

Minutes

Name of meeting	AUDIT AND PERFORMANCE COMMITTEE
Date and time	18 SEPTEMBER 2007 COMMENCING at 6.00 pm
Venue	COMMITTEE ROOM ONE, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Ivan Bulwer, Mike Cunningham, Jonathan Fitzgerald-Bond, Geoff Lumley, Erica Oulton
Officers Present	Steve Beynon, David Burbage, Stuart Fraser, George Hook, Ged Richardson
Scrutiny and Committee Services	Jonathan Baker, Paul Thistlewood
Audit Commission	Mike Bowers, Alastair Rankine, Stephen Taylor
Cabinet	Cllr Barry Abraham
Apologies	Cllr Anne Bishop
9.	Election of Chairman for the Day Due to the absence of the Chairman it was necessary for the Committee to elect a Chairman for the day. <u>RESOLVED</u> : THAT Cllr Fitzgerald Bond be elected as Chairman for the day. (Cllr Fitzgerald Bond thereupon took the Chair)
10.	Minutes <u>RESOLVED</u> : THAT the Minutes of the meeting held on 21 June 2007 be confirmed
11.	Declarations of Interest There were no declarations received at this stage.

12. **Public Question Time**

Mrs S Welch asked the following questions in relation to Shanklin Theatre:-

- (a) How the anticipated income of £78,000 had been calculated and whether this was for a 12 month or 14 month period;
- (b) Why was the decision taken to retain the other staff, such as in the Box Office, as Council employees.

The Chairman indicated that he would forward the questions onto the Cabinet Member for Regeneration, Leisure and Communications and request him to respond direct to Mrs Welch.

13. **Report of the Audit Commission – Annual Governance Report**

The Committee was given a summary of the draft Annual Governance Report by the Audit Commission. It was anticipated that an unqualified audit opinion would be issued by 30 September 2007.

Members were advised of the purpose of the Annual Governance Report and focussed on three areas upon which the Commission offered comments :

- (a) Statement of Accounts – The Commission was largely satisfied.
- (b) Statement of Internal Control – In accordance with guidance and properly prepared.
- (c) Value for Money – Out of the 12 criteria 9 were being addressed satisfactorily by the Council.

The Audit Commission referred to on unadjusted misstatement that was in excess of £300,000 and stated the need to address that weakness in the accruals process during the 2007/08 closedown process. Officers had already identified this as an issue.

Testing identified one item placed in the wrong year although some items in the 2007/08 costs had been put back into 2006/07 and thus balanced out, although these were immaterial. It was recommended that the end of year cut off needed to be established and recognised so the expenditure was placed in the right year.

There was also a requirement for the Section 151 Officer to be an employee of the Council and this had now been addressed.

On the Systems of Internal Control three items had been highlighted upon which the Council was now taking appropriate actions. These were :

- (a) Third party declarations procedures being tightened up.

- (b) Contract Standing Orders – Necessary changes to address this were being progressed.
- (c) Property Database/Fixed Asset Register – Work was in hand on systems reconciliation.

The Committee was told that there were again concerns by the Audit Commission on Data Quality. Although the Council had started to address this insufficient tangible progress had been made. More detailed findings would be contained in a separate report from the Audit Commission.

Concern was raised by the Committee that the Undercliff Drive investigation had highlighted weaknesses in the procurement of other contracts but not on the same scale. The Audit Commission wished to reserve judgement on these issues at this stage.

The Interim Director of Finance stated that he accepted the comments of the Audit Commission and that he had already started on robust and meaningful procedures such as the new Procurement Board meetings. Further action plans would be developed to ensure that the Authority would not be in the same position for the 2007/08 Audit.

The Committee noted that this would be the last Audit that Mr Rankine and Mr Bowers would be involved in with the Council as they were moving elsewhere in the Audit Commission. Members thanked them for their assistance.

RESOLVED:

THAT the Annual Governance Report be formally accepted.

14. **Annual Audit and Plan 2007/08**

The Chief Internal Auditor indicated that because of considerable change within the Council and a new management team with higher audit expectations the Audit Plan for 2007/08 had been delayed. It was anticipated that work on next years Audit Plan would commence much earlier.

The Committee was impressed by the revised format which enabled it to easier identify key issues.

RESOLVED:

- (i) THAT the methodology used to construct the Audit Plan be endorsed.
- (ii) THAT the priorities, frequencies and amounts of time devoted to areas of Council activity be accepted.

(iii) THAT the Internal Audit Plan for 2008/09 be considered by the Committee at its March 2008 meeting.

15. **Internal Audit Outcomes – Quarter 1**

The Chief Internal Auditor reported that previously outcomes from audits had been done on an ad hoc basis. There was now a need to sharpen up on reporting with the focus on important issues. This was therefore the first report on a quarterly basis and identified key areas where outcomes on recommendations were still outstanding.

The Committee welcomed the revised report format and content.

The Chief Internal Auditor reported on ongoing problems that needed to be addressed with car parking income. New parts were to be fitted to all parking machines to overcome the miscounting of coins.

The Committee was told that an alternative to the Council's Financial Income Database Organisation (FIDO) was being looked at but this would require a large investment.

RESOLVED:

THAT the outcomes for the first quarter of financial year 2007/08 be noted.

16. **Performance Management – Data Quality**

The Director of Children's Services who was the Council's Data Quality Champion referred to the Audit Commissions comments on data quality in the Annual Governance Report and accepted that the data quality arrangements needed improvement. Heads of Service would be made accountable for ensuring that there was consultation and accurate reporting of data in the Council's use of resources and decision making process.

RESOLVED:

THAT the draft Data Quality Policy, Strategy and Action Plan be recommended to Cabinet for adoption.

17. **Property Disposals/Capital Receipts Programme**

The Committee considered the Capital Receipts Programme as at August 2007.

Members raised the following individual queries :

(a) Newport – Parkhurst Road (former Library HQ) - concern was raised as to the length of time that this had been on the market and asked for reasons for the delay.

- (b) Newchurch – Sunnycrest Nursery Bungalow – whether there was an agricultural tie on the property and if that was the case should the Council seek to remove it before disposing of it.
- (c) Newport – New Street and South Street Car Parks – queried whether these should be seen as an asset to the Council by providing valuable parking space in the town and income.

The Corporate Property Manager would be requested to supply a response to those issues and that would need to be circulated to the Committee. It was considered that it might be appropriate for the Cabinet member for Economy, Tourism, Assets and Planning, Cllr George Brown, with the Corporate Property Manager, Mr B Cooke, to attend a future meeting of the Committee to report on property disposals and the work undertaken by the Strategic Asset Management Group.

RESOLVED:

THAT the Cabinet member for Economy, Tourism, Assets and Planning be invited to attend a future meeting.

CHAIRMAN