



Minutes

Name of meeting	AUDIT COMMITTEE
Date and Time	MONDAY 25 JULY 2022 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Present	Cllrs A Garratt (Chairman), M Lilley (Vice-Chairman), K Lucioni, G Peace and M Price
Also Present	Cllrs C Jarman, J Medland Christopher Ashman, Sharon Betts, Oliver Boulter, Jo Cooke, Debbie Downer, Laura Gaudion, Elizabeth Goodwin, Hayley Holden, Kerry Huddleday, Dawn Lang, David Martin, Geraint Newton, Christopher Potter, Jo Thistlewood and Megan Tuckwell Helen Thompson (Ernst and Young)
Also Present (Virtual)	Wendy Perera

1. **Minutes**

An update was requested in relation to a question asked at the previous meeting regarding rental income and leases, and why the Council was not charging rent on some of its leased land which had value. It was noted that this would be picked up within the workplan.

RESOLVED:

THAT the minutes of the meeting held on 14 March 2022 be confirmed as a true record.

2. **Declarations of Interest**

Cllr Michael Lilley declared an interest as a member of the Corporate Scrutiny Committee.

3. **Public Question Time - 15 Minutes Maximum**

No public questions were received.

4. Reports of the External Auditor, Ernst and Young:

4a Annual Audit Plan 2021-22 – Isle of Wight Council

The External Auditors presented the annual audit plan for the Isle of Wight Council, which summarised the initial assessment of the key risks driving the development of an effective audit for the Council and outlined the planned audit strategy in response to those risks. It was confirmed that due to service-wide pressures the final audit would be completed and reported to the committee in early 2023. Attention was drawn to the increased risk in relation to the value of property, plant and equipment which represented a significant balance in the accounts and was subject to valuation changes, impairment reviews and market fluctuations, in addition to the appointment of a new external valuer. Discussion took place regarding the valuation report for preparation for the draft accounts, and the reduction in investment property risk. Questions were raised in relation to cyber security and the financial data analytics software.

RESOLVED:

THAT the report be received and noted.

4b Annual Audit Plan 2021-22 – Isle of Wight Pension Fund

The External Auditors presented the annual audit plan for the Isle of Wight Pension Fund, which summarised the initial assessment of the key risks driving the development of an effective audit for the Pension Fund and outlined the planned audit strategy in response to those risks. It was confirmed that due to service-wide pressures the final audit would be completed and reported to the committee in early 2023. Questions were raised in relation to benchmarking against other authorities.

Cllr Michael Lilley declared an interest as a member of the Local Pension Board.

RESOLVED:

THAT the report be received and noted.

5. Internal Audit Annual Report (including opinion)

The Chief Internal Auditor presented the annual report and opinion for 2021/22, to provide the committee with the necessary information to satisfy its remit as set out in the committee's terms of reference. Discussion took place regarding the reassurances around governance in relation to processing covid grants and the staff were thanked for their work on this. Comments were made in relation to the audit on deprivation of liberty safeguards (DoLS), and in particular the Council's compliance with policies, laws and regulations, safeguarding of assets, and effectiveness and efficiency of operations.

RESOLVED:

THAT the report be received and noted.

6. **Internal Audit Progress Report**

The Chief Internal Auditor presented the progress report, including the high-risk reports in relation to asbestos and deprivation of liberty safeguards (DoLS). Discussion took place regarding the audit on asbestos and the Council's arrangements in place to ensure the safety of its properties, surveys showing where asbestos was, and how risk was managed. The Director of Regeneration provided assurance that the actions contained within the audit would be completed by their due dates. Concerns were raised regarding dependency on a single long-serving highly experienced member of staff and questions were raised in relation to workforce contingency planning.

RESOLVED:

THAT the report be received and noted.

