



Minutes

Name of meeting	AUDIT COMMITTEE
Date and Time	MONDAY 27 SEPTEMBER 2021 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Present	Cllrs A Garratt (Chairman), J Bacon, J Jones-Evans, G Peace, M Price and I Stephens
Also Present	Jack Dunkley, Jason Jones, Helen Young (Ernst and Young) Andrew Carpenter, Debbie Downer, Elizabeth Goodwin, Paul Hargreaves, Graeme Haigh, Kerry Hubbleday, David Martin, Geraint Newton, Wendy Perera, Claire Shand and Jo Thistlewood
Apologies	Cllrs R Redrup

14. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 26 July 2021 be confirmed.

15. **Declarations of Interest**

No declarations were received at this stage.

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

No public questions were received.

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

17a **Preliminary Audit Results Report (Isle of Wight Council)**

The External Auditor presented the preliminary Isle of Wight Council Audit results report for the year ended 31 March 2021. It was advised that the accounts were not in a position to be signed-off to enable the council to meet the statutory deadline of 30 September 2021.

The Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change sought information on the calculations of the valuation of capital assets. It was advised that mainland property assets were valued at fair value as at the 31 March each year, and the existing use value would be based on

an income approach and the yield based on the risk of that income to the to the Council.

Concerns were raised regarding a loss relating to the freehold of a voluntary controlled primary school being transferred to the Portsmouth Diocese by the means of an asset swap. It was confirmed this was an error which had no impact on the general fund or reserves at the Council and was purely an accounting adjustment which would be rectified in the final version of the statement.

RESOLVED:

THAT the preliminary audit results report for the Isle of Wight Council be noted.

17b **Preliminary Audit Results Report (Isle of Wight Pension Fund)**

The External Auditor presented the preliminary Isle of Wight Pension Fund Audit results report for the year ended 31 March 2021. It was confirmed that the audit work in respect of the Fund's opinion was substantially complete and there were no areas of concern to be raised. No questions or comments were made at this stage, and the update was noted.

RESOLVED:

THAT the preliminary audit results report for the Isle of Wight Pension Fund be noted.

18. **Statement of Accounts 2020-21 Update**

The Assistant Director of Finance provided a brief verbal update on the progress with the 2020-21 Statement of Accounts. It was confirmed that all work relating to the production of the statement had been completed by the Finance Team and the draft results had been reported to the Cabinet within the quarterly performance report.

It was reaffirmed that the final statement of accounts for sign off would be presented to the Committee at its meeting in December 2021 following completion by the external auditors. No questions or comments were made at this stage, and the update was noted.

RESOLVED:

THAT the update be noted.

19. **Annual Governance Statement 2020-21**

The Assistant Chief Executive and Director of Strategy presented the report which provided the committee with details on the statutory annual review of the effectiveness of the council's system of internal controls.

Clarification was sought regarding the silver and gold command groups. It was explained that these groups were put in place with the Local Resilience Forum and

were composed of the senior managers who are responsible for the day-to-day operational arrangements for managing emergencies on the Island.

A supplementary question was asked in relation to the overview and scrutiny of the silver and gold command groups. It was confirmed that the outcome of any emergency situation would be reported to the Corporate Scrutiny Committee to evaluate how it was managed by the Council.

Discussion took place in relation to managing risk through robust internal controls, and questions were raised regarding the transparency of councillor boards. It was confirmed that these were not formal decision-making bodies however it was agreed that information on these could be made publicly-available as part of ongoing improvement for governance.

Questions were raised regarding the specific covid assurance work undertaken looking at grants, and whether this included grants from the Department for Transport. The Chief Internal Auditor requested that the titles of the specific grants be provided in order for this to be checked.

The committee were asked to approve the statement in readiness for its signing by the Leader and the Chief Executive and submission with the annual accounts for 2020-21, and this was agreed in principle subject to ensuring references to the scrutiny function (Corporate Scrutiny committee and policy and scrutiny committees) were correct, and that there was explanation of the gold and silver command functions.

