

Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	TUESDAY, 22 FEBRUARY 2011 AT 6.00PM
Venue	COMMITTEE ROOM ONE, COUNTY HALL, NEWPORT
Present	Cllrs Julie Jones-Evans (Chair), Susan Scoccia, Wayne Whittle
Cabinet Members	Cllrs Edward Giles, David Pugh
Co-opted Members (voting)	Mr Garry Smith
Audit Commission	Kevin Suter,
Officers	Jonathan Baker, Dave Burbage, Ged Richardson, Greg Rubins, Iain Lawrie
Apologies	Cllrs Reg Barry, Ian Ward,

30. [Minutes](#)

The minutes of the previous meeting held on [30 November 2010](#) were reviewed.

Whilst there were no inaccuracies with the minutes, it was noted that updates be provided over the issues of a response being provided to an elector over the council's accounting for Newport Harbour and compliance with relevant legislation as well as the VAT partial exemption supported by the implementation of council system reports. Members were advised that the areas would be addressed either during or after the meeting.

RESOLVED:

THAT the minutes be agreed

31. [Declarations of Interest](#)

None declared.

32. [Draft Work Programme](#)

Members reviewed the programme which gave an overview of the items which would be presented for the remainder of the council year, ending in May 2011. It was agreed that relevant training would be provided to new members of the committee in due course.

RESOLVED:

THAT the Draft Work Programme be noted.

33. [Audit Commission Reports](#)

The following Audit Commission reports were received by the committee:

33.1 Certification of Claims and Returns – Annual Report – 2009/10

The Audit Commission presented to members a report on the certification that the council had met the specific conditions to qualify the authority to receive the £106 million in grant payments from central government departments in 2009/10.

The Audit Commission charged the council £48,739.50 for grant certification work in 2009/10, an increase of some £5,858 over the previous year. This was due to additional work required for Housing and Council Tax Benefit as well as additional testing required because of errors found around the Sure Start grant. It was noted however that the increase in fees was partially offset by reduced fees on other claims.

RESOLVED:

THAT the Certification of Claims and Returns – Annual Report – 2009/10 be noted.

33.2 Progress Report

The Audit Commission presented to members a report on its progress in delivering their responsibilities as the council's external auditor, highlighting key emerging national issues and developments.

The report also outlined the position on the Audit Commission's review of the objections to the council's treatment of Newport Harbour in the 2009/10 accounts as well as their plans for the audit of the council's 2010/11 accounts.

Members of the committee raised concerns with regard to the ongoing objection to the council's financial statements, related to issues over Newport Harbour. It was noted that the matter was progressing and no major increases in costs regarding it was anticipated and that in general such matters would be expected to be resolved within nine months.

On the issue of the committee no longer having to approve the draft statement of accounts, members were of the opinion that such a practice should remain with the Audit Committee in order to allow for members to exercise full scrutiny.

RESOLVED:

THAT the Audit Committee continues to approve the draft Statement of Accounts before the end of June of each year

THAT the Progress Report be noted

34. [Internal Audit Plan – 2011/2012](#)

The Chief Internal Auditor presented to the committee a report of the proposed internal audit activity for the next financial year of 2011/12. This would be achieved via a widespread system of risk management as part of the wider governance framework helping to ensure that services would be delivered in a proper, economic, efficient and effective manner.

Members were advised that with regard to the “The Thin Client Project”, the term referred to an initiative that was part of the remodelling and transformation of County Hall. This included the implementation of dumb terminals, providing a more cost effective way for staff to access the network.

With regard to VAT partial exemption, members noted that a detailed review would take place which would be regularly updated and where necessary adequate staff training would be provided.

Members were advised that with regard to staff wellbeing, whilst there would be no specific “Wellbeing audits”, any findings from other audits around the welfare of staff such as increases in sickness and fraudulent activity, these would be picked up and appropriate actions would be instigated.

On the issue of Economic Risk, members requested that an audit for Economic Development be added to the planned audits linked to the Risk Register.

It was noted that the Leader of the Council and the Cabinet Member responsible for finance, requested that the committee recommend to the meeting of the Full Council on Wednesday, 23 February 2011, that the advice of the section 151 Officer in terms of the appropriate levels of balances being sustained for the next financial year be duly regarded.

