

Public Document Pack  
AUDIT COMMITTEE

6 JULY 2023

Present: Councillors Foster (Chair), Webb (Vice-Chair), Collins, Marlow-Eastwood and Sinden

**179. APOLOGIES FOR ABSENCE**

None received.

**180. DECLARATIONS OF INTEREST**

<b>Councillor</b>	<b>Item</b>	<b>Interest</b>
Cllr Webb	<i>All items</i>	Personal – Is an East Sussex County Councillor
Cllr Marlow-Eastwood	<i>All items</i>	Personal – Is an East Sussex County Councillor

**181. MINUTES OF THE LAST MEETING 16/03/23**

The Chair thanked the outgoing Chair and Vice Chair for their work on the Audit committee.

Councillors asked regarding information being shared with the external auditors. The Chief Finance Officer answered that a member of staff has now been employed and will be able to respond to the external auditors' questions,

Councillors asked if the audit rating has improved after it dropped as covid had an impact on staff. The Chief Finance Officer answered the Finance team are in consultation for a restructure and that training has taken place that should avoid duplicate payments being made.

-  
**RESOLVED** – that the minutes of the meeting held on 16<sup>th</sup> March 2023 be approved as a true record.

**182. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS (IF ANY)**

None

**183. TREASURY MANAGEMENT OUTTURN REPORT FOR 2022/23**

The Deputy Chief Finance Officer explained that this report provides the opportunity for the Audit Committee to scrutinise the Treasury Management activities and

## AUDIT COMMITTEE

6 JULY 2023

performance of the last financial year. For the current financial year there will be a quarter one and three monitoring report, ensuring that there's quarterly monitoring of treasury management activities throughout the year for Members.

Capital expenditure of £9.661m occurred, of which £5.884m was financed by grants and £3.777m was financed via capital receipts. No expenditure was financed by borrowing. The Council's capital financing requirement (CFR) has decreased over the year as the money put aside to repay debt (MRP) was greater than the unfinanced capital borrowing, IE capital expenditure, which is 0 and we had forecast that an increase. Capital expenditure was less than budgeted and due to the availability of Capital Receipts. No further borrowing was undertaken.

There is £71.1 m of debt for the year, not all of this was external debt £65.4 million was external debt borrowed from the PWLB at fixed rates, but £5.679 million is what is termed 'internal borrowing', and this is essentially borrowing from our own reserves and cash flow position. The Treasury position at the end of the year shows there is almost £37.5m in investments and this was split between internal and external, and it also details the 22 individual loans we have with the public Works Loans Board making up the £65.4 m of external debt and the average interest rate on that debt is 2.81%. At the end of the year £32.8 million invested with financial institutions at varying different rates, with all the significant investments at a rate of 4.125%. We have divested our investment from Barclays Bank that we did have £5 million there and now we just have £23.00 left in that account, and we'll be soon closing it. The Hastings Housing Company at the housing company is behind on its interest payments. It is one year behind and therefore owes £262,000 and the late payment of this interest will attract additional interest charges.

Councillors asked what are the risks of having to borrow at a higher rate?

The Deputy Chief Finance Officer explained that treasury advisors would advise to borrow short term. Two years or three years and after which hopefully rates will have reduced, and we would then look to lock the borrowing in at a longer rate of say 30 or 40 years.

Councillors asked regarding the payments not received from the Hastings Housing Company. The Chief Finance Officer explained the day-to-day management is by a third party and after covid they come into difficulties have been unable to pay the Council.

Councillors asked regarding rising interest rate. The Chief Finance Officer explained that higher interest rates can be a positive and assist with greater returns on our investments. If the rates continue to rise, then we are advised not to borrow.

Councillors asked is there a case to postpone Capital investments. The Chief Finance officer explained that a Capital program report will be coming forward with some recommendations of what can be delayed.

### **RESOLVED (unanimously)**

**To consider the report – no recommendations are being made to amend the current Treasury Management Strategy as a result of this review.**

## AUDIT COMMITTEE

6 JULY 2023

### Reasons

To ensure that Members are fully aware of the activities undertaken in the last financial year, that Codes of Practice have been complied with and that the Council's strategy has been effective in 2022/23.

Under the Code adopted the Full Council are required to consider the report and any recommendations made. There will be a further report forthcoming on Treasury Management covering a review of the current financial year i.e. the Mid-year review.

### **184. NON-DOMESTIC RATES AUDIT REPORT**

The Chief Finance Officer informed the Audit Committee of the key findings from the recent audit of Non-Domestic Rates. The positive of the report is that there are no red items highlighted. A lot of extra additional has been completed at short notice by the Revenue and Benefits team and The Chief Finance Officer gave thanks to them.

There are several amber items and officers will need to go away and respond to and make sure that they've actioned the recommendations. There are a number of areas that have been identified, from a resourcing point of view in need of support, and staff have highlighted those two that the Revenue and Benefits Manager.

Mark Winton from Orbis (Chief internal Auditor) introduced himself to the committee and explained there will be a briefing with members in the coming weeks.

The Chair highlighted the lack of Policies and Procedures in place. A timescale of the review of the Policies needs to put in place and an update on progress brought to a future meeting. Mark Winton explained he will do some follow up but there maybe some issues with the accuracy of the report. The Policies and Procedures are historical and need updating.

Councillors asked about the staff in the Revenues and Benefits team. The Chief Finance Officer explained extra training will be provided. The restructure has not been completed and a follow up report will be brought to a future meeting.

Councillors asked how many of the recommendations from this audit which completed in March have been actioned. The Chief Finance Officer answered that a follow up report will be brought to a future meeting and will ask for comments from the Revenue and Benefits manager.

Councillors asked why the number of accounts in credit has spiralled from 76k to 164k. The Chief finance Officer explained this is an area that need addressing and will request a response from the Revenues and Benefits Manager. There should be a 2023 figure available by the next meeting.

**Action:** An update report with feedback from the Revenue and Benefits Manager to be brought to future meeting and Internal Auditor to update later in the year.

**RESOLVED (unanimously)**

## AUDIT COMMITTEE

6 JULY 2023

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

### **Reasons**

To monitor levels of control within the organisation.

-

### **185. CASH & BANK SUMMARY AUDIT REPORT**

The Chief Finance Officer informed the Audit Committee of the key findings from the recent audit of Cash and Bank. The overall rating is satisfactory but moving forward we shall look to achieve a higher standard.

The Chair noted how there are five high actions, but the report is satisfactory. It was asked if the two high actions will meet their June target. The Deputy Chief Finance Officer explained there has been staff shortages. There has been new member of staff join the team and has a strong background working at a senior level in internal audit. They have reviewed the cash handling policy and the petty cash policy and new revised versions agreed.

Councillors asked regarding the Parking cash collection contract. The Chief Finance Officer explained he will review this and update at the next meeting. It was asked what the level of discrepancy is. The Deputy Chief Finance Officer explained it's in the low thousands.

**Action:** Report in August on High priority recommendations and in September on Medium priority recommendations

-

### **RESOLVED (unanimously)**

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

### **Reasons**

To monitor levels of control within the organisation

(The Chair declared the meeting closed at. 7.16 pm)