



Rutland County Council

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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, 8 May 2012.

PRESENT: Mr M R Woodcock (in the Chair)

Mr D C Hollis
Mr J R Munton
Mrs C L Vernon

In attendance: Mr N Bellamy District Auditor, Audit Commission
Mr T C King Portfolio Holder for Finance & Asset Management
Mr M Norman Audit Manager, Audit Commission
Mr M Pocock Portfolio Holder for Resources

Officers present: Mrs A S Brown Democratic Services Officer
Mr R Gaughran Head of Welland Internal Audit Consortium
Mrs D Mogg Strategic Director for Resources
Mr G Pook Head of Corporate Governance

Apologies: Mr D L Richardson

951. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the Audit & Risk Committee held on 14 February 2012 be confirmed.

952. DECLARATIONS OF INTEREST

Councillor Vernon declared a personal but not prejudicial interest in numbers one, 12 and 16 of agenda item 10, Risk Register, as she works in education recruitment.

953. PETITIONS, DEPUTATIONS AND QUESTIONS

No petitions, deputations or questions had been received.

954. INTERNAL AUDIT PERFORMANCE REPORT

Report No. 83/2012 was received from, and introduced by, the Head of Welland Internal Audit Consortium who reminded the committee of the previous staffing difficulties experienced within the team during the year. Since that time, approval had been given to engage consultants to support outstanding audits using the funds from unspent salaries. Mr Gaughran continued by explaining that only one area of concern had been highlighted at present and which related to the review of payroll. The Strategic Director for Resources provided an overview of the issues and some of the actions that are being taken to address these.

During consideration the Committee noted the following points:

- Members requested an update on the recruitment within the team. It was hoped, following the job evaluation process, that recruitment could commence early July. The recruitment was for the Welland Internal Audit Consortium which required the support of the audit board as the service also supports other councils.
- The Strategic Director for Resources commended the audit team for their continued delivery despite the challenges they have faced over recent months.

RESOLVED

1. That aspects of the Consortium's performance, noted within Report No. 83/2012 be **NOTED**.

955. ANNUAL GOVERNANCE STATEMENT

Report No. 84/2012 from the Strategic Director for Resources was received and introduced by the Head of Corporate Governance, Mr Pook. The report gave members the opportunity to consider the Annual Governance Statement and, in particular Section 4 which described specific relevant events during 2011/12.

During consideration the Committee noted the following points:

- Training for members was raised as a potential for further investigation as it was felt that those who did not attend training may not be performing their committee/panel duties to the best of their abilities or, indeed, were at risk of not fulfilling their role. Although it was not appropriate to hold detailed discussion at the Audit & Risk Committee, it was noted that a full programme was currently being developed for the next year and consideration would be given to non-attendance during that process.
- Additional testing for the Agresso system had been commissioned to provide assurance that the system was working efficiently and accurately. A detailed action plan had been implemented to ensure that the teams within payroll and HR work more effectively together. This system was being monitored by the relevant Heads of Business Support.
- It was agreed that, despite being understaffed, the internal audit function had clearly demonstrated that it continues to work satisfactorily, quickly identifying issues where remedial actions can be implemented.
- A suggestion was made to investigate the possibility of outsourcing the payroll function. This had been considered previously but shared services in general would form part of the discussions in the next Star Chamber process.

RESOLVED

1. That the inclusion of the Annual Governance Statement at Appendix A to Report No. 84/2012 in the 2011/12 Statement of Accounts be **SUPPORTED**.

956. AUDIT COMMISSION – AUDIT PLAN 2011/12

Report No. 85/2012 was received from the Strategic Director for Resources and introduced by the District Auditor, Mr Bellamy, who confirmed that the report provided an update regarding the identified risks and the audit response to those risks. This would form the basis of providing the Audit Commission's Opinion on the accounts in September.

During consideration the Committee noted the following points:

- Pages 21 and 22 of Report No. 85/2012 were specifically referred to by the District Auditor and dealt with the Statement of Accounts rather than the Value for Money conclusion. Specific risks envisaged by the Audit Commission within the Statement of Accounts were also noted.
- Despite new disclosure requirements relating to heritage assets, it was felt that this was not material within Rutland and, therefore, presented no significant risk.
- The District Auditor identified that he would like to look at the capital programme in more detail given the significance of the current programme.
- Details of the fees were noted within the report and it was not envisaged that this would change as no further work was anticipated.

