



Minutes

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| Name of meeting | AUDIT COMMITTEE |
| Date and Time | MONDAY 6 DECEMBER 2021 COMMENCING AT 10.00 AM |
| Venue | COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT |
| Present | Cllrs A Garratt (Chairman), M Lilley (Vice-Chairman), J Bacon, I Stephens and R Redrup |
| Also Present | Cllr C Jarman Christopher Ashman, Andrew Carpenter, Debbie Downer, Hayley Holden, Kerry Huddleday, Sarah Macdonald, David Martin, Geraint Newton, Wendy Perera, Claire Shand, Justin Thorne and Megan Tuckwell Jason Jones, Helen Thompson (Ernst & Young) |
| Apologies | Cllrs M Price |

25. **Minutes**

An update was sought regarding the resolution at Minute Item 23, that the chairman liaise with the chairman of the Corporate Scrutiny Committee to discuss the website component of the Council's digital strategy. It was confirmed that discussions were held, and the item would be considered by the Corporate Scrutiny Committee at its meeting on 15 December 2021.

RESOLVED:

THAT the minutes of the meeting held on 27 September 2021 be confirmed.

26. **Declarations of Interest**

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

Cllr Ian Stephens declared an interest as a member of the LGA Fire Pension Board, the Fire Service Management Committee, and the Hampshire and Isle of Wight Fire Authority.

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

No public questions were received.

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

28a **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 2021. An update was provided with regards to the outstanding items reported at the last meeting, and it was confirmed that it was the intention to sign an unqualified opinion on the financial statements later in the week.

The Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change queried whether the auditors could circulate the valuations which formed the basis of the concluding elements of their report. It was clarified that while the specific valuation information could not be shared, the conclusions and judgements formed the report as presented to the Committee. It was reassured that if any differences in valuation were identified above the reporting threshold of £254,000, they would be included within the report.

Questions were raised in relation to the identified increased risk around the completeness, accuracy, and appropriateness of information produced due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. It was confirmed that this was a general audit risk seen nationally as a result of remote-working and the inability for auditors to carry out on-site visits due to the Covid-19 pandemic.

RESOLVED:

THAT the Isle of Wight Council's audit results report for the year ended 31 March 2021 be received.

28b **Audit Results Report - Isle of Wight Pension Fund**

The External Auditor presented the Isle of Wight Pension Fund's audit results report for the year ended 31 March 2021. No comments or questions were raised at this stage and the report was noted.

RESOLVED:

THAT the Isle of Wight Pension Fund's audit results report for the year ended 31 March 2021 be received.

28c **Draft Auditor's Annual Report**

The External Auditor presented the Draft Auditor's Annual Report for the year ended 31 March 2021. No comments or questions were raised at this stage, and the Committee thanked the external auditors and council staff involved in the completion of the audit.

RESOLVED:

THAT the Draft Auditor's Annual Report for the year ended 31 March 2021 be received.

29. **Approval of the 2020-21 Final Accounts**

The Principal Accountant (Corporate) presented the report which sought approval of the council's Statement of Accounts for 2020-21 following the completion of the external audit process. It was confirmed that the Director of Finance and Section 151 Officer, having considered the comments from the auditors and amending as appropriate, reconfirmed that he was satisfied that the statement of accounts presented a true and fair view of the financial position of the Council as at 31 March 2021. Questions raised relating to revenue spending and the £603,000 underspend in the Children's Services portfolio. The Assistant Director of Finance confirmed that the savings were as a result of a refund related to the home-to-school transport contract and did not relate to social care or the delivery of outcomes.

RESOLVED:

THAT the 2020-21 Statement of Accounts be approved, and the chairman be authorised to sign and date the Statement of Accounts.

30. **Reports of the Chief Internal Auditor**

30a **Internal Audit Progress Report**

The Audit Manager 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 September and November 2021. No comments or questions were raised at this stage and the report was noted.

RESOLVED:

THAT the Internal Audit Progress Report be noted.