RESOLVED:

THAT the content of the draft annual government statement 2020-21 be agreed, subject to revisions relating to the scrutiny function.

20. **Commercial Acquisition Strategy Progress Report**

The Senior Property Manager presented the report which provided the committee with an overall summary of progress in the delivery of the council's Commercial Property Acquisition Strategy up to 31 March 2021.

Questions were raised regarding the impact of the council now managing the property investment fund in-house. It was advised that the investment strategy had settled into a management phase and was no longer actively looking to acquire properties on the mainland, so it could therefore be managed for less than was being charged by Portsmouth City Council. Concerns were raised that this was being managed within council's existing resources which may have consequences on the deliverability of other priorities.

Questions were raised regarding the properties performance compared to the projection at the time of purchase. Discussion took place regarding vacant units and the Senior Landlord and Tenant Surveyor provided a position update. Concerns were raised regarding the financial impact on the councils' revenue by having vacant units and it was felt that this issue should be referred to the Corporate Scrutiny Committee.

RESOLVED:

- i. THAT the progress of the property investment fund in the delivery of the Commercial Property Acquisition Strategy, including the total income accrued by the council, be noted.
- ii. THAT the Corporate Scrutiny Committee be requested to look into this area.

21. The Council's Risk Profile

The Assistant Chief Executive and Director of Strategy presented the report which gave the committee an opportunity to review the current position with regard to the council's strategic risks. It was highlighted that external influences on the Council, in particular the system-wide workforce issue being felt by the health and social care sector, would form part of the next immediate review of strategic risks.

The committee noted that there would be a review of the strategic risks in line with a refresh corporate plan later in the year, and no questions were raised at this stage.

RESOLVED:

THAT the strategic risks of the council as set out in paragraph 12 and Appendix 1 of the report be approved.

22. Internal Audit Progress Report

The Chief Internal Auditor presented the report which provided an update on the progress with the Annual Internal Audit Plan, and a summary of the results of audits finalised between July and September 2021.

Questions were raised in relation to the pending DOLS audit and whether there were any concerns regarding service delivery. It was clarified that this item was included in the audit plan because it was naturally a high-risk area which had been flagged on the risk register.

The Chief Internal Auditor took the opportunity to respond to queries raised earlier in the meeting in relation to grant funding. It was advised that the Emergency Active Travel fund was included in the audit plan for 2021-22 on the basis that there was a carry-over from the previous year. It was advised that the Welcome Back Fund was not included in the audit plan as not all grants require an audit sign off.

RESOLVED:

THAT the report of the Chief Internal Auditor be noted.

23. Digital Strategy Progress Update

The Chief Internal Auditor presented the interim progress report regarding the status of actions agreed in the 2020/21 audit of the website component of the Council's Digital Strategy.

Questions were raised regarding the council's decision to choose to build its own website rather than using a template, councillor involvement in the weekly project board meetings, and consultation with external stakeholders to inform future development. The Director of Corporate Services clarified that the existing website did not meet current legislative requirements and there was therefore no option to not upgrade the website.

Concerns were raised around funding for the project. It was advised that resource/funding requirements were in place to 31 March 2022, and a business case covering post-March 2022 requirements was pending.

The Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change raised questions in relation to the history of the project and requested copies of the needs analysis, the options report to Cabinet, the project initiation document, and the report recently provided to the Deputy Leader and Cabinet Member for Community Protection and Digital Transformation.

It was confirmed that a full audit follow-up will be carried out later in the 2021/22 audit year, with a summary presented to a future meeting of the committee.

RESOLVED:

- i) THAT the report be noted.
- ii) THAT the chairman liaise with the chairman of the Corporate Scrutiny Committee to discuss the website component of the Council's Digital Strategy.

24. **Member's Question Time**

No members questions were received.

CHAIRMAN