



Directorate of Legal and Democratic Services
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Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	MONDAY, 23 JUNE 2008 AT 6.00PM
Venue	COMMITTEE ROOM 1, COUNTY HALL, NEWPORT. IOW
Present	Cllrs Colin West (Chairman), Anne Bishop, Ivan Bulwer, Vanessa Churchman, Jonathan Fitzgerald-Bond, Barbara Foster
Audit Commission	Kevin Suter
Officers Present	Jonathan Baker, Dave Burbage, Andrew Carpenter, Stuart Fraser, George Hook, Ged Richardson, April Ross.
Cabinet Members	None
Apologies	Cllr Mike Cunningham
13.	Minutes <u>RESOLVED:</u> THAT the minutes of the meeting on 20 May 2008 be agreed
14.	Declarations of Interest There were no declarations received.
15.	Public Question Time There were no public questions received.
16.	Annual Governance Statement (AGS) 2007/8 The Head of Compliance reported that the Council is required under the Accounts & Audit Regulations (2006) to provide an Annual Governance Statement as part of its published annual accounts. The Statement provides an overview of the Council's governance arrangements and identifies any significant issues which have impacted that governance framework. For each issue identified, the statement details the actions to be undertaken to resolve the issue and responsibility at Director level.

The Statement would need to be approved by the Committee at the same meeting as the annual accounts.

The Head of Compliance undertook to a quarterly update report to Committee detailing progress against each of the issues identified in the Statement.

In response to questions the Interim Chief Executive advised the Committee that the system for procurement had now been greatly improved to provide better assurance.

It was noted that the Procurement Board (PB) meetings were being held on a weekly basis and Procurement training was also being carried out to all relevant people within the Council. The training would be completed by the end of the September 2008.

The Committee were advised that target dates would be set against the 16 Significant Governance Issues outlined within the report to assist in monitoring progress.

RESOLVED:

THAT the report be approved

17. **Statement Of Accounts (Draft Final Accounts 2007-08)**

The Head of Financial Management presented the draft report to the Committee and outlined the mandatory procedure that would need Cabinet approval prior to 30 June 2008.

It was noted that the overall net expenditure was £1.51 million lower than anticipated.

The Committee were made aware that the main reason for the £17,195 slippage as outlined in the report was the ongoing uncertainty of the School's re-organisation plan – which needed to be resolved if abortive spending on some schools was to be avoided.

It was clarified that the total assets less liabilities was £89,476 which was an improvement of £30,291 on 2007.

It was noted that the Concessionary fares scheme needed constant monitoring and that the Council acknowledged the issues around this key risk factor.

Concerns were also raised about the Industrial Units at Somerton and the expenditure of £570,000. The Committee was advised that more details could be provided on this at a future meeting.

The Committee were advised that market forces would dictate the value of property and that these could rise and fall depending on the economic climate.

RESOLVED:

THAT Option 2 of the report be adopted

18.

Annual Audit Opinion Report – 2007/08

The Chief Internal Auditor advised the committee that the report was to provide a summary of Internal Audit performance for the financial year 2007/08.

It was noted that the production of an annual internal audit report on the previous financial year was good practice

The report showed that the overall performance for 2007/8 was in excess of the targets set and the responses to the customer satisfaction survey were 3.25 against a target of 3 and a maximum 4. This translated into a good to excellent rating.

It was noted that staff within the Internal Audit Department were well qualified with a balanced range of internal audit experience.

It was also noted that whilst approximately 65% of audits were considered to an assurance level of substantial or better, 35% remained of an unsatisfactory standard and only limited levels of assurance could be provided.

The areas that were considered to give limited or nil assurance were:

- Procurement;
- Data quality and information management;
- Corporate ICT systems;
- Project management

These areas were also included in the AGS.

It was however noted that overall and subject to the contents of the AGS, the Internal Chief Auditor was able to provide the Audit Committee reasonable assurance that the internal control procedures for the 2007/08 financial year met the Council's requirements.

RESOLVED:

THAT the report be noted.

19.

Members Question Time

Microsoft Enterprise Licence Agreement

Members enquired as to the reasons for the recent acquisition of a Microsoft Enterprise licensing agreement that was decided via delegated means at Cabinet Member level.

The Committee was advised that the recent decision to procure a Microsoft Enterprise licensing agreement was in the best interests of the Council as it was a licence that covered all users for all Microsoft software programmes.

It was therefore noted that such an agreement was a much cheaper proposition than procuring numerous individual licences and also protected the Council against any non compliance with Microsoft and the subsequent substantial financial penalties that could be incurred.

CHAIRMAN.....Date.....