30b **IT System: Technology Forge Report**

The Audit Manager presented the limited-assurance report which outlined the findings of the audit of the processes and procedures in place to manage the IT system used to manage the Council's property portfolio (Technology Forge), in accordance with the 2021/22 Audit Plan. It was advised that progress had been made across all areas and the staff responsible were confident that all actions would be completed by a revised date of January 2022, with formal internal audit follow-up scheduled for early 2022-23. The Committee requested an update on progress at the next meeting. Questions were raised regarding the segregation of duties and 'bolt-on' systems. It was suggested that the chairman raise the issue of security and integrity of the Council's IT platform to the chairman of the Corporate Scrutiny Committee as a matter for consideration.

RESOLVED:

- i) THAT the IT System: Technology Forge Report be noted.
- ii) THAT a progress report on the matter be provided to the next meeting of the Committee on 14 March 2022.

30c **Annual Fraud, Irregularity and Whistleblowing Report**

The Audit Manager presented the report which informed the committee of any incidents of fraud and irregularity experienced by the council during the period 1 April 2020 to 31 March 2021. Discussion took place regarding the instance of whistleblowing reported and questions were raised in relation to the processes, confidentiality, and anonymity. The Director of Corporate Services provided clarity around the circumstances and confirmed that the Monitoring Officer had commissioned an external investigator to provide an independent review into the matter. The recommendations for improvement went to the service manager for follow-up and the whistleblower was kept updated on the progress and was made aware of the recommendations that were being put into place to respond accordingly.

RESOLVED:

THAT the Annual Fraud, Irregularity and Whistleblowing Report be noted.

31. **Half-Yearly Treasury Management Report**

The Pension Fund & Treasury Management Accountant presented the report which provided the committee with an update on treasury management policies, practices and activities for the financial year 2021-22. Questions were raised regarding the Councils borrowings and whether the figures included the PFI contract. It was confirmed that, as at the end of September 2021, the total value of the debt for the Council (including the PFI liability) was £327.1 million. There was also £100.8 million of 'other borrowings' which fall outside of the treasury area, which included the PFI.

RESOLVED:

THAT the performance against the treasury management indicators for the period ended 30 September 2021 be noted.

32. **Half-Yearly Procurement Report**

The Procurement and Contracts Manager presented the report which provided the committee with a high-level overview of the council's procurement and contract monitoring activities for the period 1 April 2021 to 30 September 2021. Questions were raised regarding the number of waivers, and whether this is something we could be benchmark against other local authorities. Discussion took place regarding the cost implications associated with urgent waivers and it was felt that this may be exacerbated as a result of being on an Island. With particular regard to children's services it was suggested that this be referred to the Policy and Scrutiny Committee for Children's Services, Education and Skills.

RESOLVED:

- i) THAT the Half-Yearly Procurement Report be noted.
- ii) THAT the procurement of children's services activities be referred to the Policy and Scrutiny Committee for Children's Services, Education and Skills.

33. The Council's Risk Profile

The Transformation Manager presented the report which gave the committee an opportunity to review the current position with regard to the council's strategic risks. Discussion took place regarding Strategic Risk 14, the additional demands placed upon the Council and partners owing to pandemic flu or similar large-scale outbreaks. The Committee acknowledged the mitigations in place, as outlined by the Assistant Chief Executive and Director of Strategy, and thanked the health and safety team for their efforts.

RESOLVED:

THAT the strategic risks of the council as set out in paragraph 13 and Appendix 1 of the report be approved.

34. Future External Audit Arrangements from 2023/24

The Assistant Director of Finance presented the report which set out the proposals for appointing the external auditor to the council for the accounts for the five-year period from 2023/24. No comments or questions were raised at this stage.

RESOLVED:

THAT the committee recommends to Full Council that the Council accepts Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

35. Workplan

Consideration was given to the Committees workplan for 2021-23. No comments or questions were raised at this stage and the workplan was noted.

RESOLVED:

THAT the workplan be noted.

36. Member's Question Time

No members questions were received.

CHAIRMAN