

# Public Document Pack

## AUDIT COMMITTEE

14 NOVEMBER 2019

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

### **66. APOLOGIES FOR ABSENCE**

Councillor Charman sent apologies

### **67. DECLARATIONS OF INTEREST**

None

### **68. MINUTES OF THE LAST MEETING**

**RESOLVED** – (unanimously) that the minutes of the meeting held on 30 July 2019 be approved.

### **69. AUDIT FINDINGS REPORT- SEPTEMBER UPDATE**

The Assistant Director, Financial Services and Revenues (Chief Finance Officer), presented a report from Grant Thornton our external auditors. Darren Wells of Grant Thornton LLP (engagement lead), attended the meeting also.

They have previously presented an initial Grant Thornton Audit Findings at the Audit Committee held on 30<sup>th</sup> July 2019. Grant Thornton have now concluded their external audit and provided an updated Audit Findings Report. The accounts were signed on 20<sup>th</sup> September 2019.

Councillors had questions concerning the net pension liability. There is a revaluation currently being undertaken with revised contributions payable from April 2020. The McCloud judgement was discussed.

In December 2018, the Court of Appeal ruled that transitional provisions implemented in changing the pension scheme had given rise to unlawful direct age discrimination to some workers. On 15 July 2019 the Government announced that they accept that the judgement applies to all main public service pension schemes.

The implications of this ruling are currently not clear as the tribunal must agree the next steps. It is not known exactly how this will affect Hastings Borough Council but it is likely to have financial implications.

Councillors asked about how pension funds were invested and whether any of these were high risk. Councillors were told that it was unlikely that this would happen as all pension funds have a long term agreed strategy which usually relies on long term stable investments. There is no awareness of a high risk strategy approach to local government pension schemes.

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Councillors asked DW about his report and if there were difficulties changing from the old financial system software to the new one. The external auditor had made recommendations on how to improve the transitional phase.

### **RESOLVED- (unanimously)**

To agree the revised Audit Findings report for Hastings Borough Council for the year ending 31 March 2019.

#### Reasons for the decision

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money.

## **70. STRATEGIC REGISTER**

The Chief Auditor presented a report that informs Councillors of the current strategic risks identified for Hastings Borough Council and the measures put in place to avoid or mitigate those risks.

The Chief Auditor advised that next year new software will be used for the strategic and operational register (Smartsheet). This will help improve consistency between services and improve the tracking of tasks for completion.

The Chief Auditor advised that the report located on page 55 of the pack, target 8 potential risk should read;  
*'Deterioration of the Council's priority infrastructure i.e. those that create tourism or public safety issues e.g. cliffs & sea front'*

Councillors asked questions and discussed various issues included the effects of climate change and reputational risk. They also raised that officers are getting better in identifying the difference between risk mitigation and avoidance but there were still opportunities for improvement.

### **RESOLVED- (unanimously)**

To acknowledge the risks identified in the report and comment as appropriate.

#### Reasons for the decision

As part of the Corporate Risk Management Strategy agreed by Cabinet, the Strategic Risk Register is to be reviewed by the Audit Committee each year.

## **71. OPERATIONAL RISK REGISTER**

The Chief Auditor presented a report to inform Councillors of the current operational risks identified for Hastings Borough Council and the measures put in place to avoid or mitigate those risks.

The Chief Auditor reported that there were a number of good practices officers have adopted that have resulted in the registers being updated regularly and discussed in departmental meetings.

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Councillors asked if everything identified on the register was to happen whether the Council would be able to afford the costs. They were advised that this was very unlikely but if it did occur the Council would likely receive additional support from national government under the Belwin Scheme.

### **RESOLVED- (unanimously)**

To acknowledge the risks identified in the report and comment as appropriate.

#### Reasons for the decision

As part of the Corporate Risk Management Strategy agreed by Cabinet, the Operational Risk Register is to be reviewed by the Audit Committee each year.

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

None

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

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