



Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	TUESDAY, 15 SEPTEMBER 2009 COMMENCING AT 6.00 PM
Venue	COMMITTEE ROOM ONE, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Roger Mazillius (Chairman), Reg Barry, Ian Stephens, Ian Ward
Officers Present	Dave Burbage, Andrew Carpenter, George Hook, Julie Martin, Ged Richardson, Paul Thistlewood
Audit Commission	Kate Handy, Kevin Suter
Apologies	Cllr Susan Scoccia

8. **Minutes**

RESOLVED:

THAT the Minutes of the meeting held on [22 June 2009](#) be confirmed.

9. **Declarations of Interest**

There were no declarations received at this stage.

10. **Audit Commission Reports**

The findings and conclusions relating to three reports from the Audit Commission were presented to the Committee for consideration.

(a) **Annual Governance Report 2008/09**

The Audit Commission provided a summary on its findings on the Council's accounts and value for money conclusion.

The Committee was asked to:

- consider matters raised within the report before approving the financial statements;
- take note of the adjustments made to the financial statements;
- agree to adjust the errors not yet been adjusted or advise why not in a letter of representation;
- take note of the value for money conclusion on the use of resources score, and
- approve the letter of representation.

In respect of the response to the proposed action plan, officers were normally asked to provide a response for that. The Annual Governance Report could then be finalised.

The key message was that the Audit Commission had two judgements to make, whether unqualified opinions could be given on the statements of accounts and the value for money conclusion. An unqualified opinion was given on both counts.

There were a number of issues still outstanding although some had been cleared. If there were any further issues arising from those not cleared they would be brought to the Chairman's attention

Unadjusted errors should be either amended or set out in a letter of representation as to why they would not be amended. None of the errors were material to the opinion that would be given.

The Council's continued improvement in its accounting procedures for 2008/09 was recognised. A detailed use of resources report would be submitted to the Cabinet on 13 October 2009.

A question was raised with regard to the number of fixed assets that were disposed of. The Committee was advised that the certain assets within the plant and equipment category depreciated over the years so were consequently written out of the accounts and were treated as impairment or a re-valuation whereas the Audit Commission suggested that they be treated as disposal. The overall fiscal situation remained the same.

A reference was made to an inexplicable variation on the reconciliation of the pension payments. Members were told that the actual figure relating to the variance was £12,000. This was being looked at in more detail and may have been an error in coding.

With regard to the unadjusted misstatements on the accounts, members were advised that there was an unqualified opinion and the areas where the Council had been asked to adjust had been done. Other areas were not felt to be material and not thought to impact the integrity of the accounts. It was believed they should not be adjusted and the areas would be noted for subsequent audits.

RESOLVED:

- (i) THAT the Financial statements be approved.
- (ii) THAT the adjustments be made.
- (iii) THAT the errors as set out in Appendix 3 of the report not be adjusted on the basis that they were not material and did not alter the integrity of the accounts and the work involved was not justified.

(iv) THAT the draft letter of representation with the final letter be agreed by the Chairman of the Audit Committee

(v) THAT officer's be asked to prepare a response to the action plan.

(b) **Pension Fund Annual Governance Report 2008/09**

The overall message was that an unqualified opinion was to be given and there was no value for money conclusion on the pension fund. There was only one unadjusted error for which an explanation was given.

RESOLVED:

(i) THAT the Financial statements be approved.

(ii) THAT the adjustments be made.

(iii) THAT the errors as set out in Appendix 3 of the report not be adjusted on the basis that they were not material and did not alter the integrity of the accounts and the work involved was not justified.

(iv) THAT the draft letter of representation with the final letter be agreed by the Chairman of the Audit Committee.

(v) THAT officer's be asked to prepare a response to the action plan.

(c) **Annual Progress Report 2008/09**

The Committee was reminded that at the last meeting it had been agreed that a quarterly progress report would be given by the Audit Commission on its work.

A question was raised with regard to ethical governance awareness which appeared to be in abeyance. Members were advised that when the original plan had been put together it was anticipated that the Standards Board would have completed their investigation and any actions would have been implemented if required. It had been agreed with the Director of Resources that it was therefore appropriate to cancel any further work on ethical governance on the proposed audit plan.

It was anticipated that the monitoring schedule would be helpful to the Committee especially if the comments section could be expanded.

RESOLVED:

THAT the report be noted.

11. Internal Audit Outcomes Report – Quarter One 2009/2010

The Chief Internal Auditor indicated that the level of planned chargeable activity time was in line with expectations for the first quarter.

In terms of the planned outputs it was less than was planned for, which was not unusual in the first quarter and it was anticipated that it would be recovered throughout the year. This was mainly due to finalising work from the previous financial year.

With regard to those audits that had been completed and a limited assurance given, a synopsis was provided. In respect of the audit into Community Services contracts members asked for clarification to be provided to them in relation to the data quality issues raised.

The status of recommendations was a measure of the effectiveness of the audit service, and this showed an achievement of 85% which was above target.

RESOLVED:

THAT the report be noted.

12. Procurement Monitoring Report – Quarter One 2009/2010

The Head of Compliance and Procurement reported on the progress achieved in implementing and embedding an improved framework for procurement activity across the Council.

The Procurement Board met on a weekly basis providing an overview of procurement, monitoring control on key procurement activities and considering any contracts with a value of over £50,000.

Waivers were at a consistent level but it was anticipated those numbers would reduce over time. If a waiver was approved it was made clear that any subsequent waiver would not be approved as pre planning and management of contracts was expected. The SAP accounting system would give an increased ability to monitor contracts more effectively.

RESOLVED:

THAT the report be noted.

CHAIRMAN