

Minutes

Name of meeting	AUDIT AND GOVERNANCE COMMITTEE
Date and Time	MONDAY 11 DECEMBER 2023 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs A Garratt (Chairman), V Churchman (Vice-Chairman), K Lucioni, C Quirk and R Redrup
Also Present	Cllr J Bacon Emma Bruce, Jo Cooke, Barry Downer, Debbie Downer, Elizabeth Goodwin, Claire Massiter, Geraint Newton, Colin Rowland and Megan Tuckwell
Also Present (Virtual)	Alice Hadridge, Lesley Kinnear, Wendy Perera, Mel White Jason Jones (Ernst and Young)
Apologies	Cllr C Jarman

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

Cllr Claire Critchison was absent. Apologies had been received from Cllr Chris Jarman.

30. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 25 September 2023 be confirmed as a true record.

31. **Declarations of Interest**

Cllr Vanessa Churchman declared an interest as the Vice Chairman of the Isle of Wight Pension Fund Committee.

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

No public questions were received.

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

33a **External Audit Plan 2022-23 - Isle of Wight Council (Verbal)**

The External Auditors provided a verbal update on the progress with the external audit plan for the Isle of Wight Council 2022-23. It was advised that the external audit plan had not been issued as the guidance for 2022-23 local government audits had not yet been announced. Once released, there was an expectation that work would continue into a normal audit cycle from 2023-24. It was confirmed that value-for-money and pension fund audits were unaffected and were already underway. No comments or questions were raised at this stage and the update was received and noted.

RESOLVED:

THAT the verbal update be received and noted.

33b **External Audit Plan 2022-23 - Isle of Wight Pension Fund**

The committee received the report of the External Auditors which provided an overview of the proposed approach and scope for the audit of the Isle of Wight Pension Fund for the year ended 31 March 2023. It was confirmed that the intention was to present the final audit results report to the committee at its meeting in March 2024. Discussion took place regarding the use of automated software and assurance was sought that accurate results were delivered, and that human oversight and controls were in place.

RESOLVED:

THAT the report be received and noted.

34. **Internal Audit Progress Report**

The Chief Internal Auditor presented the report which summarised the results of the audits finalised between September and December 2023, covering all completed audits for the 2023-24 year. The committee were satisfied with the report and questions were raised regarding future planning. It was confirmed that the internal auditors were already engaging with various service areas in planning for the 2024-25 audit cycle.

RESOLVED:

THAT the report be received and noted.

35. **Fraud, Irregularity and Whistleblowing Annual Report**

The Chief Internal Auditor presented the report which informed the committee of any incidents of fraud and irregularity experienced by the council from 1 April 2022 to 31 March 2023. Discussion took place regarding the number of instances of potential fraud. The committee confirmed they were satisfied that robust processes were in place which led to appropriate actions being taken.

Cllr Karen Lucioni declared an interest as a PA who received direct payments.

RESOLVED:

THAT the report be received and noted.

36. Procurement Half-Yearly Report

The committee received the report which provided a high-level overview of the council's procurement and contract monitoring activity from 1 April 2023 to 30 September 2023. Discussion took place regarding the number of waivers for children's services, mainland placements, short-term solutions, value for money, local community wealth building, and project management. Questions were raised regarding the length of time taken to procure a contract. It was confirmed that each instance was dependent on the nature and complexity of the contract being procured, and most were bound by compliance to good governance regulations.

RESOLVED:

THAT the report be received and noted.

37. Treasury Management Report (Q2)

Consideration was given to the report which provided an update on treasury management policies, practices, and activities from 30 March 2023 to 30 September 2023. Attention was drawn to updates around the lender's option borrower's option (LOBO) loans and the ongoing changes to the interest rates. The committee expressed its thanks to the Pension Fund and Treasury Management Accountant, and the team, for the work being undertaken.

RESOLVED:

THAT the performance for the six months to 30 September 2023 against the treasury management indicators be received and noted.

38. The Council's Risk Profile

Consideration was given to the report which summarised the current position with regards to the council's strategic risks.

The chairman confirmed that he had attended a meeting of the Corporate Management Team to observe the discussion around risk and was satisfied that senior management takes risk seriously and addresses it appropriately in their deliberations.

It was confirmed that Strategic Risk 18, the ending of the children's services partnership with Hampshire County Council (and associated decoupling arrangements) would evolve into a new risk going forward as the exit arrangements were underway.

Questions were raised regarding the use of reserves to offset the significant financial pressures on adult social care and children's services, and whether mitigation processes were in place to avoid an ongoing structural deficit in future years. The Chief Executive advised that the pressures stemmed from increasing

demand, and a full update could be provided at the end of the financial year and when the local government financial settlement is announced in December. It was agreed that a response would be sought from the Section 151 Officer.

Discussion took place regarding schools at risk of financial deficit as a result of low pupil numbers, and the Cabinet Member for Children's Services, Education and Corporate Functions advised that discussions were already underway with the newly appointed Director of Children's Services. It was confirmed that a clear process was in place with the development of an outline plan and timeline of implementation by Easter 2024.

RESOLVED:

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

39. **Review of the Constitution (Verbal)**

The chairman advised that work was ongoing and there were no further updates aside from the work of the Future Governance Working Group.

RESOLVED:

THAT the report be received and noted.

40. **Future Governance Working Group**

The committee received the report and were asked to note the recommendations of the Future Governance Working Group, which proposed a move to a politically-proportionate Committee system from May 2024. The Cabinet Member for Children's Services, Education and Corporate Functions noted that any decision by the Full Council should only be an indicative, in principle decision, as insufficient detail had been provided at this stage, particularly in relation to the approach to the scrutiny function, the scheme of delegation to officers, public consultation, and financial implications. The chairman emphasised that it was incumbent on all members of the council to be fully informed on the process and its implications before making any decision.

RESOLVED:

THAT the recommendations to the Full Council be received and noted.

41. **Workplan**

Consideration was given to the committees workplan. The chairman confirmed that his annual report would be presented at the next meeting in March 2024, and he would endeavour to speak with members of the committee in developing the report. It was requested that the Monitoring Officer be asked to prepare a report for the next meeting in March 2024, should the Full Council agree to a move to a politically-proportionate Committee system.

RESOLVED:

THAT the workplan be received and noted.

42. Members' Question Time

Cllr Chris Jarman submitted a written question in relation to The Council's Risk Profile – Appendix 1 (MQ 14-23). The chairman provided a written response.

Cllr David Adams submitted a written question in relation to the disposal of council assets (MQ 15-23). The chairman provided a written response.

Cllr John Medland submitted a written question in relation to the disclosure of financial settlements (MQ 16-23). The chairman provided a written response.

Cllr Clare Mosdell submitted a written question in relation in relation to the funding for homes for Ukrainian refugees (MQ 17-23). The chairman provided a written response.

Cllr Peter Spink submitted a written question in relation to the disposal of land (MQ 18-23). The chairman provided a written response.

Cllr Vanessa Churchman asked an oral question regarding in relation to transparency and disclosures around council finances. The Strategic Director of Community Services advised that a certain level of a confidentiality is required while negotiations take place when the council operates in a commercial environment.

Cllr Vanessa Churchman asked an oral question regarding a residents concerns around the fee for a replacement concessionary bus pass. The Strategic Director of Community Services confirmed that a written response would be provided.

In relation to all questions which raised openness and transparency, the chairman indicated that a discussion at a future meeting on the council's obligations and aspirations could be helpful to the committee, and to all members.

CHAIRMAN