

**AUDIT COMMITTEE
27 JUNE 2013**

Present: Councillors Birch, Cooke (Chair), Davies, Poole and Webb (as the duly appointed substitute for Councillor Clark)

Apologies for absence were received from Councillor Clark

1. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

2. MINUTES

RESOLVED – (unanimously) that the minutes of the meeting held on 11 April 2013 be approved and signed by the Chair as a true record.

3. BDO PLANNING LETTER 2013/14 (FEE LETTER)

The Chief Auditor introduced this report setting out the BDO Planning Letter 2013/14 (fee letter) to advise the Audit Committee of the proposed external audit fee and programme of work for the 2013/14 financial year.

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

It is a requirement of 'The Commission' that the Fee Letter is presented to those charged with governance. The next BDO Planning Letter is expected in January 2014.

RESOLVED – (unanimously) that the Audit Committee note the Planning letter 2013/14.

4. CORPORATE RISK REGISTER

The Director of Environmental Services submitted a report setting out the Corporate Risks facing Hastings Borough Council and provided assurance to the Committee that control arrangements are in place. Appended to the report was the Corporate Risk Register.

The report informed the committee of the changes during the year and listed the highest level risks that are the focus of the Council into the future. It was noted that one new risk had been added since the register was last presented and this was the effect on Council tax and NNDR Collection rates.

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The Director of Environmental Services informed the Committee that this was the first time the Corporate Risk Register and Operational Risk Register had been presented together to the Audit Committee, providing members with the opportunity to cross reference the risks.

He explained that the high level risks had been recognised in the report and assured the Committee that these risks were monitored monthly and are formally reviewed every quarter.

Councillor Webb asked for a members training seminar on the Corporate Project Management Methodology (The "Kirklees Project Management Methodology" designed for use by Local Authorities based on 'Prince2Lite'). The Director of Corporate Resources recommended this request be referred to the Members Training and Development Group for action.

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

Councillor Birch challenged 2 risks in particular. He did not consider Corporate Risk 16 Parking Services as described, to be a Corporate Risk. The Director of Environmental Services in his capacity as Risk Champion agreed and confirmed it would be removed immediately. Councillor Birch also did not consider that Corporate Risk 4 Increased economical/social deprivation as a consequence of economic situation nor Corporate Risk 20 Council Tax and NNDR Collection rates addressed the risk of the introduction of Universal Credit (later this year) and Welfare Reform appropriately through their mitigating actions. Officers agreed a new risk would be added and mirrored in the Operational Risk Register also.

RESOLVED – (unanimously) that the Audit Committee acknowledge the risks identified in the report and agree the report subject to amendment as above.

5. 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 mitigate those risks.

It was noted that two of the risks had changed since the register was last presented and this was the closure of the Contact Centre Project and its transfer across from Marketing and Communications to Corporate Services and secondly, On-street parking services which had transferred to East Sussex County Council.

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Furthermore, two new risks had evolved and these were Hastings Country Park Nature reserve Grant Subsidy, and Housing Renewal, Extending Additional Licensing and/or introducing Selective Licensing to the town.

The Committee discussed the risk registers in detail and asked questions of the Officers. As a result, all of the Members comments were noted and the following points were agreed.

The Director of Environmental Services will ask Head of Housing and Planning Services to re-examine whether his risk of "Failure to meet key performance targets" should be there and will also consult with POD to discuss the risk shown on "Project Management Skills/Project Management".

RESOLVED – (unanimously) that the Audit Committee acknowledge the risks identified in the report and agree the report subject to amendment as above.

6. ANNUAL TREASURY MANAGEMENT REPORT 2012-13

The Head of Finance 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.

The report was set out in accordance with the Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. The Committee acknowledged how well the investments were doing in that the average return for the year was 1.33% in the current economic climate.

Councillor Davies asked for training in Reserves Management. The Head of Finance advised that a Mid Year Financial Review seminar would be held in the autumn and that he would ensure that this also covered reserves.

RESOLVED – (unanimously) that the Audit Committee after considering the report had no comments to draw to the attention of Cabinet.

7. AUDIT COMMITTEE REPORT 2012-13 TO COUNCIL

The Chief Auditor presented his report on the annual review of the effectiveness of Internal Audit to Council.

Members asked questions and were given satisfactory assurances. It was agreed that the Money Laundering Policy be added to the list of controls identified in paragraph 19 of the report.

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RESOLVED – (unanimously) that the Audit Committee approve the Audit Committee Report 2012-13 for presentation to Council, subject to the inclusion of the Money Laundering policy.

8. ANNUAL GOVERNANCE STATEMENT 2012/13

The Chief Auditor submitted his report and Annual Governance Statement 2012-13 to the Committee. The purpose of the report was to provide assurance that the Council's governance framework was adequate and effective. The Statement contained a number of governance changes; the transfer of 'On-Street Parking' service back to East Sussex County Council; the new joint waste contract with Wealden, Rother and Eastbourne Councils and the implementation of the new senior management restructure.

The Committee was asked to recommend that the Leader of the Council and the Director of Corporate Resources sign the Annual Governance Statement 2012-13 on behalf of the Council in accordance with the Accounts and Audit Regulations 2011. The Annual Governance Statement for 2012-13 was appended to the report.

Subject to an amendment that describes the thoroughness of the Risk Management review processes it was:

RESOLVED – (unanimously) that the Audit Committee recommends that the Leader and Director of Corporate Resources sign the Annual Governance Statement.

9. CHIEF AUDITOR'S SUMMARY AUDIT & RISK REPORT

The Chief Auditor presented his report on the recent audit findings of the Treasury Management, Information Systems Leaver Controls and Business Continuity Plan Testing internal audit internal audit reports. The overall audit assessment was satisfactory. Business Continuity Plan testing is an evolving process and the Chief Auditor said that a detailed report will be brought to the Committee in January 2014 in accordance with the published Audit Plan.

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

10. PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Chief Auditor presented his report on the current state of the new public sector internal audit standards. The Committee were advised that the authority was fully committed to compliance with these new standards. Like many other local authorities,

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there are 2 main areas to address to bridge the gap from the former standards in the Cipfa Code of Audit Practice 2006 and these are the need for an Audit Charter and a regime of independent quality assurance reviews. Updates on progress towards compliance in these areas will follow in future meetings.

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

(The Chair declared the meeting closed at 6.56pm)