

## **AUDIT COMMITTEE**

**15 NOVEMBER 2018**

Present: Councillors Rankin (Chair), Levane (Vice-Chair), Chowney and Charman

Apologies for absence were notes for Councillor Berelson

### **34. APOLOGIES FOR ABSENCE**

Absence was noted for Councillor Berelson.

### **35. DECLARATIONS OF INTEREST**

None.

### **36. MINUTES OF THE MEETING HELD ON 31 JULY 2018**

**RESOLVED – (unanimously) that the minutes of the meeting held on 31 July 2018 be approved and signed by the Chair as a true record.**

### **37. RISK ASSESSMENT OF A NO DEAL BREXIT**

The Director of Operational Services presented his comprehensive report to inform the Audit Committee of the risk assessment made of a No Deal Brexit. The report sets out a risk assessment to those risks that might impact on Hastings Borough Council.

Hastings is:-

- An economy which relies heavily on tourism, particularly from overseas, with the majority of these from EU countries, and as part of this, foreign language schools.
- Home to a high profile under ten metre fishing fleet
- Significantly higher levels of poverty and ill health than the average.
- Predominantly a small business economy.
- A substantial care industry
- Traditional success in obtaining European funding for economic, cultural and social inclusion projects.

He referred to the risks addressed in the appendices to the report.

The Director of Operational Services said that HBC was currently in receipt of EU funds e.g. CHART and that he was not sure what funding would replace it. He questioned whether capital funding and/or prosperity funding would be provided.

Councillor Levane referenced mitigation actions such as partnerships and forward plans. The Director of Operational Services explained that it was difficult to plan at this stage. He said that there are systems for dealing with emergencies and the Council is as prepared as it can be.

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Councillor Levane acknowledged the importance of the links with the language schools and asked if they will be maintained. The Director of Operational Services noted the risks and said if necessary, they would talk with other local authorities and engage the Marketing and Major Projects Manager in discussions with the Language Schools.

Councillor Rankin asked if manufacture (the supply chain) will affect future relationships. The transition deal includes no details on the future relationship with EU. The Director of Operational Services said they had not undertaken an in-depth analysis at this time of how the council may or may not be affected but would be keeping the situation under review.

Councillor Chowney proposed a motion to approve the report as set out in the resolution below, which was seconded by Councillor Levane.

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

The reason for the decision was: Increasing public speculation in the recent past that there might be a higher risk of a No Deal Brexit and so the council needs to demonstrate that it is prepared for that possibility.

### **38. CHIEF AUDITOR'S SUMMARY AUDIT AND RISK REPORT**

The Chief Auditor presented his report to inform the Audit Committee of the key findings from the Council Tax, Creditors and Petty Cash audits.

The purpose is to ensure the council has the right processes and procedures for monitoring each agreement and ensuring complete accurate and timely receipt of all income due.

The review had found that the controls in place were good and worked effectively. No significant audit concerns were raised.

Councillor Levane stated that Council Tax achieved a 95.1% in-year collection for 2017/18 and sought clarification on why the level of Council Tax debt was rising. The Assistant Director Financial Services & Revenues said that they had lost a key member of staff from the recovery team and had changed how they operate benefit/council tax. He explained that in some cases debt had been accumulated going back many years; more recently they had removed cases from the bailiffs and had reduced the number of cases going to court. The collection rate he said is predicted to be 98.6%. The surplus will be set when the budget is fixed in 2019.

Councillor Chowney queried the term "cash tin" as referred to in the report. The Assistant Director Financial Services & Revenues Peter Grace assured him that there was minimal cash on premises which is always safely secured.

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Councillor Charman asked if there was a more regular process for reconciliation, since it was last undertaken in 2011. The Chief Auditor said it was a risk based assessment, which is rationalised when a discrepancy occurs.

Councillor Rankin referred to new policy relating to the use or administration of petty cash. The Chief Auditor confirmed that they had agreed an extra detailed level of guidance. Writing the policy will follow after the budget has been completed.

Councillor Chowney proposed a motion to approve the report as set out in the resolution below, which was seconded by Councillor Charman.

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

The reason for the decision was: To monitor levels of control within the organisation.

### **39. ANNUAL AUDIT LETTER 2017/2018**

The Chief Auditor presented his report to the Committee to formally confirm that the Annual Audit Letter 2017/2018 has been noted by the Audit Committee.

The purpose of the Annual Audit Letter 2017/18 was to consider the matters raised by the external auditors (BDO). This was circulated to the Audit Committee on 31<sup>st</sup> August 2018 and posted to the Council's website for the public and members to view.

Councillor Levane proposed a motion to approve the report as set out in the resolution below, which was seconded by Councillor Charman.

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

The reason for the decision was: The Annual Audit Letter is for all councillors and posted to the Council's website. It is of particular interest to those charged with governance.

### **40. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS (IF ANY)**

None.

(The Chair declared the meeting closed at. 6.50 pm)