



# Minutes

Name of meeting	<b>AUDIT COMMITTEE</b>
Date and Time	<b>MONDAY 26 JULY 2021 COMMENCING AT 10.00 AM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT</b>
Present	Cllrs A Garratt (Chairman), J Bacon, M Lilley and I Stephens
Also Present (Non voting)	Cllrs G Brodie, J Jones-Evans, L Peacey-Wilcox
Officers Present	Andrew Carpenter, Elizabeth Goodwin, Jo Thistlewood and Claire Shand

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1. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 15 March 2021 be confirmed.

2. **Declarations of Interest**

There were no declarations received at this stage.

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

There were no public questions submitted.

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

The external auditors advised the committee that the full audit planning report had been provided later than usual due to a change in reporting deadline introduced in 2019/20. There was no significant change in the risks from the previous year, although some refocusing had been done. One risk had been added, accounting for Covid-19 related government grants. Due to the significant level of government funding awarded to Local Authorities, the risk was that the authority had not accounted for these appropriately.

Value for money assessment had been carried out and updated, the assessment included if the correct arrangements were in place. Additional work would be carried

out if a weakness was found, the external auditors confirmed that this was not the case for this year.

It was noted that the Director of Finance had agreed the 2019/20 additional fees although they were still being considered by the Public Sector Audit Appointments (PSAA), the Committee will be updated once this had been agreed.

The Committee questioned the levels of debt and borrowing of the authority, and the impact of interest costs coming out of Covid. The external auditors advised that they would report whether that the amounts reported in the accounts were accurate. The wider impact of Covid would be covered in the going concern assessment which was required by the local authority; value for money would also be considered. The auditors advised that ultimately the decision on borrowing was down to the individual local authority.

Members asked whether the new area of focus around accounting for government funding would include review of the way staff had been redeployed to different areas during the pandemic; they were advised that this was not within the remit of the external auditors, rather it would be for the internal auditors to investigate if required.

RESOLVED:

THAT the report of the External Auditor be noted.

#### 5. **Procurement Activity Report**

The Director for Corporate Services presented the report to the Committee on behalf of the Procurement and Contracts manager for the period 1 October 2020 to 31 March 2021. A total of 85 procurement processes were initiated through the procurement team from all service areas across the authority. A number of waivers had also been processed and an update on the procurement strategy was underway to include Brexit transition.

The Committee noted that the waiver process needed to be used as an emergency and not to become the normal way of working, producing a plan of contracts that were due to expire would ensure waivers were not requested very often. It was advised that some waivers were requested due to the late change in supplier and information not being available on time.

RESOLVED:

THAT the report be noted.

#### 6. **Internal Audit Progress Report**

The Chief Internal Auditor presented the progress report for 2020/21, work had been completed in all areas. Detail was provided on areas with limited assurance, these included CCTV, Digital Strategy and Greenmount.

Concern was raised regarding the level of detail contained within the report. The Committee was advised that it was an historical decision and that, in general, full reports on areas of limited assurance and no assurance could be circulated to the Committee members and provided for future meetings.

The Director for Corporate Services advised that the CCTV agreed actions were in hand and would be reported to the next meeting in September 2021.

The Committee raised strong concerns regarding the digital strategy section, especially regarding the website project around its deliverability, value for money and fit for purpose. The full report was requested by members of the committee. More and more people were reliant on digital services and it was extremely important this was completed correctly. The Chief Internal Auditor advised that the full report would be circulated.

The Director for Corporate Services acknowledged the Committee's concerns and advised that the project was broken into three phases. Phase one, which was the prototype construction commenced in October 2019 with six service areas identified. Unfortunately, 4 months into the project the pandemic started which impacted on some of the staff working on the project who were redeployed to Covid-19 response work. There was a commitment to ensure the project was delivered and all of the audit recommendations were being addressed. The project board was now meeting weekly to increase governance arrangements and keep the project on track.

The Chief Internal Auditor advised that the report was presented to the Senior Management Team of the authority and asserted that there was no pressure from that team to reduce the risk associated with the areas audited.

It was noted that the way audits were carried out in schools had been updated as the previous model was not effective. In answer to questions the Chief Internal Auditor stated that the Authority have limited access to school's unofficial accounts and were only able to verify that Parent Teacher Associations (PTA's) were using independent accountants for their funds.

