



# Rutland County Council

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Minutes of a meeting of the **AUDIT AND RISK COMMITTEE** held in the Council Chamber, Catmose, Oakham, at 7.00pm on Tuesday 11 June 2013.

PRESENT: Mr M E Baines (in the Chair)  
Mr J M Lammie  
Mr J R Munton

Members in attendance: Mr T C King Portfolio Holder for Finance, Property, Development Control, Planning Policy, Economic Development and Tourism  
Mr M D A Pocock Portfolio Holder for Highways, Waste and Recycling, Transport and Parking, Revenues and Benefits, Democratic Services  
Mr A S Walters

Officers present: Mr S Della Rocca Interim Strategic Director for Resources  
Mr R Gaughran Head of Welland Internal Audit Consortium  
Mrs S A Ramsay Democratic Services Assistant

Apologies: None received

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## 88. MINUTES OF THE PREVIOUS MEETING

### RESOLVED

That the minutes of the Audit and Risk Committee held on 16 April 2013 be confirmed and signed by the Chairman.

## 89. DECLARATIONS OF INTEREST

There were no declarations of interest in respect of items on the agenda.

## 90. PETITIONS, DEPUTATIONS AND QUESTIONS

No petitions, deputations or questions had been received from members of the public.

## 91. ANNUAL REPORT OF INTERNAL AUDIT 2012/13

Report No. 139/2013 from the Head of Welland Internal Audit Consortium was received, the report summarised the work of Internal Audit and set out summary results for the self audit. The opinion of the Head of Welland

Internal Audit Consortium was that the Council's overall internal control arrangements provide a Sound Level of Assurance, the basis for this Opinion was set out in Appendix A to the report.

A number of concerns and issues were raised:

- Members expressed concern at the high level of vacancies reported for 2012-2013 which impacted on the work delivered and requested an explanation for this. The Head of Internal Audit commented that the Internal Audit Team was now fully staffed, but also noted that the recruitment exercise had not attracted any suitable candidates with relevant professional qualifications or experience. Good quality graduates had been recruited and a training and development programme was being put in place.
- Members wanted assurance that there would be no problems in delivering the audit plan for 2013-14. The Head of Internal Audit gave assurance that arrangements would be put in place to make delivery as robust as possible.
- Members noted that the Audit Team was not fully compliant with Internal Audit standards and requested assurance that this position would be addressed. The Head of Internal Audit commented that the Audit Team was already working on key issues but there may still be areas of non conformance but this would not undermine the delivery of audit work.
- Members were disappointed that the Payroll audit had not detected some of the underlying issues. The Head of Internal Audit acknowledged the issues.

## **RESOLVED**

That the Annual Report of Internal Audit and the Internal Audit Opinion that it supports be **APPROVED**.

## **92. INTERNAL AUDIT UPDATE**

Report No. 140/2013 from the Head of Welland Internal Audit Consortium was received. The Chairman requested clarification on the "gate keeper" role referred to in Appendix B of the report, it was explained that the Committee should be taking a well informed, balanced opinion as to the adequacy of the Audit Plan, and going forward the Committee would take a more active role in ensuring the plan was risk focused, if necessary seeking additional or redeployed resource where it sought further reassurance on an item on the Audit Plan. It was also noted that the Committee was able to amend the Internal Audit Plan should it wish to do so. New areas for investigation could be requested and areas could be deferred e.g Electoral Registration to free up resources should new areas be identified. Councillor King suggested to other members that the plan might be more effective if done over a two year time frame and to prioritise higher risk items in the first year, this would allow more time be allocated to those jobs and reduce the time pressures on the audit team. As there were several items which members thought should also be included in the plan, including work on Contracts, HR arrangements and Key

Financial Systems it was deemed that producing a two year plan would be helpful.

The Head of Internal Audit advised that new standards would be applicable from 1<sup>st</sup> April 2014 and it would be the Council's decision as to whether to operate fully in conformance. Should the Committee decide to implement a multi year plan this would not be in compliance with the standards and would need to be reported as such. It was explained to members that the standards were not a statutory requirement, there would be substantial areas which must be complied with, others would be noted.

## **RESOLVED**

1. That the contents of Report No. 140/2013 be **NOTED**
2. That the Internal Audit Plan 2013/14 shown at Appendix A to the report be **APPROVED** subject to the addition of more audits of key financial systems, a review of Human Resources Procedures and a review of contract procurement within the People (Children) Directorate. An updated two year plan is to be provided to Committee in September.
3. That members are aware of the "gate keeper" role and of the utility of Appendix B (as amended by Appendix A above) a support for this role.
4. That the Performance Indicators as set out in Tables 1 & 2 be considered as suitable and sufficient.

## **93. PAYROLL INTERNAL CONTROLS REVIEW**

Report No. 142/2013 from the Strategic Director for Resources was received.

Members felt that the report presented was comprehensive and that the matter had been discussed in detail at a previous meeting of Full Council. The Portfolio Holder for Portfolio Holder for Highways, Waste and Recycling, Transport and Parking, Revenues and Benefits, Democratic Services commended Officers on a clear and concise report.

Councillor Munton requested that the options for future delivery of Internal Audit were investigated. The Interim Strategic Director for Resources suggested that the Committee revisit this request in September when the external review of Internal Audit had been completed. The Committee agreed to this approach.

## **RESOLVED**

That the actions taken to address internal control matters be **NOTED** and that a report on the independent review of Internal Audit be presented to the September meeting at which point the Committee would decide whether options for delivery of internal audit services should be investigated.

## **94. CLOSEDOWN**

Closedown refers to the Council's preparations for producing the statutory accounts. A verbal update was received from the Interim Strategic Director

for Resources regarding the preparation of the Statutory Accounts, he advised that this was on track in accordance with the outline timetable presented at a previous meeting.

#### **95. 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 8.20pm**

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