



Rutland County Council

Catmose Oakham Rutland LE15 6HP

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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 21 January 2014.

PRESENT: Mr M E Baines (in the Chair)
Mr J M Lammie
Mr D L Richardson
Mr A S Walters

Members in attendance: Mr M D A Pocock Portfolio Holder for Highways, Waste and Recycling, Transport and Parking, Revenues and Benefits, Democratic Services

Officers present: Mrs D Baker Head of Corporate Governance
Mr S Della Rocca Assistant Director - Finance
Mr R Gaughran Head of Welland Internal Audit Consortium
Mrs S A Ramsay Corporate Support Officer

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

713. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the Audit and Risk Committee held on 24 September 2013 be confirmed and signed by the Chairman.

714. DECLARATIONS OF INTEREST

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

715. PETITIONS, DEPUTATIONS AND QUESTIONS

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

716. EXTERNAL AUDIT – CERTIFICATION OF GRANTS ANNUAL REPORT 2012-13 AND AUDIT UPDATE

Report No. 23/2014 was received from the External Auditor, Mr Norman. The report detailed the outcome of external audits grant certification work for 2012/13 and gave a general update on external audit progress. Mr Norman

explained that the three claims audited were mandated by the Audit Commission who agreed the regime and issued instructions accordingly.

Mr Norman explained that a new Audit Lead, Mr Tony Crawley, had been appointed to replace Mr Neil Bellamy. Mr Crawley would now be the person that Members should contact if there are any matters they wish to raise with external audit.

RESOLVED

1. That the contents of Report No. 23/2014 be **NOTED**.

717. COUNTER FRAUD STRATEGY UPDATE

Report No. 18/2014 was received and introduced by the Assistant Director - Finance, Mr Della Rocca. The report advised members of the current status of the plan presented in April 2013. Mr Della Rocca advised that the majority of actions in that plan had now been taken. Since the plan was first presented to the Committee a new Head of Governance, Mrs D Baker had been appointed. Mr Della Rocca advised that the plan had been revisited and whilst there were still some outstanding issues progress was good. Members welcomed the suggested additions to the work plan contained in the report. It was felt that the proposed Fraud Risk Register should be presented to the next meeting. Members were advised that this would comprise, as a minimum, a list of areas where Officers thought the Council was susceptible to fraud, and members would then be asked for their input so as to ensure the list was complete.

Members asked for an update on action point 10 of Appendix A, Maintaining Lines of Communication with Local Police. Mr Gaughran advised that a response from the Police was still outstanding but would be followed up. It was felt that having a dedicated Police contact would be of benefit to the Council.

RESOLVED

That the contents of Report No. 18/2014 be **NOTED**.

718. EMERGING ISSUES FOR THE CLOSURE OF ACCOUNTS 2013/14

Report No. 5/2014 was received and introduced by the Assistant Director - Finance. The purpose of the report was to look ahead to the Statement of Accounts and alert the Committee to any major changes. Mr Della Rocca advised members that the biggest change was due to the localisation of Business Rates, in that this would now be accounted for in the Collection Fund as noted in paragraph 5.6 of the report.

RESOLVED

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

719. REVALUATION RESERVE

Report No. 4/2014 from the Assistant Director - Finance was received.

The Report was presented to Committee in response to a request from Members at the 24 September 2013 meeting, for an explanation of how the Revaluation Reserve worked. The report provided members with a working example of entries to the Reserve and explanations as to why it was needed. Members agreed that they were now clearer on the purpose of the Reserve.

RESOLVED

That the contents of Report No. 4/2014 be **NOTED**.

720. INTERNAL AUDIT IMPROVEMENT PLAN PROGRESS REPORT

Report No. 7/2014 from the Head of Welland Internal Audit was received. The report informed members of the progress made on the implementation of the Improvement Plan adopted following the External Quality Assessment. The Chairman noted that the papers showed change within Internal Audit and was pleased to see this. He advised members that patience was needed and that personally he was satisfied that the plan was on track. Members queried the wording of Auditors Responsibilities in the Reporting area of Appendix C; *"The Consortium will ensure that no reports are shared outside officer group until the Client Director has given sign off"*. Members felt that this was restrictive and requested a rewording to cover any instances where it was felt to be more appropriate not to wait.

RESOLVED

1. That the contents of the report be **NOTED**.
2. That members endorse the revised Internal Charter at Appendix B
3. That subject to the requested modification noted above, members endorse the Audit Protocol at Appendix C.

721. REVIEW OF INTERNAL AUDIT FOLLOW UP.

Report No. 25/2014 was received and presented by the Assistant Director. Mr Della Rocca advised members that Internal Audit had made good progress with the action plan but there was still work to be done on policy and documentation before a comprehensive view could be gained on the effectiveness of the new practices. Members asked how Officers were adapting to the changes implemented, the Head of Welland Internal Audit, Mr Gaughran advised that feedback from staff had been positive and that the new procedures were working well.

RESOLVED

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

2. That a report on the embedding of the risk based audit be presented to the next meeting of the committee.

722. INTERNAL AUDIT UPDATE

Report No. 8/2014 from the Head of the Welland Internal Audit Consortium was received. The purpose of the report was to update members on the performance of the Consortium and the development and delivery of the 2013/14 Audit Plan. Mr Gaughran advised that the plan could be delivered within the timeframe allowed but owing to the changes made to practices and time taken to train staff it would not be in budget. The improvement plan was almost complete and over 50% of the 30 action points had been signed off by the Welland Internal Audit Board. Members discussed the recommendations within the report, specifically 2.2 and 2.3, it was felt that the principle of 2.2 was acceptable suggestions would be forthcoming over time rather than immediately. Members suggested that whilst they would like to see the detail behind the executive reports (recommendation 2.3) it would be sufficient to supply this outside of the meetings.

RESOLVED

1. That the contents of Report No. 8/2014 be **NOTED**.
2. That members would provide guidance on areas for inclusion at a future date, a draft Audit Plan for 2014/15 would be provided at the next meeting.
3. That the detailed information for the Executive Report be provided to members via the members secure area of the internet, this would be available to all members of the Council.

723. PAYROLL AUDIT

Report No. 6/2014 was received from the Head of Welland Internal Audit Consortium. The purpose of the report was to inform Members of the results of the audit of the payroll system. Members asked about the methodology of selecting the test subjects for the audit on leavers and made the point that if there was an error in the sample, they would expect testing to be extended. Mr Gaughran advised that a selection was made from all leavers within the year and that in this case the overall population was small so extending the sample was not deemed necessary in this case but the point was noted for other work. Mr Gaughran also confirmed that all directorates were represented in the sample.

RESOLVED

That the contents of Report No. 6/2014 be **NOTED**.

416. 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 8.21pm

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