



Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	TUESDAY, 17 MARCH 2009 at 6.00PM
Venue	COMMITTEE ROOM 1, COUNTY HALL, NEWPORT
Present	Cllrs Colin West (Chairman), Anne Bishop, Ivan Bulwer, Mike Cunningham, Erica Oulton, Colin Richards,
Officers Present	Jon Baker, Steve Beynon, Dave Burbage, George Hook, Ged Richardson, Paul Thistlewood,
Cabinet Members	Cllr Barry Abraham, Cllr David Pugh
Audit Commission	Kate Handy, Lynda Krywald, Kevin Suter, Stephen Taylor,
Apologies	Jonathan Fitzgerald-Bond,

53. **Minutes**

RESOLVED:

THAT the Minutes of the meeting held on [3 February 2009](#) be confirmed.

54. **Declarations of Interest**

There were no declarations received.

55. **Public Question Time**

There were no questions received

56. **Annual Audit and Inspection Letter – 2007/8**

The representatives of the Audit Commission reinforced their apologies for not attending the previous two Audit Committee Meetings owing to unforeseen circumstances and a letter of apology was distributed to all members of the Committee.

The District Auditor provided the Committee with a summary of the Annual Audit and Inspection Letter – 2007/08. This provided an overall review of the Audit Commission's assessment of the Council drawing on the most recent Comprehensive

Performance Assessment (CPA) including an explanation of the respective responsibilities of auditors and of the audited body.

A Key message that was highlighted by the Audit Commission was that despite the overall assessment still remaining as being 2 out of 4 stars, the Council was adjudged to be improving adequately.

Adult services were independently assessed at 3 stars compared to the 2 stars adjudged last year and the Fire Service also received an encouraging 3 stars, improving 80% of its performance indicators from the previous year.

Childrens Services and Waste Services were not given such a positive assessment with the rating being at 2 stars and the Planning Service, whilst judged to have been fair, had uncertain prospects for improvement.

Whilst benefits were still adjudged to have scored well with four stars there was caution advised in this area partly due to the amount of housing benefit overpayments recovered, falling below average.

The Use of Resources ratings were recorded at being 2 out of 4 for both the Council and the Fire and Rescue Service with both areas scoring 3 out of 4 with Financial Reporting and Standing but not doing so well with Financial Management, Internal Control and Value for Money.

The judgement on Internal Control reflected the number of referrals to the Standards Board where as Value for Money was partly in relation to the arrangements for the management of Council properties that showed the asset management plan was not being achieved.

Members of the Committee were advised that whilst there was a mark down due to the number of complaints to the Standards Board as well as the time taken to deal with them, it was recognised that there was a positive and robust procedure in place. Members were of the opinion that due to the complaints procedure being new to the Council, more complaints would be expected perhaps giving an inaccurate picture for the Audit Commission to judge.

The Committee also questioned the judgement on the rating of Adult Services and how the scoring was adjudged to be 3 out of 4 when the Commission for Social Care Inspection (CSCI) always rated out of 3 stars. The Comprehensive Area Assessment Lead Officer for the Audit Commission would clarify at a future Audit Committee Meeting how the Audit Commission rates Adult Services compare to CSCI.

Whilst the Committee were encouraged that the Council was improving adequately, there was also disappointment that the overall rating remained the same as the previous year. The District Auditor reassured the Committee that the Councils position was an improvement on the previous year and the Direction of Travel was continuing to improve.

RESOLVED

THAT the report be noted.

57. **Audit Commission Reports**

(i). Property Asset Management

Members of the Committee were advised on the Councils performance on managing its property assets which was undertaken in July 2008 identifying a number of areas for improvement.

The report was not however a review of the Council's project management or procurement arrangements for maintaining and developing its land and buildings

The Audit Commission noted that the Isle of Wight Council was the largest land and property owner on the Island with 328 properties at the time the asset management strategy was prepared in 2006, valued at £179.8 million. Repairs were estimated at £45 million, 60% of which were schools related.

Six principle areas of asset management were covered in the report:

- Strategic direction on managing assets
- Governance and decision making
- Performance and review
- Information upon which to base strategies and plans
- Implementation of asset management plans.
- Whether value for money is being delivered from property assets

The Audit Commission's conclusions incorporated the following points that needed addressing:

- A backlog of repairs with its property portfolio in the order of £45 million
- Buildings are not accessible to people with physical or sensory disabilities
- Failure to act on its previous asset management plan
- No group with Senior representation to drive forward the asset management plan in development
- Unable to demonstrate whether it is generating value for money from its property assets

The following points were of a positive nature:

- The Council has recognised the Property Asset Management Plan is a priority - employing external knowledge to help address.
- Recognition of the importance of strategic management of its property assets thus achieving better value for money
- Early signs that in some areas asset management is improving
- On target to deliver the allocation of resources to address the Health and Safety part of its capital programme in 2008/09.
- Investment in IT to improve the management of its property assets

Recommendations were made to ensure that the asset base is fit for purpose; arrangements were made to enable the Council to deliver better value for money from property assets, develop and implement a strategic vision and

corporate approach for all asset Management and strengthen the performance management framework.

