

**AUDIT COMMITTEE
19 MARCH 2012**

Present: Councillors Birch, Hodges (Vice-Chair), M J Lock (Chair) and Webb (as the duly appointed substitute for Cllr Clark).

Apologies for absence were received from Councillors Clark and Stevens.

23. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

24. MINUTES

Councillor M J Lock raised a query on minute 18

He did not recall receiving a response regarding the breakdown of formal complaints received by Hastings Borough Council. The Deputy Chief Executive and Director of Corporate Resources will progress the matter.

Councillor M J Lock also enquired on minute 20 concerning the installation timetable for the high speed fibre optic links between Aquila House, Carlisle Base and the Town Hall. The Head of Financial Services confirmed that this would begin on 27/28 March.

RESOLVED – (unanimously) that the minutes of the meeting held on 18 January 2012 be approved and signed by the Chair as a true record.

25. PKF ANNUAL AUDIT PLAN 2011/12

The Chief Auditor submitted his report on the work PKF propose to undertake in respect of the audit of accounts and to review Hastings Borough Council's arrangements for securing value for money for the 2011/12 financial year. The Plan also updates the fee letter discussed with the Audit Committee in June 2011.

Robert Grant, PKF partner, presented the report. A detailed risk assessment had been undertaken of financial statement audit risks and value for money conclusion. The significant financial statements risks were discussed.

The PKF report did not identify any significant risk areas for securing value for money. The report acknowledged that Hastings Borough Council has established arrangements and a good track record for securing value for money.

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Robert Grant explained the reason for the fee increase.

Members asked questions of Robert Grant.

RESOLVED – (unanimously) that the Audit Committee note PKF’s Annual Audit Plan 2011/12.

26. UPDATE ON OUTSOURCING OF EXTERNAL AUDIT SERVICES

The Chief Auditor submitted his report on the outsourcing of External Audit services following the recent announcement by the Audit Commission on the award of contracts.

Robert Grant, PKF partner, gave a comprehensive update on the current position. The Audit Commission had announced that Ernst & Young had been awarded the contract for the South East for the next five years however, it was expected that PKF would remain as Hastings Borough Council’s external auditors. This would be confirmed in July.

Members asked questions of Robert Grant.

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

27. PROPOSED INTERNAL AUDIT PLAN 2012/13

The Chief Auditor presented his report to the Committee on the Internal Audit Plan 2012-13.

The proposed Internal Audit Plan provided a review of the fundamental financial systems and new areas which include carrying out the National Non Domestic Rate (NNDR) Grant Claim which will further reduce the external audit fee.

Members asked questions of The Chief Auditor and the Head of Financial Services.

Councillor Birch asked if the success of Minor Works Framework Agreement had been looked into. The Deputy Chief Executive and Director of Corporate Resources agreed he would speak to managers and ask for review reports. It would then be decided with the Leader of the Council where these reports should be brought for discussion.

RESOLVED – (unanimously) that the Audit Committee approve the Internal Audit Plan for 2012-13.

(The Chair declared the meeting closed at 6.53pm)