



Rutland County Council

Catmose Oakham Rutland LE15 6HP

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Minutes of a meeting of the **AUDIT & RISK COMMITTEE** held in the Council Chamber, Catmose, Oakham, at 7.00 pm Tuesday, 7 December 2010.

PRESENT: Mr P D Ind (in the Chair)
Mr K A Bool
Mr J T Dale
Mr G Plews

In attendance: Mr R J Gale (for part of the meeting) Portfolio Holder for Development and Finance
Mr T C King District Auditor, Audit Commission
Mr N Bellamy Audit Manager, Audit Commission
Mr M Norman

Officers present: Mrs A S Brown Democratic Services Officer
Mr R Gaughran Head of Internal Audit Consortium
Miss D Muddimer Strategic Director for Resources

Apologies: Cpt VK Dighé

653. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the Audit & Risk Committee held on 28 September 2010 be confirmed.

654. DECLARATIONS OF INTEREST

No declarations of interest were made in respect of the items on the agenda for this meeting.

655. PETITIONS, DEPUTATIONS AND QUESTIONS

No petitions, deputations or questions had been received.

656. ANNUAL AUDIT LETTER 2009/10

Report No. 237/2010 from the Strategic Director for Resources was received. The report presented the findings of the Audit Commission. Mr Bellamy, District Auditor for the Audit Commission introduced the report to Members, confirming that he was confident in the key messages provided within Report No. 237/2010.

During consideration the Committee noted the following points:

- Audits were undertaken by looking at what is in place, deciding if processes were adequate for Value for Money (VfM). The audit process was different to that used in previous years as no individual scoring was done.

- The process used for Scrutiny Panels appeared to work well but it was noted by the District Auditor that this area had not been looked at in detail. It was suggested to continue utilising the current arrangements whilst ensuring VfM is achieved. It was acknowledged that this would remain a challenge in the current climate but Members and Officers remained confident that this was achievable.
- The District Auditor noted his thanks to Officers and Members for their continued support throughout the audit process.
- The District Auditor advised that the additional fees incurred were set nationally and reflected the work required therefore making it difficult to advise the actual breakdown. He explained that a formula was used to calculate fees, taking into account the size and function of the authority, which was then matched to the national scale. Members requested a detailed breakdown of the additional fees incurred within Paragraph 5 of the Annual Audit Letter 2009/10.
- In respect of the pensions liability and its inclusion within the audit report, it was explained that information received from the Actuary had been included. The Portfolio Holder for Development and Finance, Mr King, assured members that officers were aware of the views of the Actuary and that the forecasted increase had also been included within the Medium Term Financial Plan (MTFP).
- Confirmation that 85-90% recovery remained the forecast regarding the Icelandic Bank investment.
- Contingencies have also been included within the MTFP and it was confirmed that RCC have a healthy position at the present time.
- A Fraud Awareness Programme for staff was recommended within the report. Although no evidence of breaches had been found it was suggested identifying areas where awareness needed to be increased so as to further reduce a risk of fraud.
- All issues highlighted during the audit in respect of financial systems have been or were currently being addressed. Staff understanding and cultural change across the authority had also increased and improved during the last quarter.
- EMPA were used to identify contractors for use by authorities. The organisation was made up of a number of public bodies who have a critical process for selection of contractors. They were used for the Little Build Project as it meant contract costs were capped at 105%. Should the final costs come in lower than that target then a project saving will have been made. Entering into an arrangement such as this had enabled RCC to undertake the Little Build project without the risk of costs increasing through the course of the project. All credit checks were carried out and a close working relationship with contractors from the start to choose architects, etc, has enabled good project management and the ability to achieve VfM.
- The District Auditor advised that, provided processes implemented are robust and sufficient, the ongoing reduction in resources should not affect the services provided by the Council.
- Post 16 provision was deemed to be progressing well and the Trust and College were working well together and remain on schedule to open in September 2012. Course Portfolios, courses offered and levels of staff have been developed and agreed taking into consideration the number of pupils signing up to courses.

- Mr Plews noted that both the Little Build and Big Build appear to be progressing well and asked that his compliments and formal acknowledgement be given to Mr King, as Portfolio Holder, and officers for their vision and work on both projects.

In response to a query from Mr Gale, it was indicated that the external auditors would not be in attendance at a future Council meeting to answer members' questions on the Annual Audit Letter. Authority had been delegated to the Audit and Risk Committee to consider such documents and this was included within the Committee's Terms of Reference.

Although Mr Gale indicated he had submitted written questions to the Chairman prior to the meeting, the Chairman was not prepared to consider the questions at this meeting at such short notice in accordance with the provisions of Procedure Rule 95.

RESOLVED

That the contents of the Annual Audit Letter for 2009/10 be noted.

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Mr Gale left the meeting at this point and did not return.

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It was explained, for the benefit of the external auditors and remaining members of the public, that should any elected members wish to address a committee and ask questions in respect to a particular report that they are able to do so. Notification of written questions from members should be submitted in accordance with the provisions of Procedure Rule 95 – Questions With Notice From Members.

657. INTERNAL AUDIT PERFORMANCE REPORT (1 APRIL – 30 NOVEMBER 2010)

Report No 240/2010 from the Head of Consortium was received. The Head of Consortium introduced the report explaining that the report would allow members to monitor the performance of the Consortium in delivering the Council's internal audit service.

During consideration the Committee noted the following points:

- As a consequence of the restructuring, "ownership" of the outstanding Audit Recommendations has changed. Now that the final appointments to Leadership Team have been made an exercise will be carried out to link each Recommendation to an appropriate Head of Service.
- The Audit Plan may not be delivered in full but essential/critical elements for action would be agreed with the S151 Officer.
- Despite the impact of the restructuring of the Consortium, overall productivity is at 85% against a target of 87%.
- Member training had been deferred following liaison with the Leader due to the impending local election.

- As the Consortium's costs are overwhelmingly employee related, the agreed reduction in the budget has resulted in a proportionate reduction in the audit days that can be delivered in 2010/11: the impact of the Council's wider restructure and similar exercises at other client sites means that there is some uncertainty as to how the days available will be shared between clients. The Welland Board has therefore agreed that the allocation of the Consortium's net costs to its clients will be based on the proportion of total days delivered to each client. While the Council will achieve a significant saving on its 2010/11 budget, the precise saving cannot be calculated with confidence until the year-end.

The Head of Consortium then made a presentation regarding the Audit and Risk Committee planning of agendas.

RESOLVED

That consideration had been given to aspects of the Council's performance and further explanation required had been satisfactorily received.

658. EXCLUSION OF THE PUBLIC AND PRESS

DECISION

That the public and press be excluded from the meeting in accordance with the Access to Information provisions of Procedure Rule 239, to allow discussion which could involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).

659. INTERNAL AUDIT PERFORMANCE REPORT (1 APRIL – 30 JUNE 2010)

The Portfolio Holder for Development and Finance, Mr King, asked for an update from Officers regarding a meeting with the Principal of Catmose Campus, following the last Audit & Risk Committee meeting where it was advised difficulties in securing a meeting with the Principal had been resolved with a meeting scheduled for October 2010. Clarification was provided to members.

RESOLVED

That further work would be undertaken in conjunction with the Strategic Director for People.

660. RISK REGISTER

The Strategic Director for Resources, Miss Muddimer, presented a verbal update and circulated a hard copy of the current Risk Register.

RESOLVED

To receive the Risk Register at the next meeting and look closer at high risk areas if no improvements made.

661. ANY OTHER URGENT BUSINESS

No items of other business had been received by the person presiding.

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The Chairman closed the meeting at 8.45pm

Chairman