee that the Council's governance framework was adequate and effective. The Statement contained a number of changes; the formation of the Charity Commission and the termination of the Highway Agency agreement. The Annual Governance Statement for 2010-11 was appended to the report.

The Committee was asked to recommend that the Leader and the Chief Executive sign the Annual Governance Statement 2010/11 on behalf of the Council in accordance with the Accounts and Audit Regulations 2011.

During discussion Members recommended as an item separate from the Annual Governance Statement that there should be a clear distinction between the relationship

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of the Coastal Users Group and the Charity Committee. Members suggested that an officer give advice to Chair of Charity Committee.

RESOLVED – (unanimously) that the Audit Committee recommends that the Leader and Chief Executive sign the Annual Governance Statement.

12. ANNUAL TREASURY MANAGEMENT REPORT 2010-11, AND QUARTER 1 PERFORMANCE 2011-12

The Deputy Chief Executive and Director of Corporate Services presented his report to the Committee, to provide the opportunity to scrutinise the Treasury Management activities and performance of the last financial year. A similar report will be considered by Cabinet along with any recommendations made by the Audit Committee.

A training session on Treasury Management issues was held on 22 September 2011, this was considered very useful.

The report was set out in accordance with the Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. The Committee were informed of the improved performance, which has now been taken 'in-house', being twice as good as the external fund managers.

Members asked questions and sought clarification from officers on the Council's management of investments and risk to money borrowed and were given satisfactory assurances.

RESOLVED – (unanimously) that the Audit Committee notes the report and that there were no areas that it wished to draw to the attention of Cabinet.

13. HASTINGS BC CORPORATE RISK REGISTER

The Corporate Director of Environmental Services presented a report on the Corporate Risks facing Hastings Borough Council and provided assurance to the Committee that control arrangements are in place.

The report reminded the Committee of the position when it was first presented to it last year, highlighted the changes during the year and listed the highest level risks that are the focus of the Council into the future.

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Appended to the report were the Corporate Risk Register September 2011 and a copy of the report and appendices submitted to the Audit Committee on 27 September 2010, for reference.

The Committee discussed the Corporate Risk Register in detail and asked many questions to which satisfactory answers were given.

Cllr Birch stated that the report had highlighted all of the changes that had occurred in the past year but enquired whether this level of frequency of informing the Committee was sufficient. The Director of Environmental Services reaffirmed that the Corporate Risk Register is informally reviewed monthly and formally reviewed quarterly and advised that the Committee Members that they would be informed of any significant changes to the risk register at the quarterly reviews.

Cllr Birch enquired whether the Corporate Risk Register had factored in the potential internal impact on the Revenues and Benefits service if poverty was to increase. The Deputy Chief Executive and Director of Corporate Resources said this was a useful intervention and that the Corporate Risk Register would be updated accordingly.

RESOLVED – (unanimously) that the Audit Committee accepts the report subject to inclusion of the potential risk to the Council if poverty escalates.

14. IT DISASTER RECOVERY FEEDBACK REPORT

The Chief Auditor presented his feedback report to the Committee on IT Disaster Recovery.

A meeting was held on 2 August 2011 between Councillor Hodges and Officers to discuss the risks concerning disaster recovery to the Council's IT systems. The conclusion was that there are controls in place but that there is still work in progress to make arrangements more robust. These improvements continue to be discussed through the Corporate Risk Management Group and the Operational Board.

Councillor Hodges said that "having a fresh pair of eyes" by a Committee member looking at this had been a useful exercise.

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

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15. CHIEF AUDITOR'S SUMMARY AUDIT AND RISK REPORT

The Chief Auditor presented his report to the Committee on the recent audit findings of the Non-Domestic Rates audit report. The audit found that the overall audit assessment was 'A – good' and there were no significant audit concerns.

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

(The Chair declared the meeting closed at 7.15pm)