

Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	MONDAY, 22 JUNE 2009 AT 6.00PM
Venue	COMMITTEE ROOM 1, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Roger Mazillius (Chairman), Reg Barry, Ivan Bulwer, Susan Scoccia, Ian Stephens
Other Members	Cllrs Peter Bingham, George Brown, Vanessa Churchman, Dawn Cousins, Geoff Lumley, David Pugh
Officers Present	Mr Jonathan Baker, Mr Steve Beynon, Mr Dave Burbage, Mr Andrew Carpenter, Mr Stuart Fraser, Mr George Hook, Mr Ged Richardson, Mrs April Ross
Audit Commission	Ms Kate Handy, Mr Kevin Suter
Apologies	None

1. Minutes

The Chairman of the Committee proposed that the following amendments be made to the minutes of the previous meeting held on Tuesday, [21 April 2009](#):

On page A-2 (item 63), add February 2008 ahead of the words "Audit Commissions".
On page A-3 (item 63), final paragraph, delete the word "That" after the word "Council".
On page A-4 (item 65), third paragraph, amend the word "waiver" to read "Waive".

On page A-5 (Item 66), third paragraph, amend to read "Members were advised that Health and Safety issues were to be retained within the Implementation of Council Strategies and Policies following consultation and advice from the Head of Human Resources".

RESOLVED:

THAT, subject to the above amendments being noted, the Minutes of the meeting held on Tuesday, 21 April 2009 be confirmed.

2. Declarations of Interest

The Chairman, Councillor Roger Mazillius, declared a personal interest in Minute's 5 and 6 as his son was a Director of ERMC Ltd who provided an Architectural related service to the Isle of Wight Council.

3. **Public Questions Time**

A Question was put to the Chairman from an Ms Mikich of Ryde with regards to the funding that was allocated to the Taste the Wight magazine and any associated events.

The Chairman provided a response.

4. **Audit Commission Plans**

The Audit Commission presented to the committee two reports which provided further detail of the key risks needed to be considered and focused on the preparation of the audit opinion. These followed the presentation of the Audit Commission's Audit & Inspection Plan for the certification audit of the council's accounts for the financial year ending 31 March 2009. A further report would be presented to the Committee with findings highlighted and conclusions made from the Audit Commission in September 2009.

(i). Opinion Audit Plan 2008/9

The Audit Commission advised members of the Committee that the new accounting procedures being implemented within the council would have to be taken into consideration and fully understood and were therefore included as a specific risk.

The Director of Resources stated that there should be no material risk of a major financial nature, although the Audit Commission advised the Committee that the area was identified as a key risk owing to the uncertain nature of the new procedures.

RESOLVED:

THAT the Opinion Audit Plan 2008/9 be approved

(ii). Pension Fund Opinion Audit Plan 2008/9

Members of the Committee were advised that the majority of risk identified was due to the uncertain financial climate and in particular the period between January 2009 and the end of March 2009 where material inaccuracies on balance sheets could be possible.

Two other areas identified were the accounting for futures and the new Pension Statement of Recommended Practice (SoRP) requirements in 2008/09.

The Director of Resources assured Members of the Committee that the council would acknowledge any issues that were raised as a result of testing the accounting systems which would be conducted by the Audit Commission around the October – November 2009 period.

RESOLVED:

THAT the Pension Fund Opinion Audit Plan 2008/9 be approved

5. **Statement of Accounts – Draft Final Accounts 2008-09**

The Head of Financial Management presented the council's draft accounts for 2008-09 which would require the approval by Members of the Audit Committee on or before Monday, 30 June 2009.

Following approval they will then be subjected to the annual audit process by the Audit Commission, with the audited final accounts due to be published on or before Wednesday, 30 September 2009.

The Committee questioned why the Statement of Accounts was said to provide a fair representation of the council's financial position and not an accurate one. The Audit Commission responded by advising it was not their function to evaluate accuracy, only to assess that the methods which were in place were of a true and fair nature. The Audit Commission also stated that the wording in the reports is standard for use by local authorities across the country.

Members were advised that after applying the year end carryovers to allow for the maximum flexibility in 2009/10 for delivery of the Council's transformation programme and strategic priorities, the overall net outgoings was £514,000 lower than predicted in the revised budget.

