

AUDIT COMMITTEE

25 SEPTEMBER 2014

Present: Councillors Beaver (Chair), Birch, Charman and Clark

11. APOLOGIES FOR ABSENCE

Absence for lateness was noted for Councillor Charman and absence was noted for Councillor Webb.

The Head of Finance announced the resignation of Stuart Frith, BDO Manager, and expressed his thanks for Mr Frith's contribution to the work of the Council and wished him well for the future.

12. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

13. MINUTES OF THE MEETING HELD ON 26 JUNE 2014

RESOLVED – (unanimously) that the minutes of the meeting held on 26 June 2014 be approved and signed by the Chair as a true record.

14. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS

None.

15. FINAL ACCOUNTS 2013/14

The Head of Finance presented his report setting out the final accounts position for 2013-14. The Committee was asked to approve the Statement of Accounts on behalf of the Council in accordance with the Accounts & Audit Regulations 2011. Appended to the full report was the Financial Report 2013-14.

The Head of Finance informed the committee that it was necessary to make some adjustments to the Financial Report 2013-2014 in view of new information evolving around business rate appeals. It was advised that the provision for appeals had been further increased to £1.8m from £1.3m. The overall impact on the accounts is not material in accounting terms.

It was confirmed that the Corporate Risk Register had been updated to reflect the serious effect that business rate appeals had on the council. Councillor Birch asked whether a list of all of the most substantial appeals pending could be circulated to Audit Committee members so that they could gain a clearer picture of what has happened.

At this juncture, Councillor Charman arrived.

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Councillor Clark asked if each authority negotiated their terms of conditions under the National Pension Scheme. The Head of Finance advised that it was a national scheme with all the main terms and conditions being the same, although some discretions existed. Contributions varied between authorities mainly dependent upon the demographics of the workforce. Councillor Clark went on to ask how charges were levied. The Head of Finance replied that aside from specific costs, charges were spread evenly across all local authority organisations and the fund was fully audited. The Director of Corporate Resources added that the pension scheme was now based on a career average scheme. The new scheme had resulted in employee contributions increasing from 1 April 2014. The Head of Finance said the actuaries make assumptions for the next 30 years and adjust the contribution up or down to pay off the deficit in real cash terms.

Stuart Frith, BDO Manager stated that the budget deficits were factored in the review of the medium term strategy update. A member seminar will cover this matter.

RESOLVED – (unanimously) that the Audit Committee approve the draft Statement of Accounts and a copy signed by the Chair of the Audit Committee in accordance with the Accounts & Audit Regulations 2011.

16. BDO ANNUAL GOVERNANCE REPORT 2013/14

The Head of Finance introduced this report on matters raised by the Council's external auditors (BDO) in respect of their audit. This included an unqualified opinion of the Council's 2013/14 accounts, and their conclusion that Hastings Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Appended to the full report was the Final Report to the Audit Committee – Audit for the year ended 31 March 2014.

The External Audit Manager explained the content of each page of the Annual Governance Report and referred to the key matters in the audit. He said he was happy with governance reporting and the outstanding issues had been addressed.

Appendix IV 'Recommendations and Action Plan' was amended and replaced with a page populated with full management response, responsibility and timing.

Councillor Beaver sought reassurance that controls and procedures over Purchase order Authorisation were in place. The Chief Auditor informed the committee that the control weakness allowing officers who had been given substitute access to both raise and authorise payment for orders, still persisted. Internal Audit examined every single case where this had happened and was able to confirm that each purchase had been for valid business purposes. Substitute access for all officers has now been removed and enquiries are continuing with the main accounting system software supplier to resolve the system weakness.

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Councillor Birch offered his thanks and congratulations to the finance team and the council as a whole for their work in achieving a helpful report.

RESOLVED – (unanimously) that the audit report and action plan be noted.

17. **TRANSFER OF HOUSING BENEFIT INVESTIGATIONS TO THE DEPARTMENT FOR WORK AND PENSIONS SINGLE FRAUD INVESTIGATION SERVICE (SFIS)**

The Head of Finance presented his report on the actions planned following the transfer of Hastings BC Investigators to the Department for Work and Pensions Single Fraud Investigation Service.

Councillor Clark raised concern that Hastings Borough Council had cut its own internal capabilities too soon. The Director of Corporate Resources said the timescales for transfer were not within our jurisdiction.

Councillor Charman asked if there was an opportunity to employ a locum or temporary worker after 1st November 2014. The Director of Corporate Resources explained that a post would have a cost but good referrals of potential Council Tax Reduction fraud are expected and will be managed internally.

Councillor Birch asked that the committee be updated on the outcome of the 2 bids for counter fraud funding and any other steps taken. The Chief Auditor said that there would be a meeting on 6th November to discuss the East Sussex wide bid outcome and if successful, how it would work for the named authorities. An update will be provided at the next Audit Committee meeting in January 2015.

RESOLVED – (unanimously) that the report be accepted.

18. **CHIEF AUDITOR'S SUMMARY AUDIT AND RISK REPORT**

The Chief Auditor presented his report on the recent audit findings of the Housing Benefit Grant Subsidy and Disabled Facility Grant audits.

The Housing Benefit Grant Subsidy audit work had gone more smoothly than planned this year and that it was completed early with just one minor query waiting to be resolved.

The Disabled Facility Grant reports concluded that the overall audit assessment was 'A – good' and that controls are in place and are working effectively. There are no significant audit concerns.

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

(The Chair declared the meeting closed at 7.17 pm)

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