

Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	TUESDAY, 15 MAY 2012 AT 6.00PM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT
Members Present	Cllrs Julie Jones-Evans (Chair), Reg Barry, Andy Sutton, Ian Ward
Co Opted Member (non voting)	Mr Garry Smith
Other Members (non voting)	Cllr George Brown, John Hobart, David Pugh
Officers	Jon Baker, Steve Beynon, Dave Burbage, Sue Dasent, Ian Lloyd, John Metcalfe, Bob Streets, Jo Thistlewood, Richard Williams
Internal Auditors	Emma Butler (PWC), Geraint Newton (PWC)
Other Members	Cllr John Hobart
Apologies	Cllr Ian Stephens

43. [Minutes](#)

Members reviewed the minutes to the previous meeting held on [21 February 2012](#).

RESOLVED:

THAT the minutes be agreed.

44. [Declarations of Interest](#)

None declared.

45. [Public Question Time](#)

There were no written public questions received

46. [Draft Work Programme](#)

The draft programme for the schedule of committee activity over the coming year was reviewed and the committee was advised that along with the standard agenda items scheduled, further training would also be provided.

RESOLVED:

THAT the Draft Work Programme be noted.

47. Internal Audit Performance Report

The committee was presented with the final report from the council's internal audit provider PricewaterhouseCoopers LLP (PwC), on the progress of the audit plan for 2011-12 and the committee was pleased to note that the plan had been completed within the year. The internal auditors had good feedback on their work as evidenced by the customer satisfaction scores that they had received throughout – an average of 8.8 (out of 10) for the year.

Each individual audited area was discussed by members and the following was highlighted:

- Accounts Payable - One of the findings around orders being placed and receipted after the date of the invoice was likely to be due to staff not following procedures correctly, thus creating more work for others. The committee requested more detail on this from the internal auditors and it was noted that this would be sent to members following the meeting.
- Centralising Procurement – Members were advised that the new Central Procurement and Contract Management Unit dealt with many more areas than the previous arrangement did, such as the Schools Reorganisation and Adult Social Care and the change had incurred risks that were being managed. This was the first time the area had been reviewed.
- Education Management System (EMS) – Members were advised that the three medium risks were around tightening up procedures.
- Local Taxation – Whilst the risk was identified as low, Members were advised that no debts were sold on to bailiffs. These were just passed on to be collected and the bailiffs' would receive their costs.
- Think Local, Act Personal (TLAP) Follow Up – Whilst the work should be prioritised towards achievement of the government target of having 100% of eligible care users on personal budgets, the committee was advised that it was acknowledged that the measure should be a more realistic 80%.
- Financial Reporting, Budgetary Control and General Ledger – It was noted that a number of financial areas audited annually remain outstanding although the vast majority were in progress.

Members agreed to make a formal recommendation around the analysis of High, Medium and Low Risk findings of Internal Audit.

It was also noted that a report on the Internal Audit of Payroll would be presented at the next Audit Committee meeting on 28 June 2012.

On the issue of the Key Performance Indicator, Client satisfaction survey for Sickness and Absence monitoring, it was noted that feedback would be provided to members following the meeting.

RESOLVED:

- I. THAT Feedback be provided to members on the client satisfaction survey for Sickness and Absence monitoring
- II. THAT an analysis of High, Medium and Low Risk findings of Internal Audit be presented at a future meeting
- III. THAT the Internal Audit Quarterly Report be noted

48. Procurement Half-Yearly Report

The committee was presented with a report from the councils Strategic Manager – Procurement and Contract Management which provided a high level view of the Council's procurement activity (as demonstrated by the operation of Procurement Board) for the period 1 April 2011 through 31 March 2012, the anticipated procurement activity in the year 2012/2013 and an update on the ongoing development of the procurement framework.

The establishment of the Procurement Board in the summer of 2007 was a direct response to procurement irregularities and provided a central oversight of procurement at officer level, ensuring compliance with the Council's Contract Standing Orders and Procurement Code. Membership was represented from various key areas of the council including Finance, Legal and Human Resources and the Board would meet on a weekly basis.

Members were advised that whilst there had been a total of eighty waivers for contract standing orders for the year, it should be noted that some of these would be to the advantage to the council, such as looking to procure through another council or due to urgency which would otherwise be costly should a full tender process be observed.

