



Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	MONDAY, 2 DECEMBER 2019 COMMENCING AT 10:00 AM
Venue	CONFERENCE ROOM 5, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Brian Tyndall (Chairman), Cllrs Adrian Axford, Reg Barry, John Kilpatrick, Chris Quirk
Cabinet Member	Stuart Hutchinson
Auditors Present	Elizabeth Goodwin, Geraint Newton
Co-opted (non voting) Member	Vacancy
Officers Present	Jennifer Armstrong, Dave Evans, Hayley Holden, Kerry Hubbleday, Dave Martin, Jo Thistlewood,

20. [Minutes](#)

RESOLVED:

THAT the Minutes of the meeting held on 30 September 2019.

21. [Declarations of Interest](#)

No interests were declared at this stage

22. [Procurement Activity Report for the Half Year 1 April 2019 –30 September 2019 \(Q1 and 2 2019-20\)](#)

Councillor Brian Tyndall declared an interest as a member of the task and finish group on commercialisation.

The committee considered a report which provided the committee with a high-level overview of the council's procurement and contract monitoring activity for the period 1 April 2019 to 30 September 2019 inclusive. The report also presented the new procurement strategy action plan. Members requested that future reports show capital versus revenue and also that context for savings be provided.

Questions were raised in relation to contracts database and contract and performance management. The system was in place and was expected to be live in February 2020 once the provider had resolved issues around extracting

data. Reassurance was provided that contracts and performance were being monitored within service areas. The new framework would ensure a proportionate and aligned approach across the council. Work would also be undertaken with service areas to reduce the use of waivers where possible.

Discussion took place regarding the social value and members sought more information on the methodology and tool used.

Members sought clarification regarding procurement. The board met virtually rather than physically, however decisions were documented and records kept.

RESOLVED:

- (i) THAT the committee note the report.
- (ii) THAT future reports show the capital and revenue.

23. Treasury Management Half-Yearly Report

The Technical Finance Manager presented the report which provided the committee with a half year progress report on treasury management policies, practices and activities for the financial year 2019-20. The key points highlighted were operational cash limits and the operational and authorized limits for the PFI.

Members were advised that the council had exceeded its operational cash limits on three specific occasions which are detailed in the report. Advantage had been taken of the low interest rates offered by the Public Works and Loans Board. However, while the borrowing was in permitted limits, the counterpart external investment funds had been full. Reassurance was provided that the limits had been exceeded for less than five days on each occasion and approval had been granted by the Director of Finance.

In order to ensure there was capacity in the external investment funds moving forward, the committee was asked to approve an increase to limit of the council's the money market funds from £35 million to £50 million for the remainder of the financial year to enable flexibility in investing surplus cash holdings.

Discussion took place regarding borrowing and the committee noted that the total borrowing remained within agreed limits and that the changes would allow the council flexibility to better manage the monies borrowed.

The committee were also advised that the operational and authorised limits for the amount of PFI and finance lease debt had also been exceeded in the six months to 30 September 2019. This had arisen because the PFI contractor's agreed milestones had not been certified and as such the debt repayments have not been made. As it is anticipated that these balances will not be below the existing limits by the end of the financial year, it was proposed that the operational limit is increased from £101.2 million to £125 million and the authorised limit is increased from £110 million to £135 million.

Questions were raised in relation to the delays to debt repayments. The committee were reassured that while it had been agreed to extend the milestone completion dates, work was substantially complete and the delays were the result of contractual regulations. The increase to the limits would provide the additional capacity needed to as a result of the unforeseen delays.

RESOLVED:

- i) THAT the committee receives this report and notes the performance of the council's treasury management function for the first half of the year ended 30 September 2019.
- ii) THAT the committee approves the following amendments to the Treasury Management Strategy for 2019/20:
 - (a) Increase the limit for the holdings in money market funds from £35 million to £50 million for the remainder of the year to enable flexibility in investing surplus cash holdings.
 - (b) With respect to the value of the PFI and finance lease debt held that the operational limit be increased from £101.2 million to £125 million and the authorised limit is increased from £110 million to £135 million. This is to reflect the delays in making payments to the provider with regard to the PFI contract.

24. **The Council's Risk Profile**

Members received a report which provided an update on the council's risk position. Attention was drawn to the changes made to the risk rating by the Corporate Management Team.

Concerns were raised in relation to the risk regarding the Failure to identify and effectively manage situations where vulnerable adults are subject to abuse, specifically in relation to Deprivation of Liberty Safeguards (DoLs). Members had previously been advised that capacity issues around the assessments had been resolved and were concerned there was again a struggle meet demand. While it was noted that there was a national issue around assessments the committee agreed to escalate their concerns to the appropriate scrutiny committee.

RESOLVED:

- (i) THAT the Audit Committee approves the strategic risks of the council as set out in paragraph 9 of the report.
- (ii) THAT the Audit Committee escalate their concerns regarding Deprivation of Liberty Safeguarding assessments to the relevant scrutiny committee.

25. **Annual Fraud, Irregularity & Whistleblowing Report 2018-19**

The Chief Internal Auditor presented a report which informed the committee of incidents of fraud and irregularity experienced by the council during the period

1 April 2018 to 31 March 2019. All cases were reported at the conclusion of an investigation or, where applicable a prosecution. For the period noted there was one case to report, which had resulted in a successful prosecution and recovery of £171, 000.

Members were also advised that while the investigations of benefit cases had transferred to the Department of Works and Pensions (DWP) in 2015, since October 2018 the council had been working jointly with the DWP in relation to 10 investigations, five of which had been closed with no action and five of which were still open as of 31 March 2019.

RESOLVED:

THAT the report of the Chief Internal Auditor be noted.

CHAIRMAN