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## AUDIT COMMITTEE

16 MARCH 2023

Present: Councillors Rankin (Chair), Collins (Vice-Chair), Barnett, Marlow-Eastwood and Sinden (as a substitute for Councillor Webb).

In attendance: Kit Wheeler (Chief Finance Officer), Tom Davies (Chief Auditor), and Stephen Dodson (Head of Strategic Programmes)

### **173. APOLOGIES FOR ABSENCE**

Apologies received from Councillor Webb. Councillor Sinden was present as a substitute.

### **174. DECLARATIONS OF INTEREST**

None received.

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

**RESOLVED** – that the minutes of the meeting held on 12<sup>th</sup> January 2023 be approved as a true record.

### **176. EXTERNAL AUDITOR'S UPDATE REPORT**

The Chief Finance Officer introduced a report to consider the matters raised by the Council's external auditors (Grant Thornton) in respect of their update Report.

The Chief Finance Officer handed over to Andy Conlan, Engagement Manager, Grant Thornton. Mr Conlan explained that the external auditors are not yet in a position to present a findings report and there are still some outstanding areas which are being discussed with the finance team. Both teams are working positively together and setting aside time to deal with any outstanding queries for 2020/21. There have been discussions regarding undertaking the 2021/22 and 2022/23 audits concurrently. This will be a challenge for council officers and Grant Thornton but both teams are committed to addressing the backlog.

The Chief Finance Officer confirmed that he and his team will be doing everything they can to support Grant Thornton to get the 2020/21 audit completed.

**RESOLVED** (unanimously):

**That the report be noted.**

Reasons:

## **AUDIT COMMITTEE**

**16 MARCH 2023**

To provide the Audit Committee with a report on progress in delivering their responsibilities as our external auditors.

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

The Chief Auditor presented a report to inform the Audit Committee of the key findings from the recent audit of Creditors.

The covering report includes the audit executive summary, but the committee have also been provided with the full audit report to provide the details behind the summary. If an audit returns a 'poor' opinion the committee would be provided with the full report for discussion.

The audit of Creditors has returned a 'satisfactory' opinion, previously this was rated 'good'.

Two further audits of cash and bank systems, and National non-domestic rates, are underway and on target for completion.

In response to a question the Chief Auditor explained that the Creditors audit rating has dropped as Covid had an impact on staff, creating backlogs. This will be mostly resolved as of 31<sup>st</sup> March. There were also more duplicate payments picked up this time and departments aren't putting sufficient information on requisitions, weakening officer protection and potentially masking fraud. This is not the fault of the creditors team and officers are looking to address this.

The Chief Finance Officer confirmed that training will be rolled out and there will be more accountability and ownership for budget holders and managers.

Councillor Barnett asked for an indication of how many payments over £500 are made over a six-month period so that the committee can get a sense of the scale of the issue. The Chief Auditor confirmed he could share the working papers.

### **RESOLVED (unanimously):**

**That the Audit Committee accepts the report.**

Reasons:

To monitor levels of control within the organisation.

### **178. STATUS ON RECOMMENDATIONS MADE IN THE INTERIM AUDITOR'S REPORT ON HASTINGS BOROUGH COUNCIL PRESENTED ON 12 JANUARY 2023**

## **AUDIT COMMITTEE**

**16 MARCH 2023**

The Chief Auditor presented a report to monitor progress made completing the recommendations made by External Audit on governance.

Responding to the external auditor's recommendations, the Chief Auditor said the Council is building up more audit coverage and the committee will get sight of the audit plan. Surrounding district councils in East Sussex have agreed to carry out a formal review of compliance against the Public Sector Internal Audit Standards (PSIAS) on a reciprocal basis at no charge to the council. This is expected to take 6-9 months before completion.

**RESOLVED (unanimously):**

**That the Audit Committee accepts the report.**

Reasons:

External Audit made recommendations made on governance in their Interim Auditor's Report on Hastings Borough Council received by the Audit Committee on 12 January 2023.

(The Chair declared the meeting closed at 6.50pm)

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