RESOLVED:

THAT the report be noted

THAT the full report be circulated to Committee members

## **7. Isle of Wight Council Annual Audit Report**

The Chief Internal Auditor advised the committee that in future more detail would be provided to them to advise on key areas of concern and that the detail requested had already been provided to earlier committee meetings throughout the year.

Concern was raised regarding the Test and Trace self-isolation payments, and the potential problems associated with central government grants being implemented at speed and with little evidence to be provided by the person isolating in advance of receiving the payments. It was explained that the authority has the ability to request

the money back if no supporting evidence can be provided. Queries were outstanding due to employers enforcing some individuals to take annual leave or paid sickness for isolating.

Two areas to note regarding Freedom of Information requests and children with disabilities needed to be highlighted.

RESOLVED:

THAT the report be noted.

8. **Anti-Fraud Bribery and Corruption Policy**

RESOLVED:

THAT the Anti-Fraud Bribery and Corruption Policy be approved.

9. **The Councils Risk Profile**

The Director for Corporate Services presented the report to the Committee. The risks are brought to the attention of Cabinet, the last meeting of which had taken place on 15 July 2021.

The Committee asked how the risk register was produced and felt it needed to be presented in a different way to ensure that the approach to how risk was managed was understood by everyone.

Questions were asked regarding staff isolating, and the impact of agency staff being employed during the pandemic to assist in covering front line staff who were unable to work. Committee were advised that during the pandemic both the emergency command structure Gold and Silver groups were set up to provide the response arrangements to the pandemic and included the monitoring of staffing levels across the authority. There were still areas of risk across some services of the authority within business as usual.

RESOLVED:

THAT The report be noted.

10. **Isle of Wight Fire and Rescue Service Annual Statement of Assurance 2020/21**

The Committee were advised that a new deputy Chief fire officer had been appointed. The report covered in detail how the service had operated and, with the challenges faced during the year 2020/21, how things were being done differently to provide services for the community.

Councillors asked questions regarding the financial pressure facing the service with an overspend, was there a way to make up the deficit and was it likely to increase precepts on the Island. They were advised that Covid had impacted on the service and uncertainties in the future, and that funding was uncertain for the future.

Confirmation was requested that upgrading of Fire Stations would be completed within the specified timescales. Officers advised that work had commenced on the building upgrade on Island buildings. The Committee were also advised that data sharing agreements had been put in place between the two areas.

Concern was raised regarding the mental wellbeing of staff during the pandemic and how this was being addressed through the service, and if there had been an impact on recruitment. They were informed that a passing out parade of new Fire Fighters had taken place the previous week and support was in place for staff who faced mental health challenges due to the pandemic. It was noted that people were working differently and effectively from home, which had a positive impact on the service.

The Committee expressed their gratitude to the whole service for the work undertaken during the pandemic.

RESOLVED:

THAT the report be noted.

#### 11. **Treasury Management Annual Report**

The Technical Finance Manager advised the Committee that interest rates were low which had made a positive contribution to the Council's budget. Two areas of minor non-compliance were raised and highlighted to the Committee, this included having too much money from government grants. The impact from Covid-19 on borrowing over the last year was highlighted, with less money having been borrowed due to using surplus cash resources to pay off short term borrowing over the last 12 months. Reviews on borrowing is ongoing.

The Committee asked about historic loans which were set at high interest rates, and was there any information from government regarding early repayment negotiations. They were advised that this had been made more difficult as government had increased the repayment premium on borrowing. Maturing loans were generally higher interest rate. The Technical Finance Manager would circulate details of these to the Committee.

RESOLVED:

THAT the report be noted.

#### 12. **Annual Governance Statement 2020-21**

The Director for Corporate Services advised that the annual governance report was a statutory report due to be signed off by the Committee in September 2021. The document was in the initial draft stage which included a self-assessment carried out. Progress and an action plan for the next year were also included.

The Committee acknowledged that they would get to see the final document at the meeting in September 2021. There were some concerns regarding the information relating to difficulties in making complaints to the authority and the information provided by Corporate Scrutiny on this and that the web-site was weak.

RESOLVED:

THAT comments from the Audit Committee would be fed through the Chairman

13. **Member's Question Time**

There were no members questions received.

CHAIRMAN