



# Minutes

Name of meeting	<b>AUDIT COMMITTEE</b>
Date and Time	<b>MONDAY 14 MARCH 2022 COMMENCING AT 10.00 AM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT</b>
Present	Cllrs A Garratt (Chairman), M Lilley (Vice-Chairman), J Bacon, K Lucioni, M Oliver and R Redrup
Also Present	Cllr C Jarman  Jo Cooke, Elizabeth Goodwin, David Martin, John Metcalfe, Geraint Newton, Sarah Philipsborn and Megan Tuckwell  Jason Jones (Ernst and Young)

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## 37. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 6 December 2021 be confirmed.

## 38. **Declarations of Interest**

Cllr Michael Lilley declared an interest as member of the Local Pension Board, and in any matters relating to employment as his wife was employed by the Isle of Wight Council.

Cllr Martin Oliver declared an interest as member of the Local Pension Board.

Cllr Karen Lucioni declared an interest as she worked for the PA noticeboard of the Isle of Wight Council.

## 39. **Public Question Time - 15 Minutes Maximum**

An oral question was asked by Cllr Lilley on behalf of Chris Nicholson, of Ryde, regarding when the last audit of council leased land was made. A response was given which explained that External Audit looked at this issue every year, whereas Internal Audit is not normally involved in the matter. Reasonable assurance was given by the committee that the external auditors had last carried out this inspection in September 2021. A supplementary oral question was asked regarding who oversaw the leasing of council land and the collection of associated fees. It was confirmed that Commercial Services and the Directors of Neighbourhoods and Regeneration were the responsible overseers.

**40. Annual Report of the External Auditor, Ernst and Young**

The External Auditors presented the Isle of Wight Council's Auditors Annual Report for the year ended 31 March 2021. It was confirmed that there were very minor changes to the draft version and that the conclusions hadn't changed. They were now waiting for set procedures to be carried out so that an order certificate could be issued. Questions were raised in relation to the discrepancies concerning car parking spaces. It was confirmed that the discrepancies were not significant and the reason for the differences had been identified within the Annual Parking Report. The correct figures needed to be updated. Questions were raised regarding Haylands Primary School and rising land prices, and whether the council should look at the valuation of all its land given the significant increases in value. The External Auditor explained that land valuations were made using a particular methodology and this was due to be included in the next evaluation cycle. It was noted that future reports should have separate sections regarding climate change, the biosphere and young people as these issues needed to be addressed in a proper fashion and a feature of every report, as it was not consistent across the Council. Discussion took place regarding the relationship between Audit and Scrutiny and the need for the two committees to work alongside each other. It was reminded that the report should be published on the Council's website.

RESOLVED:

THAT the Isle of Wight Council's Auditors Annual Report for the year ended 31 March 2021 be noted.

**41. Annual Approval of the Internal Audit Plan**

The Chief Internal Auditor presented the 2022/23 Internal Audit Plan for review and approval. It was stated that that the objective was to have reasonable scrutiny across the board with the Internal Audit Plan, and because of the nature of the task, they needed to align the work with External Audit, as they both had to fall in line with statutory requirements. Questions were raised regarding the Public Health partnership outcomes and risk management. The Chief Internal Auditor clarified that the review of the Internal Audit Plan did not look at the partnership arrangements nor Public Health delivery.

RESOLVED:

THAT the 2022/23 Internal Audit Plan be approved.

**42. Internal Audit Progress Report**

The Chief Internal Auditor presented the Internal Audit Progress Report to provide the committee with the necessary information to satisfy its remit, as set out in the committee's terms of reference in the constitution. Discussion took place regarding the audit relating to the annual governance statement and the need for up-to-date policies, as far as possible keeping pace with the council's needs, changes in legislation and government guidance. It was advised that resources were stretched on both the audit and client side and that activities should recommence in the financial new year. It was noted that that the field work regarding leisure centres had been delayed because of covid.

RESOLVED:

THAT the Internal Audit Progress Report be noted.

**43. Progress Update - IT System: Technology Forge Report**

The Chairman reported that the Director of Regeneration had provided a written update on progress as requested at the meeting in December 2021. It was stated that the actions set out in the Internal Audit report on the council's Technology Forge property management IT system had been completed and that the work highlighted the need to ensure the effective use of the current platform through the internal systems review. The report also brought to the service's attention the need to consider the suitability of the current provider/platform as compared to other suppliers and that the market review was underway anticipating that the current supplier contract would end in April 2022. The Chief Internal Auditor confirmed that the matter would be audited as part of the 2022-23 plan. No comments or questions were raised at this stage.

RESOLVED:

THAT the verbal update be noted.

**44. The Council's Risk Profile**

The Transformation Manager presented the Council's Risk Profile. Questions were raised regarding the recruitment of mental health practitioners on the Island. Recruitment was also mentioned with the suggestion that forging relationships with universities could benefit the Island by helping to tailor specific recruitment needs. The over-arching subject of climate change and its importance with respect to energy issues was discussed, and whether it should have its own section in the Council's Risk Profile. The issue of the Council's housing company and audit was questioned, and where that fell for audit purposes. School attendance was discussed but it was reported that there had been good progress in this area with attendance figures during the pandemic being higher on the Island than the mainland.

RESOLVED:

THAT the Strategic Risks of the Council, as set out in paragraphs 15-20 and Appendix 1 be approved.

**45. Annual Approval of Treasury Management Strategy**

The Pension Fund and Treasury Management Accountant presented the Treasury Management Strategy Statement 2022/23. It was stated that there was nothing major to add as there had been no real changes to the main areas that the strategy covered. There had been a reduction of net debt, which was seen as positive, but there is an expectation of interest rate rises, which would have a knock-on effect if the Council ended up needing to borrow money. Questions were raised in relation to interest rates in response to the situation in Ukraine. It was confirmed that the Council had no exposure in Russian investments regarding its pension portfolio.

RESOLVED:

THAT the Treasury Management Strategy Statement 2022/23 be adopted.

46. **Workplan**

Consideration was given to the Committee's workplan for 2021-23. Cllr Lilley asked if the risk around fuel and the inflation could be looked at as well as land value and leases.

RESOLVED:

THAT the workplan be noted.

47. **Member's Question Time**

Cllr Lilley asked an oral question in relation to rental income and leases, and why was the Council not charging rent on some of its leased land which had a value. It was explained that there were several reasons why this was the case including historical agreements, but it was concluded that the committee would come back to this issue at a later date.

CHAIRMAN