



Minutes

Name of meeting	AUDIT COMMITTEE
Date and Time	MONDAY 20 MARCH 2023 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Present	Cllrs A Garratt (Chairman), M Lilley (Vice-Chairman), V Churchman, K Lucioni, G Peace and R Redrup
Also Present	Sharon Betts, Emma Bruce, Jo Cooke, Debbie Downer, Elizabeth Goodwin, Kerry Hubbleday, Dawn Lang, Geraint Newton, Jo Thistlewood and Megan Tuckwell
	Jason Jones, Helen Thompson and Marco Buys (Ernst and Young)
Also Present (Virtual)	Wendy Perera, Cllr C Jarman

40. **Apologies and Changes in Membership (If Any)**

Cllr Vanessa Churchman was welcomed as a new member of the committee filling the seat previously held by Cllr Matthew Price.

41. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 28 November 2022 be confirmed as a true record.

42. **Declarations of Interest**

No declarations were received.

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

No public questions were received.

44. **Reports of the External Auditor, Ernst and Young**

44a **Audit Results Report - Isle of Wight Council**

The External Auditors presented the Isle of Wight Council's audit results report for the year ended 31 March 2022, and staff were thanked for their work in assisting with the completion of the external audit. Attention was drawn to the key areas of focus for the audit, progress, and the timeline to issue the final opinion. Questions were raised around infrastructure assets and it was clarified that this related to

roads, footpaths, and coastal protection works. Discussion took place regarding the potential impact on staffing resources arising from the auditors' recommendation that the council should develop more granular accounting records in relation to infrastructure assets.

RESOLVED:

THAT the Isle of Wight Council's audit results report for the year ended 31 March 2022 be received and noted.

44b **Audit Results Report - Isle of Wight Pension Fund**

Cllr Michael Lilley declared an interest as a member of the Local Pension Board. It was noted that Cllr Garratt and Cllr Churchman were members of the Isle of Wight Pension Fund Committee.

The External Auditors presented the Isle of Wight Pension Fund's audit results report for the year ended 31 March 2022, and staff were thanked for their work in assisting with the completion of the external audit. Questions were raised in relation to global banking turmoil and the potential impact this could have on the fund's investment assets, and it was confirmed that fund had no direct exposure to Silicon Valley Bank or Credit Suisse. It was confirmed that the final signed version would be circulated to the committee (subject to any material changes) and the results would be summarised in the external auditors' annual report, due for presentation to the committee at its next meeting in July 2023.

RESOLVED:

THAT the Isle of Wight Pension Fund's audit results report for the year ended 31 March 2022 be received and noted.

45. **Approval of the Final Statement of Accounts 2021-22**

The Strategic Manager of Corporate and Technical Finance presented the report which sought the committee's approval of the council's statement of accounts for 2021-22 (following the completion of the external audit process) and to delegate authority to the chairman and the Director of Finance and Section 151 Officer to make any final changes necessary as a result of the final conclusion of the audit process. It was confirmed that the Director of Finance and Section 151 Officer was satisfied that the statement of accounts presented a true and fair view of the financial position of the Council as at 31 March 2022. Clarification was raised in relation to public engagement. It was suggested that the red strategic risk ratings for 2021/22 (contained within the narrative report) be monitored and be added to the committees workplan.

RESOLVED:

- i) THAT the Statement of Accounts 2021-22 be approved, and the chairman be authorised to sign and date the Statement of Accounts.
- ii) THAT the chairman of the Audit Committee and the Director of Finance and Section 151 Officer be given delegated authority to make any final changes necessary as a result of the final conclusion of the audit process.

46. Annual Governance Statement 2021-22

The Strategic Manager for Organisational Intelligence presented the report which had been considered by the committee (and agreed in principle) at its meeting in July 2022, at which time it could not be formally signed-off pending the ongoing external audit. It was confirmed that the content of the report remained unchanged, and the committee were asked to approve the statement in readiness for signing-off, publication, and submission with the annual accounts for 2021-22. The committee noted that future reporting should use terminology inclusive of town, parish, and community councils.

RESOLVED:

THAT the content of the Annual Governance Statement 2021-22 be agreed and confirmed as the final version for publication.

