



Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	MONDAY, 30 JULY AT 10.00AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	CLLrs Adrian Axford (Chairman), Reg Barry, Michael Beston, Paul Fuller, Stephen Hastings, Michael Lilley, Brian Tyndall
Auditors Present	Dan Deacon (Price Waterhouse Cooper) Helen Thompson (Ernest & Young) David White (Ernest Young) Elizabeth Goodwin (Chief Internal Auditor)
Co-opted (non voting) Member	Vacancy
Officers Present	Jon Baker, Andrew Carpenter, Jo Cooke, Maisy Green, Kerry Hubbleday, David Martin, Helen Miles, Claire Shand, Jo Thistlewood, Helen Thompson, Chris Ward

7. [Minutes](#)

RESOLVED:

THAT the Minutes of the meeting held on 21 May 2018 be confirmed.

8. [Declarations of Interest](#)

There were no declarations of interest.

9. **Reports of the External Auditor**

(a) [Report to those Charged with Governance – Isle of Wight Council Audit Results Report Year End 31 March 2018.](#)

The external auditor provided a summary of the report to members of the committee. Member's attention was drawn to changes in materiality to reflect the draft financial statements and auditors risk assessments, were it was confirmed that no issues had been identified; however it was suggested that there would be some challenges.

Members raised questions about the monitoring of investments; The Head of Legal Services and Monitoring Officer advised that a performance report for the investments would be provided for the committees review at the committee every 6 months.

RESOLVED:

THAT the Isle of Wight Council audit results report be approved.

(b) [Report to those Charged with Governance – Isle of Wight Pension Fund Audit Results Report Year Ended 31 March 2018](#)

The committee considered the report of the external auditor. Attention was drawn to changes in materiality and it was noted no adjustments had arisen as a result of the audit. However there was a risk of management override. The control observations were brought to the attention of the committee and the auditor advised that the Isle of Wight Council were aware of the issues noted and were in discussion with the Pension Regulator.

The committee raised concerns about in accuracy of membership data being passed to the Actuary as the error had been observed by the auditors for the past three years. The Technical Finance Manager advised the committee that there had not been sufficient resources to address this historically. However, a data quality specialist had been appointed and would be working on this. Work was expected to be completed by December 2018.

RESOLVED:

THAT the pension fund audit results report be approved.

10. [Internal Audit Progress and Annual Opinion Report](#)

The Chief Internal Auditor for Portsmouth, Southampton and Isle of Wight advised the committee that overall the auditors were satisfied; there were 4 high risk areas:

However there were a total of 4 high risk areas.

- Beaulieu House
- Information Management
- Public Health
- Key Finance - Payroll

Members questioned the overall conclusion detailed in the report in relation to fraud arrangements as it stated 'not satisfactory'. The auditor confirmed that although there were three areas that needed improvement to better protect the council against fraud, there were no major concerns.

Concerns were raised about the lack of risk registers throughout the council. The internal auditor highlighted the lack of resources in the finance team and the challenge that the organisation faced as a result.

RESOLVED:

THAT the progress and opinion report be noted.

11. **Annual Governance Statement 2017-18**

The Head of Resources advised members that they had previously considered the statement in May 2018. The statement was now finalised and the external auditors had confirmed that the statement was consistent with their own findings. It was confirmed that the Head of Resources had delegated authority from the Chief Executive to sign off the statement if the committee was in agreement.

Members raised questions in relation to a training programme for scrutiny members and were advised a programme had been running since January. The complaints process was also explored. Members were advised complaints were dealt with by service area managers before any referral to the ombudsmen. The Head of Resources confirmed that a key recommendations and strategy report in relation to complaints had been to Cabinet where an action plan had been agreed. This would be overseen by the newly appointed Assistant Chief Executive who would be in post from 1 August 2018.

RESOLVED:

THAT the statement be approved.

12. **Statement of Accounts 2017-18**

The Strategic Manager Financial Risk provided a presentation to the committee to highlight the key aspects of the accounts which were detailed within the report. The councils saving of £5m was highlighted by officers, the savings were due to a combination of short term, low cost borrowing and additional income. The committee was advised that no portfolio area had overspent and that that the Section 151 Officer had transferred the savings to reserve accounts, £2m had been transferred to transformation and £3m to capital finance.

Members questioned the cost of agency staff and whether this was monitored within the accounts. The Assistant Director of Finance advised that agency costs would form part of each service area and their individual budget.

RESOLVED:

THAT the 2017-18 statement of accounts be approved.

13. **The Councils Risk Profile**

The Senior Project Officer for Programme Management presented a report which outlined the council's strategic risks and position against these risks. Members were advised that each strategic risk had been subject to a review by each responsible senior manager.

RESOLVED:

THAT the recommendations be approved.

14. **Procurement Activity Report For The Half Year 1 October 2017 to 31 March 2018**

Members were provided with a summary of the procurement report by the Head of Legal Services and Monitoring Officer. It was advised that by the next Procurement review centralised data on all services would form part of the report. Members were also advised the procurement action plan had been updated.

Members questioned whether there were penalty fines within all of the contracts. Officer's advised that it would be dependent on each individual contract and that contract monitoring would hopefully enable the team to review these.

The committee requested more information and target and completion dates were added to the action plan. The Head of Legal Services and Monitoring Officer advised that this would be actioned.

RESOLVED:

THAT the annual report be noted.

15. **Treasury Management Annual Report 2017-18**

Members of the committee were given a summary of the report which presented the treasury management by the Technical Finance Manager and confirmed that the IW Council had saved a significant amount of money by borrowing short term with low cost rather than long term.

RESOLVED:

THAT the annual report be noted.

16. **Future Arrangements For Internal Audit**

The external and internal auditors and Portsmouth city council partners withdrew from the meeting for this item

The Head of Resources provided a review of the current internal audit arrangements. The committee approved a one year extension to the current

arrangements in December 2017 which would now mean that the service would cease in March 2019. Clarification was provided that the chief internal auditor function was a separate matter to that of the internal audit function. The options for the committee to consider were explained in detail.

Members raised concerns about the additional costs that would be incurred if the role was to be carried out internally. The committee requested that existing staff be protected by Transfer of Undertakings (Protection of Employment) Regulations would be extended to incumbent post holders.

RESOLVED:

THAT the recommendations be approved.

CHAIRMAN