

**AUDIT COMMITTEE  
16 JANUARY 2013**

Present: Councillors Cartwright (Vice-Chair), Corello, Birch, Poole and Pragnell (Chair).

**14. DECLARATIONS OF INTEREST**

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

Councillor	Minute	Interest
Pragnell	19 – Operational Risk Register	Personal – An employee of the DWP

**15. MINUTES**

**RESOLVED** – (unanimously) that the minutes of the meeting held on 20 September 2012 be approved and signed by the Chair as a true record.

**16. PLANNING LETTER 2012/13**

The Chief Auditor introduced this report setting out the Planning Letter to consider the matters raised by the Council's external auditors (PKF) in respect of their proposed audit fee; overview of proposed work and planned outputs for the 2012/13 financial year.

The Planning Letter to the Audit Committee was appended to the report.

Robert Grant, PKF Partner, presented the letter. He commented that PKF had reduced their overall fee for audit by 40% and that this would be fixed for next 5 years subject to the Council's risk remaining the same.

He explained the rationale for the 3 local risks that they intend to review. These are; the Medium Term Financial Strategy (MTFS), Management Restructure and Waste Management Services Outsourcing.

**RESOLVED** – (unanimously) that the Audit Committee notes the report.

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**17. ANNUAL AUDIT LETTER 2011/12**

The Head of Finance submitted his report for information to the Audit Committee on the key issues arising from the work that PKF have completed over the past 12 months. PKF have already reported the detailed findings from the audit work to those charged with governance.

The Annual Audit Letter 2011/12 was appended to the report.

The Annual Audit Letter 2011/12 had been posted on the Council's website and emailed to all Members in October 2012 as legally required.

The report concluded that the financial statements gave a true and fair view of the Council's financial affairs and income and expenditure for the year, and were properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12. Furthermore, internal controls remained adequate and an unqualified opinion was given on the assurance statement. The PKF Partner issued an unqualified value for money conclusion.

The PKF Partner informed the Committee of the favourable outcome obtained in his review of the Annual Audit Letter 2011/12. This included savings achieved in the audit programme and the Local Authority Mortgage Scheme.

Members asked questions of the PKF Partner.

**RESOLVED – (unanimously) that the Audit Committee note the contents of the Annual Audit Letter 2011/12.**

**18. TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY  
2013/14, INCLUDING QUARTERLY MONITORING REPORTS FOR 2012/13**

The Head of Finance presented a report to the Committee on the Treasury Management and Annual Investment Strategy 2012/13, including Quarterly Monitoring Reports 2010/11. The purpose of the report was to enable the Audit Committee to scrutinise the report and draw any concerns or recommendations to Cabinet and Council as appropriate and to ensure there is an effective framework for the management of the Council's investments, cash flows and borrowing activities.

The report was presented in compliance with the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services, which represents best practice and compliance with statutory requirements.

The Committee were informed of three key changes to the strategy: changes to investment and borrowing levels arising from the Local Authority Mortgage Scheme;

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investment returns to be lower for a longer than anticipated period; and an amendment to the Prudential Code 2011. In addition the Head of Finance advised that the Strategy would be amended for the Cabinet meeting in February to take account of the implications of new budget proposals.

An amendment to the report was noted on page 44, item 62, Short Term Loans. The End Date for Hammersmith & Fulham Council should read '2012'.

**RESOLVED – (unanimously) that the Audit Committee recommend that Cabinet approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy and Annual Investment Strategy (2013/14).**

**19. HASTINGS BC OPERATIONAL RISK REGISTER**

The Director of Environmental Services presented his report to inform members of the current operational risks identified for Hastings Borough Council and the measures put in place to avoid or mitigate those risks.

The Director of Environmental Services proposed bringing both the Corporate Risk Register and Operational Risk Register to the same Audit Committee meeting in the future to enable a holistic view of the Council's risk. The Director of Corporate Resources and he will further discuss this.

The Committee discussed the risk registers for each service in detail and asked questions of the Officers.

**RESOLVED – (unanimously) that that the Audit Committee acknowledge the risks identified in the report and comment as appropriate.**

**20. CHIEF AUDITOR'S SUMMARY AUDIT & RISK REPORT**

The Chief Auditor presented his report on the recent audit findings of the Housing and Council Tax Benefit, Creditors and Council Tax internal audit reports.

Members asked questions of the Chief Auditor.

Members acknowledged the hard work achieved by all staff involved in the collection of council tax.

**RESOLVED – (unanimously) that the Audit Committee notes the report.**

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(The Chair declared the meeting closed at 6.58pm)