RESOLVED

1. That the updated Audit Plan at Appendix A to Report No. 85/2012 be **NOTED**.

957. THE FUTURE OF LOCAL EXTERNAL AUDIT

Report No. 87/2012 was received and introduced by the Strategic Director for Resources which updated the committee on the response to the consultation, current position and future plans for external audit following the announcement to abolish the Audit Commission.

During consideration the Committee noted the following points:

- There may be a move, towards 2017, which would enable local authorities to appoint their own auditors following the abolition of the Audit Commission. This would be procured as any other service.
- KPMG had been appointed as auditor for the East Midlands Region and the existing Audit Commission staff would transfer from 31st October 2012.
- It was not anticipated that significant changes would be made immediately and the 2011/12 audit work would continue as previously discussed with the existing audit team, although a watching brief would be kept.
- An introductory meeting with KPMG had been arranged which was hoped to provide further information and an update would be provided to members at the next meeting.
- Although KPMG had won the East Midlands contract, the formal appointment of auditors would not take place until early September 2012. A period of consultation would commence over the next two to three months which would identify any conflicts of interest with the incoming auditors, for example, if the external auditor appointed had undertaken the internal audit.

RESOLVED

1. That the contents of Report No. 87/2012 be **NOTED**.

958. UPDATE ON THE PRODUCTION OF THE STATEMENT OF ACCOUNTS 2011/12

Report No. 95/2012 was received and introduced by the Strategic Director for Resources, which informed the committee of the key dates relating to the production of the Statement of Accounts for 2011/12.

During consideration the Committee noted the following points:

- Apologies were given that paragraph 4.3 did not form part of the report and had been left in from the template used. This was not relevant to the topic and members were asked to disregard it.
- The dates included set out when the committee could expect to receive relevant information in relation to the Statement of Accounts. The draft Statement of Accounts was to be submitted to the external auditor by 30th June 2012.
- The Outturn Report was to be presented to Cabinet as part of the Q4 Financial Monitoring Report on 3rd July, rather than 12th June as noted in the report.
- The Statement of Accounts was to be finalised and submitted to this committee in September 2012.
- Members noted that there was a member of staff now in post to ensure that these timescales were met.

RESOLVED

1. That the contents of Report No. 95/2012 be **NOTED**.

959. AUDIT & RISK COMMITTEE WORKPLAN 2012/13

The work plan for the Audit and Risk Committee was considered and **APPROVED** as follows:-

June 2012

- Internal Audit Annual Report 2011/12
- Update on the Production of the Statement of Accounts
- Risk Register
- Emergency Plan – Office Back-Up Systems (*as noted in minute number 960*).

Members also agreed that items could be added at a later date should this be necessary.

960. STRATEGIC RISK REGISTER

Report No. 86/2012 was received from the Strategic Director for Resources, who advised that, following discussion at the last meeting, this was now a public document. Members noted, however, that certain sections may have to be considered within an exempt session, should this be necessary.

During consideration the Committee noted the following points:

- There were 23 risks noted on the register which would be plotted on a matrix at the next meeting for members' ease of reference.
- The impact of schools converting to academy status was thought to warrant a higher risk rating than shown but it was explained that the actions currently being taken had been considered when ascertaining the risk.
- In regard to office accommodation, it was unsure whether a back-up generator was available. It was agreed that it would be reported at the next meeting if a back-up generator was available and, if not, what was in place as part of the emergency plan.
- In respect of media influence, the issue of letters from members published in the press was mentioned. It was confirmed that other members had the option to respond in the same way. The press do regularly consult the Communications Officer prior to printing any correspondence to ensure appropriateness.
- In respect of Catmose Campus, the project was now complete although some snagging works were ongoing. The last report received by the Portfolio Holder for Finance and Asset Management noted a slight overspend of less than 1% of the total project. Within that an issue had arisen which was not identified until the new landowners of part of the previous site had commenced works on a housing development. The issue was ongoing and would be reported to members as part of the year end information.

RESOLVED

1. That the contents of the risk register and the actions underway to address the risks be **NOTED**.

961. ANY OTHER URGENT BUSINESS

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

The Chairman closed the meeting at 7.55pm

Chairman
19 June 2012