47. Internal Audit Progress Report

The Chief Internal Auditor presented to the internal audit progress report. Discussion took place around document accessibility and the demonstration of value-for-money. Concerns were raised regarding the suspension of audits from the schedule, in particular that of deprivation of liberty (DoLS). It was agreed that the narrative and terminology used in future reporting would be amended to provide further clarity and it was suggested that DoLS be monitored and be added to the committees workplan.

RESOLVED:

THAT the report be received and noted.

48. Internal Audit Plan 2023-24

The Chief Internal Auditor presented the 2023/24 Internal Audit Plan for review and approval. The committee noted the proposed audits, in particular public health outcomes and Venture Quays. Concerns were raised regarding the value-for-money for procurement waivers for looked after children and it was suggested that this matter be discussed with the chairman of the Policy and Scrutiny Committee for Children's Services, Education and Skills.

RESOLVED:

THAT the 2023/24 Internal Audit Plan be approved.

49. Anti-Money Laundering Policy

Consideration was given to the revised policy which would ensure that the council had fit-for-purpose arrangements to prevent money laundering. The Chief Internal Auditor advised that the policy had been revised to respond to regulatory changes and to align with those in place at Portsmouth and Southampton councils. The committee were asked to note a monetary correction to the report which confirmed that all payments to the council accepted in cash that exceed £10,000 should be

reported to the Chief Internal Auditor. No comments or questions were raised, and the report was proposed for approval.

RESOLVED:

THAT the revised Anti-Money Laundering Policy be approved.

50. Treasury Management Strategy

Consideration was given to the Treasury Management Strategy Statement for 2023/24. Questions were raised in relation to investment projections and the external auditors agreed to circulate a copy of their quarterly economic forecast report to provide a detailed economic analysis and forecast of economic activity for the period ahead. Following discussion, the Pension Fund and Treasury Management Accountant was thanked, and the report was proposed for adoption.

RESOLVED:

THAT the Treasury Management Strategy for 2023/24 be adopted.

51. Treasury Management Report Q3 2022-23

Consideration was given to the report on treasury management policies, practices, and activities for the quarter ended 31 December 2022. Clarification was provided on interest rates and short- and long-term borrowing. Questions were raised around the number of shared ownership properties (referenced in the non-treasury investments section of the report) and the Assistant Director of Finance agreed to provide additional details on this.

RESOLVED:

THAT the report be received and noted.

52. The Council's Risk Profile

The Strategic Manager for Organisation Intelligence presented the report which summarised the current position with regard to the council's strategic risks. Attention was drawn to the two new strategic risks on the cost-of-living crisis and coastal defences, and it was advised that the format of reporting would be reviewed going forward. The committee noted that two business continuity plans (due to be updated by February 2023) remained outstanding, and it was agreed that this would be followed up. The chairman advised that he would be attending a meeting of the Corporate Management Team to observe how the risk register was used in practice.

RESOLVED:

THAT the report be noted, and the strategic risks of the council as set out in Appendix 1 of the report be approved.

53. Chairman's Annual Report

The chairman presented his annual report which assessed the performance of the committee, how it had complied with the CIPFA position statement, and discharged

its responsibilities. Comments were made with regards to committee membership (including the recruitment of a co-opted independent expert) and discussion took place regarding best practice, peer reviews, and learning from neighbouring councils.

RESOLVED:

THAT the report be received and noted.

54. Review of the Constitution

The chairman provided a verbal update on progress with the review of the constitution and advised that work was underway. It was noted that the element of the review following the outcome of the LGA peer review of the Planning service was progressing. It was proposed that the committee be renamed to the Audit and Governance Committee from May 2023, subject to agreement by Full Council, to encompass the scope of the committee's work more accurately.

RESOLVED:

THAT the committee recommends to Full Council that the Audit Committee be renamed to the Audit and Governance Committee.

55. Workplan

Consideration was given to the Committees workplan for 2022-24. No comments or questions were raised at this stage and the workplan was noted. It was noted that an informal meeting of the committee may be convened ahead of the next meeting in July 2023.

RESOLVED:

THAT the workplan be noted.

56. Members' Question Time

Cllr Redrup asked a question in relation to mainland and overseas placements for looked after children.

CHAIRMAN