



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 24 September 2013.

PRESENT: Mr M E Baines (in the Chair)
Mrs C J Cartwright (for Mr J R Munton)
Mr J M Lammie
Mr D L Richardson
Mr A S Walters

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

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

Others in attendance: Mr M Norman Audit Manager, KPMG LLP

Apologies: Mr J R Munton

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It was agreed that the agenda of the meeting would be slightly amended in order to take agenda item 5 – Annual Governance Report before agenda item 4 – Statement of Accounts.

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407. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the Audit and Risk Committee held on 11 June 2013 be confirmed and signed by the Chairman.

408. DECLARATIONS OF INTEREST

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

409. PETITIONS, DEPUTATIONS AND QUESTIONS

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

410. ANNUAL GOVERNANCE REPORT

Report No. 225/2013 from was received from the Assistant Director (s151 Officer). Introducing the report the External Auditor, Mr Norman explained that this was the first report the Council had received from KPMG LLP. He advised that the audit did not identify any material errors but had identified one non trivial item, being the classification of creditors which, Officers had chosen not to amend. Mr Norman commented on the changes implemented in this year's accounts production and audit process. Officers had produced good quality working papers and had clearly spent a lot of time and effort in doing so. Mr Norman explained that the audit was substantially complete and that external audit were now waiting to receive the signed Statement of Accounts and Letter of Representation. Upon receipt of these items, external audit were intending to issue an unqualified audit opinion.

The Chairman noted that the positive comments on systems implemented were most welcome.

Members sought clarification on the specific areas covered in the Report, e.g. is it specifically related to the audit procedure rather than the whole area of governance within the Council? Mr Della Rocca advised that although the title was Annual Governance Report, the report focused on financial governance and value for money. The report was not intended to be a "root and branch" review of the Council's governance arrangements.

RESOLVED

1. That the contents of the Annual Governance Report be **NOTED**.

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In accordance with Procedure Rule 79, paragraph 2 – Recording of Votes, Mr Richardson requested that his abstention from voting on the above Resolution be recorded.

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In agreement with the committee the following resolution was taken after discussion in agenda item 4, Statement of Accounts.

2. That the Letter of Representation at Appendix 3 to Report No. 225/2013 be **APPROVED** and signed by the Section 151 Officer and Chairman of the Audit and Risk Committee.

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In accordance with Procedure Rule 79, paragraph 2 – Recording of Votes, Mr Richardson requested that his abstention from voting on the above Resolution be recorded.

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411. STATEMENT OF ACCOUNTS

Report No. 220/2013 was received and introduced by the Assistant Director (s151 Officer), Mr Della Rocca. The Committee was asked to approve the Statement of Accounts for publication by 30 September 2013. He advised that the Accounts had been on the website since June 2013 to allow members of the public to view and ask questions. One member of the public attended the Council offices to ask questions which Mr Della Rocca answered. No further questions had been received from the public or from Members.

Members sought clarification on several items in the report, specifically the revaluation reserve and how this figure was calculated. It was explained that this represented any changes in the value of a fixed asset, should a revaluation result in an increase in value then the potential “gain” was held in the revaluation reserve until such time as the asset was disposed of or sold. At that point, the “gain” would be recognised in the Comprehensive Income and Expenditure Account. Any element of profit or loss on revaluation of fixed assets cannot be recognised as such if the asset is still owned by the authority. Members were further advised that the queries raised were covered in a previous briefing on the Statement of Accounts, the Assistant Director (s151 Officer) agreed to circulate the briefing papers to all members of the Council for information and to produce a note showing how the Revaluation Reserve worked in more detail.

RESOLVED

That the Statement of Accounts for 2012/13 be **APPROVED**.

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In accordance with Procedure Rule 79, paragraph 2 – Recording of Votes, Mr Richardson requested that his abstention from voting on the above Resolution be recorded.

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412. PUBLIC SECTOR INTERNAL AUDIT STANDARDS TRAINING UPDATE

Report No. 219/2013 from the Head of Welland Internal Audit Consortium was received. The report set out a proposed timetable for the training necessary to support the Committee in the discharge of new responsibilities resulting from the introduction of the Public Sector Internal Audit Standards. Members were advised that they would be able to attend training sessions being held at other Welland authorities if they were unable to attend the planned Rutland ones. Members felt that the training should not be restricted to members of

this committee and were advised that all members would be encouraged to attend any session.

RESOLVED

That the contents of the report be **NOTED**.

413. REVIEW OF INTERNAL AUDIT

Report No. 222/2013 from the Assistant Director was received.

The report briefed the Committee on the outcome of the external review of Internal Audit, and advised members of potential future options for the provision of Internal Audit services.

It was noted that the Welland Internal Audit Board had discussed the report and an Improvement Plan had been put forward, officers believed that this was a positive move and that Internal Audit could deliver. It was suggested that this arrangement should continue and consideration of other options for the provision of Internal Audit be deferred at this time.

RESOLVED

1. That the action plan be **NOTED** and that a progress report be brought to the next meeting of the Committee.
2. That consideration of alternative internal audit options be **DEFERRED** pending the delivery of the Internal Audit Improvement plan and **NOTES** the issues raised in paragraph 3.8 of the report.

414. INTERNAL AUDIT IMPROVEMENT PLAN

Report No. 218/2013 from the Head of Welland Internal Audit was received. Members were advised that the action plan was already in place and a timetable for improvements would be in place by the end of December. It was agreed that a follow up report would be produced for January and this was likely to show that improvements had been made. The Head of Welland Internal Audit also advised that previous staffing issues had been addressed and that the Audit team was now fully staffed. He advised that the three management staff were fully qualified and that they would oversee the continued development of the graduate staff.

RESOLVED

That the contents of the report and the appended improvement plan be **NOTED**.

415. INTERNAL AUDIT UPDATE

Report No. 217/2013 from the Head of Welland Internal Audit was received. The purpose of the report was to update members on the performance of the Consortium and on the development and delivery of the 2013/14 Audit Plan.

The Head of Welland Internal Audit explained that the Committee now has the role of approving an consultancy assignments for Internal Audit, one such assignment was a review of claims for funding of nursery places for 3 & 4 year olds. As this work was time limited and the expenditure level quite high it was agreed that this should be added to the Audit Plan at this time. Members challenged whether additional resources were needed to complete this review as the plan indicated that there could be capacity. As other reviews had not yet been scoped, it was agreed that there was no need to remove any reviews from the plan at this stage.

RESOLVED

1. That the contents of the report be **NOTED**.
2. That audit work on funding for nursery places as detailed in paragraph 3.5 of Appendix A be added to the updated Internal Audit Plan 2013/14, and that the Plan then be **APPROVED**.

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In accordance with Procedure Rule 79, paragraph 2 – Recording of Votes, Mr Richardson and Mr Walters requested that their votes against the above Resolution be recorded.

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3. Recommendation 2.3 was removed in light of the amendment made to the plan in Resolution 2, above.

416. PAYROLL INTERNAL CONTROLS REVIEW

Report No. 224/2013 from the Assistant Director was received. Mr Della Rocca advised members that a detailed paper was presented at the last Committee meeting. Systems had since been changed to prevent a repeat of those issues identified, and Officers had built on that work and were satisfied that there would not be a reoccurrence of widespread payroll problems.

RESOLVED

That the actions taken to address internal control matters be **NOTED**, and that an independent report on payroll arrangements be presented to the January 2014 meeting.

417. 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 9.05pm

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