

## AUDIT & RISK COMMITTEE

27 March 2024

### AUDITOR'S ANNUAL REPORT ON RUTLAND COUNTY COUNCIL 2021/22 & 2022/23

#### Report of the Strategic Director for Resources

Strategic Aim	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Deputy Leader and Portfolio Holder for Governance and Resources	
Contact Officer(s):	Kirsty Nutton, Strategic Director for Resources (s.151)  Andrew Merry, Head of Finance (ds.151)	Tel: 01572 758159 Email: KNutton@rutland.gov.uk  Tel: 01572 758152 Email: AMerry@Rutland.gov.uk
Ward Councillors	N/A	

## 1 SUMMARY AND RECOMMENDATIONS

### 1.1 Summary

- 1.1.1 In accordance with regulations the Council's external auditor the Committee receives the Auditor's Annual Report on Rutland County Council for 2021/22 and 2022/23 which provides an assessment of the Council's proper arrangements for securing economy, efficiency and effectiveness and makes recommendations for improvements.

### 1.2 Recommendations

1. To consider the findings of the external audit report and resulting recommendations for improvements.

### 1.3 Reasons for Recommendations

- 1.3.1 This report is for the Committee to consider under its Terms of Reference no.s:

*6.1 'to undertake the County Council's responsibilities under the Accounts and Audit Regulations'*

6.2 g) *to consider the External Auditor's Annual Letter, relevant reports, and the report to those charged with governance*

6.2 i) *to comment on the scope and depth of external audit work and to ensure it gives value for money*

6.4 b) *to consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.*

1.3.2 The Grant Thornton report is contained in Appendix A to this report.

## **2 REPORT**

### **2.1 Background**

2.1.1 The external auditors are required under Section 20[1][c] of the Local Audit and Accountability act 2014 to satisfy themselves that the Council has made proper arrangement for securing economy, efficiency, and effectiveness in its use of resources. The Code of Audit Practice requires that the external auditors report to the Council their commentary relating to proper arrangements.

2.1.2 Auditors are required to report their commentary on the Council's arrangements under specified criteria, with 2020/21 the first year that their findings were reported in this way. The auditors can report this commentary relating to more than one financial year where it is more efficient to and effective to do so. For this reason, the report from the Council's external auditors considers both 2021/22 and 2022/23.

2.1.3 It should be noted the timings involved with this report, in that the GT work timeframe covers the Summer of 2023, with a first draft of the report provided to the S151 Officer in January 2024. At the time of drafting this report, the final version is being drafted by GT to take into account the latest position of the 2021/22 and 2022/23 Accounts audits. The timing has meant limited opportunity for the implementation of the Recommendations during 2023/24 and where any additional actions are required, to those noted as part of the 'Management Response', will be implemented during 2024/25.

2.1.4 All Councils are responsible for putting in place arrangements to secure economy, efficiency, and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The three areas that are assessed are:

- a) **Financial Sustainability** – arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)
- b) **Governance** – arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information
- c) **Improving economy, efficiency and effectiveness** – arrangements for improving the way the Council delivers its services. This includes arrangements

for understanding costs and delivering efficiencies and improving outcomes for service users

2.1.5 A summary table for 2021/22 and 2022/23 of the external auditor’s assessment follows:

Criteria	Risk Assessment	Recommendations for improvement
Financial Sustainability	No risks of significant weakness identified	3
Governance		2
Improving economy, efficiency, & effectiveness		2

### 3 IMPLICATIONS OF THE RECOMMENDATION

#### 3.1 FINANCIAL IMPLICATIONS

3.1.1 There are no direct financial issues arising from this Report. The work is undertaken within the external audit as commissioned through the PSAA procurement arrangement and set audit fees. For 2021/22 and 2022/23 estimated fees outlined in the Audit Plan, reported to Committee 26 September 2023 were £88.9k and £86.2k respectively. These fees are contained within the budget.

#### 3.2 LEGAL IMPLICATIONS

3.2.1 This section has been approved by a member of Legal Services.

3.2.2 There are no legal implications.

#### Risk Management Implications

3.2.3 The main risks to this Report and the Council achieving its objectives are as follows:

Risk 1	Risk
Recommendations from the report are not able to be implemented in a timely manner	Low
Mitigation 1	Residual Risk
To ensure that the recommendations form part of the Service work programmes and for activities to be incorporated as ‘business as usual’	Low
<b>Record of risk 1</b>	Directorate Risk Register

Recommendation 4 of the attached report from the external auditors recommends that “Cabinet and Audit & Risk Committee should be presented with the strategic risk register for review, at least twice-annually as part of the corporate performance reporting, as stated in the Risk Management Policy.

#### 3.3 DATA PROTECTION IMPLICATIONS

3.3.1 A Data Protection Impact Assessments (DPIA) has not been completed because

there are no identified risks or issues to the rights and freedoms of individuals.

### **3.4 EQUALITY IMPLICATIONS**

3.4.1 An Equality Impact Assessment (EqIA) has not been completed as this report considers the Council's approach to securing economy, efficiency and effectiveness in the way activities are undertaken.

### **3.5 COMMUNITY SAFETY IMPLICATIONS**

3.5.1 The Council has a duty in accordance with S17 Crime and Disorder Act 1988, when exercising its functions, to have due regard to the likely effect of that exercise of those functions on and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social behaviour).

3.5.2 This duty has been considered and there are no community safety implications relating to the recommendations.

### **3.6 HEALTH AND WELLBEING IMPLICATIONS**

3.6.1 There are no direct health and wellbeing implications of the Recommendations.

### **3.7 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS**

3.7.1 On 11 January 2021 Rutland County Council acknowledged that it was in a climate emergency. The Council understands that it needs to take urgent action to address it.

3.7.2 There are no direct environmental and climate change implications of this report. However, Recommendation 5 of the attached report from the external auditors recommends:

*a) The financial implications of carbon reduction is recommended to be included within the MTFP and budgets, along with consideration of sensitivities and changes to estimates of expected credit loss or insurance provision linked to climate change*

*b) The Council should ensure that it develops arrangements to monitor and comply with legislative changes relating to climate change / net zero*

### **3.8 PROCUREMENT IMPLICATIONS**

3.8.1 There are the no direct procurement implications from this report. However, recommendation 7 of the attached report from the external auditors recommends that "corporate Council oversight is needed over the maintenance and record-keeping of the contracts register for the Council to monitor compliance, breaches and waivers.

### **3.9 HR IMPLICATIONS**

3.9.1 There are no HR implications.

## **4 BACKGROUND PAPERS**

- [2021/22 External Audit Plan, Audit & Risk Committee, 26 April 2022, Item 8](#)

- [2022/23 External Audit Plan, Audit & Risk Committee, 26 September 2023, Item 12](#)

## **5 APPENDICES**

- 5.1 Appendix A – Auditor’s Annual Report on Rutland County Council 2021/22 & 2022/23

An Accessible Version of this Report is available upon request – Contact 01572 722577.