



Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	MONDAY, 30 SEPTEMBER 2019 COMMENCING AT 10:00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Brian Tyndall (Chairman), Adrian Axford, Reg Barry, John Kilpatrick, Gary Peace.
Other Members Present	Cllr Stuart Hutchinson
Auditors Present	David White (Ernst and Young)
Officers Present	Jennifer Armstrong, Elizabeth Goodwin, Dave Martin, Alex Minns, Geraint Newton, Claire Shand, Tom Southall.
Apologies	Cllr Chris Quirk

14. [Minutes](#)

RESOLVED :

THAT the Minutes of the meeting held on 29 July 2019.

15. [Reports of the External Auditor - Isle of Wight Council and Isle of Wight Pension Fund Annual Audit Letter Year Ending 31 March 2014.](#)

The committee considered the letter from the external auditors which concluded the audit work on the Isle of Wight Council and Isle of Wight Pension Fund accounts for the financial year 2018-2019. There had been no further changes detailed auditors' findings presented to the committee in July 2019.

The auditors advised that, following the committee's approval, an unqualified opinion had been issued on the council's accounts and the Isle of Wight Pension Fund's accounts. An unqualified value for money conclusion had also been issued.

Member's attention was drawn to the additional fee for work relating to housing benefits which had historically been included with grant certification. However, as Ernst and Young no longer undertook the certification work, an additional fee of £382 had been suggested and was pending approval from finance.

Reassurance was provided by the Chair of the Isle of Wight Pension Fund Committee that in relation to the ongoing review by the Pension's Regulator detailed in the findings. The training issues which had been under investigation had pertained to employee and employer representatives, who were non-elected members, and the Pension Regulator was satisfied management had taken appropriate action. Members were also advised the fund had been recognised as the best Local Government Pension Scheme (LGPS) fund of the year (assets under management below £2.5 billion) at the Local Authority Pension Fund Investment Awards.

RESOLVED:

THAT the external auditor's letter be noted.

16. Reports of the Internal Auditor

(a) [Internal Audit Report 2018/19 – Income Collection](#)

The Chief Internal Auditor presented the high-risk report relating to Income Collection. Members raised a number of concerns in relation to the issues raised regarding the Floating Bridge and related complexities were discussed.

Reassurance was provided that the connectivity issues which had been impacting on the reconciliation of monies had been resolved with additional wireless being installed. A capital bid for contactless technology had also been submitted.

At the end of the debate, the committee agreed to request the appropriate scrutiny body review the report.

RESOLVED:

- (i) THAT the report be noted in relation to the Shanklin Cliff Lift and Crematorium elements.
- (ii) THAT the committee recommend that the service explores cashless transactions (i.e. contactless) and the removal of debit notes and introduction of fines.
- (iii) THAT a further report showing actions in relation to the audit and the above resolution be presented to the committee at its March 2020 meeting.

(b) [Internal Audit Progress Report – 30 September 2019](#)

Members received the report which summarised the activities of the internal audit for the period August to September 2019 and were requested to provide feedback on the new format.

Executive summaries were provided for the following reviews which were ranked as having Assurance or Reasonable Assurance:

- Sickness Absence/Occupational Health
- Beach Fronts (Water Safety)
- Beach Huts IT Internal Transfer Processing
- School Financial Value Standard
- Bus Subsidy Grant
- Local Transport Capital Funding Assurance

Follow-up audits had also been undertaken for:

- Contract Management
- IT General Controls

Clarification was provided that in audit areas where high risks and below were attributed, follow up action would be performed and reported back to the committee. Audits resulting only in medium and/or low risks would not be subject to a follow up review, although the whole area would be reconsidered for future audits as part of the normal annual planning processes.

RESOLVED:

THAT the progress report be noted.

17. Reports of the Director of Corporate Services

(a) [General Data Protection Regulations \(GDPR\) and Data Protection - Update Report](#)

The committee considered an update on the council's action plan to address issues identified in the May 2019 high risk internal audit report on GDPR.

Discussion took place regarding the progress in relation to information asset registers (IARs) and ensuring contractual arrangements are in place with data processors.

Concerns were raised in relation to the risks associated with ICT and it was agreed that a meeting between a representative of the committee and the Strategic Manager-ICT and Digital Services would be arranged and feedback be provided to the committee.

RESOLVED:

- (i) THAT the progress report be noted.
- (ii) THAT a representative of the committee and the Strategic Manager-ICT and Digital Services meet and feedback be provided to the committee.

(b) [Insurance Update](#)

The Director of Corporate Services advised that a proposal had come forward in relation to the level of public liability insurance required subcontractors were required to have in place. The level proposed was significantly higher than that which was currently required and, in some cases, could be as high as £50m.

Concerns had been raised that the increased limits would limit small business ability to bid for work and that there would be an impact on the council's financial position as costs would likely be passed on. As a result, a meeting between the Chairman and relevant parties would be arranged and a detailed report on the matter would be brought before the committee in December 2019.

RESOLVED:

THAT the update be noted.

18. [The Council's Risk Profile](#)

Members received a report which provided an update on the councils risk position. Attention was drawn to the changes made to the risk rating by the Corporate Management Team in it's September 2019 meeting.

Discussion took place regarding the significant adjustment to the risk regarding the lack of financial resource and the ability to deliver the council's in-year budget strategy which had been increased from 3 (Green) to 8 (Amber). Members were advised there were a number of uncertainties affecting the risk and the councils ability to set the 2020/2021 budget including political uncertainty, the green paper on social care funding, the fair funding review Brexit, and business rate retention.

RESOLVED:

THAT the Audit Committee approves the strategic risks of the council as set out in paragraph 12 of the report.

19. [Progress Report – Commercial Acquisition Strategy](#)

The committee considered the report which provided an overall summary of progress in the delivery of the council's commercial property acquisition strategy up to 31 March 2019. Due to market uncertainties the fund was not yet fully invested but had begun to generate the return expected where investments had been made.

Members were reassured there was no conflict with the portfolio being managed by the same officer as Portsmouth City Council as the projects were at different stages and therefore had different risk levels and criteria as the decision to make this type of investment had been taken later.

RESOLVED:

THAT the progress in the delivery of the council's commercial property acquisition strategy be noted.

CHAIRMAN