

# Minutes

Name of meeting	<b>AUDIT COMMITTEE</b>
Date and time	<b>THURSDAY, 14 FEBRUARY 2013 AT 6.00PM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, NEWPORT</b>
Members Present	Cllrs Roger Mazillius (Chair), Mr Garry Smith (Co Opted – Non Voting), Ian Stephens, Andy Sutton and Ian Ward
Officers	Jon Baker, Dave Burbage, Sue Dasent, Stuart Fraser, Bob Streets, Jo Thistlewood
Internal Auditor	Emma Butler, (Price Waterhouse Cooper) and Geraint Newton (Price Waterhouse Cooper)
External Auditors	Kevin Suter (Ernst and Young)
Apologies	Cllr Reg Barry

39. [Minutes](#)

Members reviewed the minutes to the previous meeting held on [13 December 2012](#).

RESOLVED:

THAT the minutes be agreed.

40. [Declarations of Interest](#)

None declared.

41. [Public Question Time](#)

Ms Tanja Rebel of Cowes put a written question to the Audit Committee on the subject of Newport Harbour accounts.

A written response was made available. ([PQ 07/13](#))

Mr Christopher Dodd of Newport submitted a written question to the Audit Committee, also on the subject of Newport Harbour Accounts

A written response was made available. ([PQ 08/13](#))

42. [Approval of the Treasury Management Strategy](#)

The councils Technical Finance Officer presented to members of the committee a report which set out the council's annual strategy with regard to the Council's treasury management activity. The strategy formed part of the council's annual budget strategy for which approval would be sought by all elected members at the meeting of Full Council on Wednesday, 27 February 2013. Members of the Audit Committee were therefore requested to agree the strategy prior to its presentation to all members.

The committee was pleased to note that there appeared to be no overriding problems with risk management and they were happy to recommend the strategy for approval at Full Council as part of the overall Budget strategy.

RESOLVED:

THAT the Council be recommended, as part of the budget strategy considerations at its meeting on Wednesday, 27 February 2012, to agree the Treasury Management Strategy and Policy for 2013-14

43. [Internal Audit Plan](#)

Members were presented with a report from the Business Effectiveness Manager which introduced the council's Internal Audit Plan for the financial year 2013-14. The report would give the Audit Committee an opportunity to consider the content and balance of the plan which would be used to direct internal audit resources. The plan addressed the council's key risks, as well as adequately covering any business operations.

It was noted that where it was stated that there was no further work required in the frequency column, this only meant for the duration of the plan. Each area would still be reviewed annually.

Members were also advised that the plans coverage (Audit Universe) was, in the view of the internal auditors the best it had been.

With regard to future plans, the chairman request that a colour code be introduced to explain each indicator for the benefit of copies made in black and white.

On the auditable unit of Safeguarding, it was noted that this would be included in the overall 2013/14 plan.

Members were also advised that the replacement for the SWIFT IT System was deferred by a year owing to the project still being evaluated and the potential for ever increasing collaboration with the health service. It was therefore agreed that this would be clarified in the comments section of the plan.

On the auditing of School Academies, these would be carried out under a national framework and not by the council's internal auditors.

Members were advised that the plan was based on a resource allocation of 1,045 days of which 45 would be carried over from the current year.

RESOLVED:

THAT the Internal Audit plan for 2012/13 be approved.

44. Draft Work Programme

The draft programme for the schedule of committee activity over the coming year was reviewed:

Members were advised that owing to the pre-election period leading up until the Local Elections in early May 2013; it had been decided to reschedule any items for April's Audit Committee meeting to that planned for June 2013.

It was also noted that the schedule of meetings over the forthcoming council year had been reduced to four meetings per annum.

RESOLVED:

THAT the Draft Work Programme be noted.

45. External Audit Reports

The External Auditor presented to members of the committee a report which provided information on the following areas of activity carried out by the council's external auditors

I. Progress Report - 2012/13

This reported on the work undertaken to date since the appointment of Ernst and Young LLP on 1 September 2012 as the council's new external auditors. The purpose of the report was to provide the Committee with an overview of the stage reached in planning the 2012/13 audit as well as the first step in ensuring that the audit is aligned with the committee's service expectations.

The committee noted the thanks given from the auditors for the council's cooperation in transferring various data to them during the transition period.

II. Annual Audit Fee Letter IOW Council - 2012/13

This confirmed the work that was proposed to be undertaken for the 2012/13 financial year for the Isle of Wight Council.

III. Annual Audit Fee Letter IOW Council Pension Fund – 2012/13

This confirmed the work that was proposed to be undertaken for the 2012/13 financial year for the council's pension fund.

Members were advised that the reduced fee was as a result of the work being outsourced from the Audit Commission.

RESOLVED:

THAT the External Audit Reports be noted

46. [Procurement Monitoring Report For The Six-Month Period 1 April To 30 September 2012](#)

The Council's Strategic Manager for Procurement & Contract Management presented to the committee a report which provided a high level view of the Council's procurement activity (as demonstrated by the operation of the authority's internal Procurement Board) for the period of 1 April 2012 to 30 September 2012 inclusive.

Members noted that during the period, there had been a total of 71 items presented to the Procurement Board of which there had been 24 Waiver requests, 14 Contract Award Reports, 12 requests for the use of an approved Framework and 11 Contract Letting Strategies. The remaining 10 items were made up of Briefing / Noting Reports and two Contract Price Variation papers.

The committee was advised that the contract on the Continuation of the Interim Substance Misuse Treatment Services at HM Prisons IOW would transfer to the auspices of the local NHS service and that the cost was for the transitional period.

Members were pleased to note a significant reduction in the Waiver of Contract Standing Order reports presented to the Procurement Board.

RESOLVED:

THAT the Procurement Monitoring Report for the Six-Month Period 1 April to 30 September 2012 be noted

47. [Internal Audit Performance Report – Quarter Three](#)

The Business Effectiveness Manager presented to members a report which provided executive summaries of the work of the council's internal auditors as well as highlighting key performance indicators.

Members noted that satisfactory progress had been achieved with 60% of actions resulting from audits implemented and some 39% partially implemented or defined as being "in progress".

On the executive summary for Insurance, Members requested that a report be presented to a future Audit Committee meeting that provided an update on the council's insurance arrangements.

RESOLVED:

- i. THAT the Internal Audit Performance Report be received and noted.
- ii. THAT a report be presented to a future meeting which provided an update on the council's insurance arrangements

33. **Members Question Time**

There were no written questions received

CHAIRMAN.....