In response, the Head of Strategic Asset Management prepared a detailed action plan that gave a priority rating along with who was responsible and when the action needed to be completed by.

The Head of Strategic Asset Management assured the Committee that the Council was in a position to provide a comprehensive list of all property that the Council owned if required.

The Director of Resources advised the Committee that in December 2008 a Strategic Property Review was commissioned that provided an in depth analysis of the asset base and gave recommendations of what action should be taken. This was a positive move forward and the in due course the council would benefit.

RESOLVED

THAT the report be noted.

(ii). Data Quality

This report summarised the findings on data Quality for 2007/08.

Members were advised that the Council's overall management arrangements for ensuring data quality were defined as adequate. This therefore meant that they satisfy the minimum requirements expected. It acknowledged that the Council had ensured that the quality of its data had improved following highly critical reports from the previous two years.

The Audit Commission advised the Committee that due to inputted data improving, an overall improvement in Data Quality had been achieved.

The Council had suitable systems for collecting and recording data as well as effective arrangements for monitoring and reporting to key staff and elected Members. The Council was also developing a procedure for data sharing with its partners.

The report in addition incorporated the resulting Action Plan that was prepared by the Strategic Manager for Corporate Policy and Performance.

RESOLVED

THAT the report be noted.

(iii). Use of Resources 2007/2008

This report was an annual assessment of how well Council manages and uses its resources across the five key areas as outlined in the Annual Audit Letter.

Members were advised that the report identified good progress being made across four of the five themes. These were Financial Reporting and Financial Standing which improved from a 2 star to a 3 star rating.

The District Auditor also reminded the Committee that as of 2008/09 a new performance assessment framework, the Comprehensive Area Assessment (CAA) will come into effect, replacing the Use of Resources.

The new CAA system would start afresh with a new scoring system.

RESOLVED

THAT the report be noted.

(iv). **Project Management – New Financial System**

The Committee were provided with a review from November 2008 of the arrangements to manage the development and implementation of the Council's new financial system. It identified that effective arrangements were in place.

The following four key themes were identified by the Audit Commission:

- Consideration of the need for a new financial system
- The plan and design of the replacement of the financial systems project
- The implementation processes for the financial systems
- The post implementation review processes for the financial systems

In order to address the themes, the Audit Commission reviewed key documents including project plans and Cabinet reports as well as interviewing key officers and service managers.

It was noted that members would be provided with an interim progress report on judgements 6 months into the process.

RESOLVED

THAT the report be noted.

58. Risk Management Report

The Head of Compliance advised Members that the terms of reference for the Committee gave responsibility for overseeing the Council's arrangements for risk management

This report would coincide with the Annual Audit Plan 2009/2010 of the Chief Internal Auditor which followed this item.

Directors and Heads of Service would identify and deal with any areas of risk via Risk Registers which would be updated regularly.

Key areas of potential risk were highlighted as follows:

- Economic Downturn – Impact on the achievement of the Ecolisland vision and the Council's strategic objectives
- Climate Change - Preparation for increased impact from extreme weather events
- Finance – Capital / Revenue

- Procurement – New measures still being established
- ICT – Data Loss

The Chief Executive stated that the Isle of Wight has one of the leading coastal management bodies in the South East to help with any climate change difficulties.

The Head of Compliance advised the Committee that following recent measures put in place for the letting of contracts, the Procurement risk should come down from a 3 to a 2 impact and probability risk rating.

The introduction of the PFI Programme Director would also help reduce the risk of any PFI related issues and the Council was making good progress in this area.

RESOLVED:

THAT the report be noted.

59. Annual Audit Plan 2009/2010

The Chief Internal Auditor advised that the report was to inform the Committee of the proposed internal audit activity for the following financial year, 2009/10.

Key areas of risk for 2009/2010 were identified as follows:

- The Economic Environment - Prevailing economic downturn
- Change Management – Various projects including Schools Reorganisation and Business Systems Improvement Project (BSIP)
- Procurement and Contract Management
- ICT Governance – effective and secure systems for supporting the Council's business objectives

Audits would be identified and then carried out using a tool developed by Stanford University. An engagement plan would then be developed and checked with the Audit Commission and senior Isle of Wight Council Officers.

A draft report would be produced for discussion with the relative officers as identified in the engagement plan. A final version of the report would then be agreed but if this agreement cannot be reached, the reasons will be detailed in the draft report.

The final report would essentially be the same as the draft version with the exception of the action plan identifying the officers responsible for implementing actions.

Recommendations would be summarised in a follow up report that would be released quarterly to the Audit Commission and Audit Committee.

Members of the Committee were advised that the Local Taxation System (Council Tax and National Non-Domestic Rates, whilst recording a healthy 98% collection rate was identified as High Risk owing to the possible impact of the economic crises. This therefore needed to be taken into account.

RESOLVED:

THAT the Annual Audit Plan 2009/10 be approved.

60. **Members Question Time**

There were no questions received.

CHAIRMAN.....DATE.....