

Minutes

Name of meeting	AUDIT COMMITTEE
Date and time	TUESDAY, 30 NOVEMBER 2010 AT 6.00PM
Venue	COMMITTEE ROOM ONE, COUNTY HALL, NEWPORT
Present	Cllrs Wayne Whittle (Chairman), Reg Barry, Julie Jones-Evans, Susan Scoccia, Ian Ward
Co-opted Members (voting)	Mr Garry Smith
Audit Commission	Kevin Suter, Kate Handy
Officers	Jonathan Baker, Dave Burbage, Stuart Fraser, George Hook, Ged Richardson, Iain Lawrie
Apologies	None

20. [Minutes](#)

The minutes of the previous meeting held on [21 September 2010](#) were reviewed.

RESOLVED:

THAT the minutes be agreed

21. [Declarations of Interest](#)

None declared.

22. [Draft Work Programme](#)

Members reviewed the programme which gave an overview of the items which would be presented over the coming year. No items were outstanding.

RESOLVED:

THAT the Draft Work Programme be noted.

23. [Audit Commission Reports](#)

The following Audit Commission report was received by the committee:

23.1 Draft Annual Audit Letter – 2009/2010

The Audit Commission provided members with their draft audit letter which summarised the findings from the audit for 2009/10 detailing the auditor's opinion (on both the accounts and on value for money) and highlighted significant issues identified which required appropriate action.

The commission was pleased to confirm that no material errors had been identified for the audited year.

With regard to the current year, members were advised that a risk in capacity with regard to financial reporting standards was identified, but it was recognised that the council was working to mitigate the possibility.

The committee was also advised that an unqualified opinion was given on value for money, which assessed whether the council was managing and using its money, time and people effectively and efficiently. It was also noted that good and improving workforce planning with a focus on supporting staff through organisational change was identified.

Members were advised that full certification of the completion of the audit would be delayed until a response was provided to an elector over the council's accounting for Newport Harbour, and whether the council was complying with all relevant legislation. Members were assured that this was a reasonably common occurrence with many authorities across the country.

The committee was advised by the Strategic Director of Resources that with regard to opportunities for further improvement in financial reporting, regular reports to Cabinet and Full Council highlighted the financial challenges for the authority and that issues of overspend was being addressed.

RESOLVED:

THAT the Draft Annual Audit Letter – 2009/2010 be accepted.

24. Annual Governance Statement 2009/10 Progress Report

The Head of Compliance and Procurement presented to members a report which demonstrated progress made against the issues included within the Annual Governance Statement for 2009/2010.

With regard to the issue of ICT and the completed rollout of encryption software, members were advised that a delay had occurred due to a lack of resources. Completion was anticipated during January 2011 and the committee would be provided with a full detailed response before the next committee meeting.

RESOLVED:

THAT the Annual Governance Statement 2009/10 Progress Report be noted

25. Treasury Management 2009/10 – Progress Report

The Head of Financial Management presented to the committee a report which provided a half-year progress update on treasury management policies, practices and activities for the financial year 2010-11 and which was in accordance with the

Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management 2009 and the council's approved Treasury Management Strategy 2010-11.

With regard to temporary borrowing, members were advised that the incident of two short term borrowing deals to cover short term cash flow requirements, resulting in a cost of short term interest of £444, would not be repeated in the future.

The Head of Financial Management also advised members that with regard to long term borrowing, the council preferred to use fixed rate agreements owing to the stability offered, although variable loans could be better for the authority in the long term depending on interest rate movements.

RESOLVED:

THAT the Treasury Management 2010-11 – Half Year Report be noted.

26. **Action Plans from 2009-10 Annual Governance Reports**

The Head of Financial Management presented to the committee action plans to address recommendations arising from the Annual Governance Reports produced by the Audit Commission following their 2009/10 audits of the accounts for the council and the council's pension fund

It was noted that there were five areas highlighted as high priority for the Isle of Wight Councils action plan and four for the council's pension fund

The Implementation of council system reports to support the VAT partial exemption was highlighted as one key area of high priority.

RESOLVED:

THAT the Action Plans from 2009-10 Annual Governance Reports be noted.

27. **Risk Management Report**

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

It was noted that in light of the recently proposed job cuts and the impact they may have, the Head of Compliance and Procurement and the council's Risk Manager would review the Strategic Risk Register with the relevant Directors.

RESOLVED:

THAT the Risk Management Report be noted.

28. **Internal Audit Outcomes Report – Quarter 2 2010/11**

The councils Chief Internal Auditor presented to the committee a summary of internal audit performance for the second quarter of 2010/11, allowing members to monitor progress against the audit plan approved at the March 2010 meeting of the Audit Committee.

The committee was advised that with 81% achieved by the second quarter, 100% completion was anticipated by the end of Quarter 4. The percentage achieved also took into account work in progress to date.

It was noted that the transfer of internal auditing functions to PriceWaterhouse Cooper had gone well to date.

RESOLVED:

THAT the Internal Audit Outcomes Report be noted.

29. Procurement Monitoring Report to 30 December 2010

The Head of Compliance and Procurement provided members with a high level view of the council's current procurement activity (as demonstrated by the weekly operation of the council's internal Procurement Board) as well as the ongoing development of the procurement framework.

Members noted that the report was the first in its revised half yearly format.

The committee was advised that the increase in waiver requests was largely due to issues of urgency from the Children and Young People Directorate. Members were also reminded that waivers were not necessarily bad practice as they could result in significant savings to the authority. However, the situation would continue to be monitored by the councils Procurement Board to ensure that all wavers presented were in order as well as being in the council's best interest

RESOLVED:

THAT the Procurement Monitoring Report to 30 December 2010 be noted.

CHAIRMAN.....