It was further noted that whilst the Audit Commission could not comment on any recommendations made by the committee at its meeting, they were of the opinion that any advice given by the Section 151 officer should be taken into account.

RESOLVED:

THAT the Internal Audit Plan for 2011/12 be agreed

THAT an Audit for Economic Development will be added to the Planned Audits linked to the Risk Register

THAT as part of the Budget Setting Process, the Audit Committee recommends to Full Council on Wednesday, 23 February 2011 that proper regard be given to the advice of the section 151 Officer in terms of the appropriate levels of balances being sustained for the next financial year.

35. [Annual Governance Statement 2009/10 Progress Report](#)

The Strategic Director of Resources and Section 151 Officer presented a report on the progress made against the issues included within the Annual Governance Statement for 2009/2010.

On the area of Procurement, the committee was advised that a strong structure was needed under one area in order to deal more effectively with procurement processes

and re-sourcing in addition to overseeing the delivery of the targeted procurement savings. It was therefore necessary to put in place a two year Procurement Plan from April 2011 which took into account the staffing restructure.

Members were pleased to note the cleared status of Project Management.

With regard to Value for Money (VFM), whilst the accounts had been given an unqualified judgement, a business effectiveness team had been set up to bring together areas of Risk and Performance in order to maximise the area of VFM.

On the area of Vulnerable Clients, it was noted that members would be advised following the meeting, clarifying the situation with regard to the current number of dedicated practitioners who manage the safeguarding referrals across the Island.

RESOLVED:

THAT Annual Governance Statement 2009/10 Progress Report be noted

36. [Risk Management Report](#)

The councils Risk Manager presented to members a report which provided an overview of the council's strategic risk profile and any movement within it.

With regard to the reputational risk to the council, members were advised that ongoing work was being carried out by ICT around developing better resident's information on the website, enabling people to access up to date information more effectively.

It was noted that an update be provided to members from the councils Resident Information section on the information provided to Island residents on the council website.

Members also questioned whether the identified "Medium" rating with regard to reputational risk was a realistic assessment in light of the recent budgetary savings and transformation programme. The Risk Manger agreed to review the rating with the Chief Executive and Resident Information and Consultation Manager.

It was noted that with regard to the target for Financial Risk being denoted as green, members questioned whether or not the objective was somewhat over ambitious and that the risk could be re-evaluated. The Strategic Director for Resources and Section 151 Officer advised however that the council must acknowledge their Corporate Social Responsibility (CSR) and that providing there was a sustainable balanced budget in place, there was no reason why the target could not be achieved.

On the area of risk around Carbon Reduction and Land Fill, it was noted that there had been many changes to the Carbon Reduction Scheme and that the final details were still forthcoming. However, strategies were in place to keep emissions down.

RESOLVED:

THAT the Risk Management Report be noted.

37. [Internal Audit Outcomes Report – Quarter 3 2010/11](#)

The Chief Internal Auditor presented to members a report which provided a summary of internal audit performance for the third quarter of 2010/11 and which allowed

progress to be monitored against the audit plan approved at the committee meeting of Tuesday, 2 March 2010.

Members were pleased to note that 93% of the plan had been completed in the third quarter against a rating of 72% from the previous year and that a full 100% rating was anticipated for the end of January 2011.

It was further noted that nine of the 12 internal audits had achieved "Substantial" status with the remaining three being classed as "Full".

It was reiterated to members that as there were no completed audits with an assurance level of less than "Substantial", no summaries of completed audits under the committee's standard reporting convention were required.

Members expressed their thanks and appreciation to all officers involved in the process of internal audit in achieving the excellent results.

As an aside, it was finally noted that the Chief Internal Auditor, Mr Ged Richardson, was leaving his post. Members wished it to be placed on record their sincere thanks and gratitude for the hard and diligent work which Ged had carried out for the Isle of Wight Council over the years and wished him every success with his new found employment.

RESOLVED:

THAT the Internal Audit Outcomes Report – Quarter 3 2010/11 be noted

CHAIRMAN.....