



# Minutes

Name of meeting	<b>AUDIT COMMITTEE</b>
Date and Time	<b>MONDAY 28 NOVEMBER 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) and K Lucioni
Also Present	Cllr C Jarman and Cllr K Love
	Jo Cooke, Debbie Downer, Elizabeth Goodwin, Hayley Holden, Kerry Hubbleday, Geraint Newton and Megan Tuckwell
Also Present (Virtual)	Cllrs J Jones-Evans, L Peacey-Wilcox, and C Critchison
	Christopher Ashman, Dawn Lang and Chris Ward
	Jason Jones (Ernst & Young)
Apologies	Cllr G Peace

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

Cllr Peace gave his apologies.

26. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 17 October 2022 be confirmed as a true record.

27. **Declarations of Interest**

No declarations were received at this stage.

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

No public questions were received.

29. **Council's Financial Position**

The committee received a presentation from the Director of Finance and Section 151 Officer, which provided an overview of the council's current financial position, the original forecast and forecast budget pressures, government funding changes,

and planning for the budget-setting process. Discussion took place with regards to resilience and budget reserves as they related to the strategic risks of the council. Questions were raised around the progress with securing additional funding from the government in the form of the Island Deal, to recognise the Island's physical separation from the mainland and the unique associated costs.

RESOLVED:

THAT the Cabinet be supported in pursuing an effective Island Deal.

30. **External Audit Planning Report - IWC Update**

The External Auditors presented the report which provided the committee with an update to the risk identification for the 2021/22 audit for the Isle of Wight Council, reflecting the change in risk relating to investment property valuations. No comments or questions were raised, and the report was noted.

RESOLVED:

THAT the report be received and noted.

31. **Internal Audit Progress Report**

Consideration was given to the internal audit progress report. The committee noted the assurance levels of the Omicron Business Grant fraud assessment and the council tax and NNDRs. Questions were raised regarding policy decisions relating to Section 106 Agreements. As the audit reviewed the procedures and accounting records, it was suggested that the Policy and Scrutiny Committee for Neighbourhoods and Regeneration be asked to look into queries raised by councillors that were outside of the remit of the Audit Committee.

RESOLVED:

THAT the report be received and noted.

32. **Fraud and Irregularity Annual Report (inc. Whistleblowing)**

The Chief Internal Auditor presented the annual report which provided an overview of any incidents of fraud and irregularity experienced by the council during the period 1 April 2021 to 31 March 2022. The committee noted that an increase in activities of this nature was likely to emerge and it was advised that enhanced checking would take place throughout the upcoming year.

RESOLVED:

THAT the report be received and noted.

33. **Procurement Half-Yearly Report**

The Procurement and Contracts Manager presented the report which provided an overview of the council's procurement and contract monitoring activities for the period 1 April 2022 to 30 September 2022. Comments were made in relation to approved waivers and it was confirmed that whilst there had been an overall

decrease, those in Adult Social Care and Children's Services remained high. It was suggested that the Policy and Scrutiny Committees for Children's Services, Education and Skills, and for Health and Social Care, be asked to look into the matter. Questions were raised in relation to instances where contractors had gone out of business, and it was advised that the closures of care homes had a significant impact on the Adult Social Care system and budget pressures.

RESOLVED:

THAT the report be received and noted.

#### 34. **Treasury Management Report Q2**

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

Consideration was given to the report on treasury management policies, practices, and activities for the quarter ended 30 September 2022. Subsequent to the publication of the report, it was advised that the Bank of England had increased their interest rates and were forecast to increase further. Questions were raised regarding the impact this may have on the council's long-term borrowing commitments to address housing issues. It was agreed that the matter would be discussed with the chairman of the Corporate Scrutiny Committee.

RESOLVED:

THAT the report be received and noted.

#### 35. **The Council's Risk Profile**

The Strategic Manager for Organisation Intelligence presented the report which summarised the current position with regard to the council's strategic risks. Comments were made in relation to the narrative provided on safeguarding, monitoring of occupancy levels, directorate engagement, and business continuity plans for the highways PFI and waste contracts. The committee noted the development of a new strategic risk in relation to the cost-of-living, and it was suggested that an informal meeting be arranged (at an appropriate time) in order for committee members to be fully briefed on the matter before receiving quarterly updates.

RESOLVED:

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

#### 36. **Chairman's Annual Report 2021-2022**

The chairman provided a verbal update on progress and confirmed that the report would be presented at the next meeting of the committee in March 2023. It was advised that the report was being developed in line with CIPFA guidance and would review the committee's effectiveness. Key elements would include the exploration of recruiting a co-opted independent expert, and for the committee to engage directly and separately with its external auditors. No questions or comments were raised at this stage.

RESOLVED:

THAT the update be noted.

37. **Review of the Constitution**

The chairman provided a verbal update and advised that the main element of the review, following the outcome of the LGA peer review of the Planning service, was understood to be progressing well. It was reminded that the committee were obliged to consider any changes to the Constitution, for recommendation to Full Council.

RESOLVED:

THAT the verbal update be noted.

38. **Workplan**

Consideration was given to the Committees workplan for 2022-24 and the chairman invited committee members to share their views on altering the start time and/or day of the week for future meetings. It was advised that consideration would be given to the governance arrangements, decision-making processes, and lessons learnt in relation to the Floating Bridge, and it was agreed that the approach to this matter would be discussed with the chairman of the Corporate Scrutiny Committee.

RESOLVED:

THAT the workplan be noted.

39. **Members' Question Time**

Cllr Lucioni asked a question in relation to committee membership and the progress with the recruitment of a co-opted independent expert. It was advised that initial work was underway, and the first stage would be to identify any knowledge and skills gaps.

CHAIRMAN