The increase in Briefing Notes was as a result of officers being better at detailing the reasons for requesting a waiver and as such should be seen as an improvement to the procurement activity.

Members requested that should any waiver request exceed a value of £250,000, the committee should be provided with a more detailed analysis of the application.

It was noted that the Cabinet Member for the Economy, Environment and Waste requested that it would be desirable for more senior member involvement on issues of procurement

RESOLVED:

THAT the Procurement Half Yearly Report be noted

49. [Draft Annual Governance Statement 2011-12](#)

The committee received a report from the Business Effectiveness Manager which provided them with an opportunity to consider the developing Annual Governance Statement (AGS) 2011-12 which would need formal approval at the June 2012 meeting.

Members were advised that in order to identify issues of governance or internal control requiring remedial action, an improvement plan needed to be agreed and implemented, which the committee had played an important role in the past.

Such areas of past improvement included the implementation of the councils internal Procurement Board which helped to avoid procurement incidents such as that around the Undercliff Drive from reoccurring.

It was noted that on page E16 of the reports Appendix, section 16 of the Governance within schools requirements should state that Steve Beynon was the Lead Officer.

RESOLVED:

THAT the development of the Draft Annual Governance Statement 2011-12 be noted

50. [Strategic Risk Report](#)

The Business Effectiveness Manager presented to members report which provided them with an opportunity to review the strategic risks that the council faced as well as agree to any areas where further information or action would be required.

The committee was reminded that they had been instrumental in changing the way in which the management of strategic risk had been reported, culminating with a report at the last meeting which laid out a revised set of risks with enhanced information to measure the effectiveness of actions.

Out of the six most significant risks, four had been managed to the target score whilst two had not reached target. These two risks were around "Insufficient Staffing Capacity and Skills" and "Failure to Commission and Secure Services Which are Relevant to the Isle of Wight Community's Needs".

With regard to the Procurement Strategy, the committee was advised that its target should be achieved by September 2012 when it would be submitted to Cabinet for formal approval soon after. It was agreed that prior to submission to Cabinet, the Audit Committee would review the final draft.

RESOLVED:

- I. THAT prior to submission for Cabinet Approval in the autumn of 2012, the Audit Committee would receive a draft of the Procurement Strategy at its meeting in September 2012.
- II. THAT the Strategic Risk Report be agreed.

51. [Annual Risk Management Report](#)

The Business Effectiveness Manager presented members with a report which provided assurances around the council's risk management arrangements.

The managing of risk was fundamental to the authority's daily business and formed part of many aspects of the councils regular procedures, such as Monthly service Boards and Directorate Review Boards as well as Committee Reports etc.

Risk was also integrated into all areas of financial and performance reporting.

Members were advised that the benchmarking figures illustrated in the reports appendix would be updated shortly and the revised figures were expected to be an improvement on the previous year and fed back to the committee in due course.

RESOLVED:

THAT the Annual Risk Report be considered.

52. [Fraud and Irregularity Annual Report 2011-12](#)

The Business Effectiveness Manager presented the committee with a paper which reported on the effectiveness of the council's anti-fraud and corruption strategies and whistle- blowing policy.

Members were advised that the detection of Benefit Fraud was good and that there had been no major Whistleblowing incidents of note. Incidents outside of Benefit Fraud were also very rare and minor.

Whilst the results were encouraging, the committee noted that the council needed to remain vigilant, particularly during austere financial times and appropriate measures to mitigate such complacency were in place.

RESOLVED:

THAT Fraud and Irregularity Annual Report 2011-12 be noted.

53. [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 Agenda item number 12, on the grounds that there is likely to be disclosure of exempt information as defined in paragraph 7C 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.

54. **Benefit Payments – Risk Based Verification Policy**

The councils Benefits Manager presented to members a report which provided them with opportunity to examine the Risk Based Verification (RBV) policy introduced from 1 April 2012 and approve the levels of verification that will be applied by the Isle of Wight Council to the assessment of Housing & Council Tax Benefit (HB/CTB) claims received.

RESOLVED:

THAT the verification standards required for new benefit claims across the Risk Scores applied for RBV, detailed within the RBV Policy be approved.

55. **Member Question Time**

There were no written questions received

CHAIRMAN.....