



Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	TUESDAY, 12 FEBRUARY 2008 AT 6.00PM
Venue	COMMITTEE ROOM 1, COUNTY HALL, NEWPORT. IOW
Present	Cllrs Colin West (Chairman), Jonathan Fitzgerald-Bond, Mike Cunningham, Brian Mosdell,
Audit Commission	Kevin Souter
Officers Present	Jonathan Baker, Roger Brown, David Burbage, George Hook, Ged Richardson, Paul Thistlewood, Richard Williams
Apologies	Cllr Ivan Bulwer

30. Minutes

The minutes for the previous meeting on the [4 December 2007](#) were agreed.

A query raised in relation to the Property Disposals Programme And members were advised that the process for this formed part of the review of the Council's Constitution.

RESOLVED:

THAT the minutes of the meeting held on 4 December 2007 were approved.

31. Declarations of Interest

There were no declarations received at this stage.

32. Public Question Time

No public questions received

33. Quarter Three Reports.

I. Internal Audit Outcomes Report – Quarter 3

The Chief Internal Auditor presented his report to the Committee and the following aspects were highlighted:

- a. Internal Audit Productivity – this showed that 86% of the planned work had been completed by the end of Quarter Three. The target was 90% but due to a member of staff leaving and the 10 day Christmas break, this was not achieved. It was anticipated that the target would be met by the end of Quarter 4.

The target for 2008/09 would be 92.5%.

- b. Completed Audits – Three areas were identified as having a limited assurance level. These were Events Management, Receiverships and Highways Maintenance.

It was noted that Receiverships entailed the Authority being appointed by the Court of Protection to look after the financial affairs of individuals who have nobody else to do this and who were mentally incapable of doing so themselves. A fixed fee, set by law, was payable to the Authority for this service.

Several risks had been identified with the service and appropriate action taken to reduce these.

Although these were classed as a relatively low risk area, members asked that in any future Executive Summary of the report all key recommendations should be shown.

The Highways Maintenance audit had one significant finding regarding the routine inspections of highways. Delays had occurred as a result of staff shortages, thereby reducing the Councils ability to defend insurance claims.

The Chief Internal Auditor stated that claims were mainly of a small nature, with only a few significantly larger. It was also noted that the trend for claims against the Authority had increased over the previous year.

Members suggested that the Scrutiny Committee should be made aware of the position to ascertain whether it should look into the matter in more depth.

- c. Results of Followed Up Audits Performed – The Committee was advised of the recommendations from previous audits where no action appeared to have been taken by the service involved. Of particular concern were recommendations of a priority one or two status.

The Committee was made aware that Kitbridge Middle School had five Priority One recommendations and three Priority two recommendations that were of a financial and governance nature, still outstanding from January - March 2007. It was not general practice to report on audits of individual Schools but because of the repeated attempts to gain a satisfactory response it was considered necessary to do so on this occasion

Members considered that the Chairman of the Committee should raise their concerns with the Chair of Governors.

RESOLVED:

- a. THAT the Internal Audit Outcomes Report – Quarter 3 be noted
- b. THAT the Chairman of the Committee write to the Chair of Governors at Kitbridge Middle School seeking reasons why the recommendations arising from an Audit in January 2007 have yet to be implemented.
- c. THAT all recommendations made by Internal Audit be included in future reports.
- d. THAT the Scrutiny Committee be asked to consider the issues highlighted during the Audit on Highway Maintenance.

II. Risk Management – Quarterly report

The Interim Head of Compliance highlighted the following issues that were raised in the report:

- Training – Members had found this to be useful with 17 attending the recent course and further sessions were being planned at officer level. It was suggested that if members required additional training on risk, this could be incorporated into further audit training or delivered on a one to one basis.
- Risk Registers – A review of the Council's strategic risks was being undertaken by the Interim Head of Compliance in conjunction with Directors' Team and a new strategic risk register would be brought to the Audit Committee in May 2008 prior to Cabinet.
- Service Planning – The objectives had been met and would feed the service registers

The Interim Head of Compliance stated that although there were financial implications as a result of the Ryde Interchange and the One School Pathfinder projects, the report itself posed no financial implications as it was merely an updated report. The Interim Head of Compliance would be happy to talk through any issues that posed financial risks once the register had been completed.

RESOLVED:

THAT the Risk Management Quarterly Report be noted

34. Report of the Chief Internal Auditor

Internal Audit Governance Arrangements

The Chief Internal Auditor outlined the new terms of reference for the Isle of Wight Council Internal Audit Service along with a plan of how these would be implemented. This arose following an in depth triennial review by the Audit Commission of the Service.

The revised Terms of Reference, based upon the Chartered Institute of Public Finance and Accountancy Code of 2006, would ensure that the Council's Internal Audit Strategy was fully compliant.

RESOLVED:

- a. THAT the Internal Audit Charter be approved.
- b. THAT the Internal Audit Strategy 2008/09 be approved

35. Exclusion of Public and Press

RESOLVED:

THAT under Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, namely minute number 7, on the grounds that there is likely to be disclosure of exempt information as defined in paragraphs 1 and 2 of Part 1 of Schedule 12A of the Act and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

36. Confidential Report of the Chief Internal Auditor

Internal Audit Outcomes Report Quarter 3

The Acting Head of ICT reported that there was an increasing risk to the Council regarding software licensing.

Although the 2007/08 Audit Plan had not originally included a review of software licensing it was decided that there was an urgent need for the Council to ensure that this was managed correctly because of potential problems.

It was also noted that the Council was working towards centralisation of the procurement of software.

The Council was keen to be pro-active in its approach to dealing with the issues that had been highlighted in the review and thus avoid any potential difficulties with software companies. A certificate of compliance had already been gained from Adobe and it was fully expected that a certificated would be gained from Microsoft by April 2008.

One option that could be explored would be that of Enterprise Licenses. This would be a more favorable alternative to the standard license agreements but the financial costs of this would need to be fully assessed.

The Interim Director of Finance stated that many Authorities and organisations have found themselves in a similar position and that the Council was taking proactive action to overcome any potential problems.

The Acting Head of ICT indicated that he would report to a future meeting of the Committee on progress in this matter.

RESOLVED:

THAT the report be noted and an updated report be made to the Audit Committee on 23 June 2008.

CHAIRMAN