7. **Annual Governance Statement (Draft)**

Consideration was given to the Annual Governance Statement for 2021-22 and the committee were asked to approve the statement in readiness for signing by the Leader of the Council and the Chief Executive for submission with the annual accounts for 2021-22. It was confirmed that the draft could be signed off in principle but could not be finalised until the completion of the audit in early 2023. Discussion took place regarding the governance framework and clarification was sought with regards to the Mental Health Working Group. In relation to policy development, it was highlighted that the governance framework listed a number of policies which were out of date. Questions were raised in relation to the review and approval process, including a timeframe and whether this was at a councillor or director level. It was recommended that this be reported back to scrutiny in its remit for policy development and review.

RESOLVED:

THAT the content of the draft annual governance statement 2021-22 be agreed, in principle, subject to the completion of the audit opinion.

8. **Property Investment Portfolio Annual Report**

The Cabinet Member for Strategic Finance, Transformational Change and Corporate Resources presented the report which provided the committee with an update on the four mainland property investments that were purchased in 2018 which comprise the commercial property acquisition fund. It was advised that the investment strategy had settled into a management phase. The council was not looking to make more acquisitions. It was highlighted that a change in lending terms relating to the public works loan board (PWLb) meant that no further acquisitions could be made through borrowing from the PWLB. Questions were raised in relation to income the Assistant Director of Finance provided information on the revenue budget.

RESOLVED:

THAT the report be received and noted.

9. Treasury Management Annual Report

The Pension Fund and Treasury Management Accountant presented the annual report on treasury management policies, practices and activities for the year ended 31 March 2022. The committee noted the response to climate change and enhancing the biosphere. Discussion took place regarding comparative benchmarking and the level of detail contained within the report.

RESOLVED:

THAT the report be received noted.

10. Half-Yearly Procurement Report

The Director of Corporate Services presented the report which provided an overview of the council's procurement and contract monitoring activities for the period 1 October 2021 to 31 March 2022. Questions were raised regarding the roll out of the contract management system and the committee noted that this would lead to streamlined and more efficient services. The slow pace of the roll out was highlighted and it was acknowledged that additional resources had been allocated to the project to increase pace. Discussion took place regarding adult social care contract KPIs, waivers, mainland suppliers and local markets, the procurement strategy consultation, and community wealth building. It was noted that the chairman would liaise with the chairman of the Corporate Scrutiny Committee to discuss waivers.

RESOLVED:

THAT the report be received and noted.

11. The Council's Risk Profile

The Transformation Manager presented the Council's Risk Profile and drew attention to the strategic risks in relation to fulfilling the climate agenda, educational attainment, and staffing capacity, recruitment, and retention. Discussion took place regarding how the risk register was used by the corporate management team to improve services and the interim Chief Executive highlighted recruitment and retention measures including apprenticeships, flexible working, succession planning, and development opportunities. It was noted that the chairman would liaise with the chairman of the Corporate Scrutiny Committee to discuss recruitment and retention.

RESOLVED:

THAT the report be noted, and the strategic risks be approved.

12. Review of the Constitution

The chairman presented the report of the Monitoring Officer which advised on the review of the council's constitution (as agreed by the Full Council at its meeting on 18 May 2022). It was advised that a review was to be carried out and the outcome and recommendations would be reported to the Audit Committee and thereafter to the Full Council as soon as practicable after completion of the review. Discussion

took place regarding legal requirements and the recommendations of the LGA peer review of the planning services

RESOLVED:

- i) THAT the review of the current constitution be undertaken within the established remit, to be led by the Monitoring Officer in consultation with the Chairman of the Audit Committee, with engagement of councillors to ensure relevant input.
- ii) THAT a report be brought back to the Audit Committee so that the committee can formally consider and make recommendations to the Full Council on the current constitution.
- iii) THAT the ongoing work of the informal Transformational Change Working Group be noted and that any relevant recommendations from that Group be made to and reported to the Audit Committee at a future date.

13. **Workplan**

Consideration was given to the Committees workplan for 2021-23. It was advised that the workplan would need to be revised to reflect the delays with the audit and opinion to March 2023.

RESOLVED:

THAT the workplan be noted.

14. **Members' Question Time**

No members questions were received.

CHAIRMAN