It was noted that the Committee requested further clarification on the following aspects of the Statement of Accounts:

- Repairs and Renewals Reserve Fund
- Financial Reporting Standard 17 (FRS17) – relating to the accounting arrangements for Retirement Benefits as well as the defining how the actual return on scheme assets are indicated (either by means of inserting brackets or by changing the wording to describe it as actual losses.
- Section 106 agreements (items showing no movement in 2008-09) for the Ryde Tesco supermarket store, B & Q store, Hunnycross and Coppins Bridge as well as general financial S106 matters.
- Publicity – including the costs of recruitment advertising, revenue from the One Island magazine, Media / Marketing and Corporate Campaigns.
- Pooled Funds – Free Nursing Care

The Head of Financial Management agreed to provide answers to the Chairman of the Committee prior to the signing off of the accounts on Tuesday, 30 June 2009.

Members thanked the Director of Resources, the Head of Financial Management and their staff for the considerable hard work and effort that had gone into producing a full and comprehensive set of accounts.

RESOLVED:

THAT the draft Statement of Accounts as signed off by the Director of Resources, on behalf of the Council, in accordance with the requirements of the Accounts and Audit (Amendment) (England) Regulations 2006 be approved.

6. Internal Audit Outcomes And Opinion Report – 2008/09

The Chief Internal Auditor advised the committee that the report was to provide a summary of Internal Audit performance for the financial year 2008/09. Members were also advised that it was a requirement to provide the Committee with the annual report which summarised the internal audit activity in the preceding financial year as well as giving an overall opinion on:

- The adequacy of the Annual Governance Statement and the processes used to prepare the Statement
- The adequacy and effectiveness of the control environment operating within the Council during the previous financial year

The Committee were advised that 89% of the planned work for the year to date had been achieved which was broadly in line with expectation by the end of the financial year. When external contractor's reports were received, the total coverage for the year is expected to be 94%. This would be 1% short of the 95% target set for work to be completed by the end of the financial year.

The Committee were provided with reasonable assurance that the internal control environment operating in the financial year of 2008/09 met the council's requirements.

The Committee requested that the Chief Internal Auditor provide the Chairman with a detailed explanation as to why the actual figure of 64% proportion of available time productive, whilst 4 percent over the target set for 2008/09, was 1 percent down on the previous year's figure of 65%.

The Committee also expressed concern to the reference of poor project management which was identified within the report. The Chief Internal Auditor advised that key projects included, the Business Systems Improvement Project (BSIP), Schools Reorganisation, Schools - One System Pathfinder (OSP) and various ICT projects. The Chairman therefore requested that the details, including spend and contract duration of project management be made available to the committee before the next meeting.

RESOLVED:

THAT the Internal Audit Outcomes and Opinion Report for 2008/09 be noted by the Committee

7. Draft Annual Governance Statement – 2008/09

The Head of Compliance and Procurement reported that the council was required under the Accounts & Audit Regulations (2006) to provide an Annual Governance Statement as part of its published annual accounts.

The Statement provided an overview of the council's governance arrangements and identified any significant issues which would have impacted that governance framework. For each issue identified, the statement would detail the actions needed to be undertaken in order to resolve the matter as well as identify the responsible Director. The Statement would also need to be approved by the committee at the same time as the Statement of Accounts.

The Chairman requested it to be noted that the beginning of paragraph 6 of the covering report, should be amended to read "The Draft Statement was subject to consultation with the Chief Internal Auditor".

The committee were advised that the issue of Equality and Diversity identified within the implementation of council strategies and policies was an important aspect in providing value to improving performance. The council must be seen to address accordingly the needs of not just its employees but also the residents to which it serves. All council employees are made aware of the council's Equality and Diversity duties via regular training sessions.

Members were also advised that the council's procurement strategy would be agreed by the internal Procurement Board on 30 June 2009 in accordance with the Contract Standing Orders that were previously agreed by Full Council on 21 November 2007.

The Chief Executive advised the committee that under the Civil Contingency / Emergency Planning issue, the council was in a high state of readiness should the Swine Flu pandemic become significant in the autumn months.

With regards to the delivery of highways maintenance, Members were advised that the Highways PFI Outline Business Case would be taken to a special meeting of the Cabinet on 11 August 2009.

The Committee were also assured by the Chief Executive that issues raised within the area of Vulnerable Clients such as complaints raised against employees of Island care, residential and nursing homes would always be rigorously followed up. In this regard, it was important to note that the Isle of Wight's safeguarding service had been commended by the Local Government Association (LGA) and Commission for Social Care Inspection (CSCI) as a model of good practice in combining safeguarding with the transformation agenda.

RESOLVED:

THAT the Committee considers the draft Annual Governance Statement

THAT the Committee approves the Statement and recommends it to the Chief Executive and Leader of the Council

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