



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 08 April 2014.

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

Members in attendance:	Mrs C Cartwright	For Mr J R Munton
	Mr T C King	Portfolio Holder for Places (Development) and Finance
	Mr M D A Pocock	Portfolio Holder for Places (Environment and Transport) and Resources

Officers present:	Mrs D Baker	Head of Corporate Governance
	Miss S Bingham	Corporate Support Officer
	Mr S Della Rocca	Assistant Director (Finance)
	Mr R Gaughran	Head of Welland Internal Audit Consortium
	Mr A Green	Corporate Support Officer

Others in attendance:	Mr T Crawley	Appointed Auditor, KPMG LLP – Director
	Mr M Norman	Appointed Auditor, KPMG LLP – Manager

Apologies: Mr J R Munton

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926. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the Audit and Risk Committee held on 21 January 2014 be confirmed and signed by the Chairman.

927. DECLARATIONS OF INTEREST

There were no Declarations of Interest in respect of items on the agenda.

928. PETITIONS, DEPUTATIONS AND QUESTIONS

No Petitions, Deputations or Questions had been received from members of the public.

929. ACCOUNTING UPDATE

Report No. 93/2014 from the Director of Resources was received. Mr Della Rocca introduced the report which updated the Committee on the progress being made in the closure of accounts for 2013/14 and informed the Committee of the updating of the Statement of Accounts 2013/14.

During discussion, the following points were noted:

- i. The Statement of Accounts must be certified by 30 June for submission to the external auditor.
- ii. The Statement of Accounts must be considered by the Audit and Risk Committee, after examination by the external auditor, and to approve it no later than 30 September.
- iii. The departure of the Technical Accountant presented a risk to the successful closure of accounts, however the risk has been mitigated by hiring Mr Baish on an interim basis.
- iv. Mr Della Rocca pointed out some changes to accounting procedures for 2013/14 including the requirements that business rates are now accounted for through the Collection Fund and that a provision for business rate appeals would need to be made. This would be based on the loss the Council could make through appeals to the Valuation Officer being successful.

RESOLVED

That the contents of Report No. 93/2014 be **NOTED**.

930. AUDIT PLAN

The Chair asked KPMG to draw the Committee's attention to anything contained within the report that was different to other local authorities.

Report No. 95/2014 from the Director for Resources was received. Mr Crawley, Director of KPMG Audit Team introduced the report which made the committee aware of and understand the approach to the external audit for 2013/14.

During the discussion, the following points were noted:

- i. The Audit Commission is due to be abolished in March 2015 with the Commission's functions divided between various authorities.
- ii. As a result of the Audit Commission's abolition there will be £8m of rebates to be divided between various bodies.
- iii. Due to audit ethics Mr Crawley has taken over from Mr Bellamy as the new auditor.
- iv. There is no conflict of interest between KPMG and Rutland County Council (RCC).

- v. The Audit Fee will be the same as last year.
- vi. The Committee raised the concern of the Council's changing financial position and queried whether that was looked at in the value for money aspect of the work. Mr Cawley stated that officers are responsible for updating the Medium Term Financial Plan but external audit consider how it is maintained.
- vii. The point was raised regarding audit fee and the two figures (£62k and £86k) on page 24. The £62k figure was an error and that the audit fee is set by the audit commission.
- viii. Concerns were raised regarding double accounting however the Committee were assured that any double accounting would be picked up through normal audit work.
- ix. The Committee raised the point regarding additional work and fees. Mr Crawley confirmed that any fees are agreed with RCC and then submitted to the Audit Commission for approval however additional work is the exception rather than the rule.

RESOLVED

That the contents of Report No. 95/2014 be **NOTED** and the reduction of fees was welcomed by the Chair.

931. FRAUD ARRANGEMENTS REPORT

Report No. 76/2014 from the Monitoring Officer was received. Mr Della Rocca introduced the report which presented proposals for a Fraud Risk Register that contains a list of areas where officers believe the Council is susceptible to fraud. The committee was asked to review the list and give feedback.

During the discussion, the following points were raised:

- i. The Committee raised the point that items five and six on page 32 were the same and asked if this was correct. Officers said they would look into this.
- ii. The Committee raised a concern that there was nothing on the list relating to planning fraud although it was noted that item 34 sufficiently covered planning fraud.
- iii. Concerns were raised regarding the tendering process and possible fraud when choosing a supplier. An argument was outlined for the need of safeguards to be in place for low level tendering. Officers agreed to ensure this was incorporated into the register.

RESOLVED

That the contents of Report No. 76/2014 be **NOTED**.

932. INTERNAL AUDIT PROGRESS REPORT

Report No. 69/2014 from the Head of Welland Internal Audit Consortium was received. Mr Gaughran introduced the report with the aim to update the Committee on the performance of the Consortium and on the delivery of the 2013/14 Audit Plan.

During the discussion, the following points were noted:

- i. Out of 24 assignments 19 have been completed to discussion draft stage and the Welland Internal Audit Consortium is on target to complete all the assignments by the end of April.
- ii. A risk has been highlighted with regards to the retention of data within the Blue Badge service. It was noted that Officers have agreed to put in place procedures to resolve this issue.
- iii. A concern was raised about audits being undertaken but no reports being issued. Mr Gaughran explained that some review work will result in a different type of output e.g. an audit certificate to a government department.
- iv. The Committee raised the point about the April deadline and whether the Consortium was confident that it would deliver to this deadline. Mr Gaughran confirmed that all work will be completed to discussion draft report stage by the end of April.
- v. A concern was raised that the year end deadline could be achieved at the expense of quality. It was confirmed that audits will be completed on time, to budget and to a high quality standard.

RESOLVED

That the contents of Report No. 69/2014 be **NOTED**.

933. INTERNAL AUDIT OPTIONS PAPER

Report No. 94/2014 from the Director of Resources was received. Mr Della Rocca introduced the report which briefed the Committee on staff changes in the Internal Audit team and options for future service delivery.

During discussion, the following points were noted:

- i. There are a number of staff leaving the Internal Audit team including Mr Gaughran who will be retiring at the end of August 2014.
- ii. As a result of staff changes the Welland Internal Audit Board have reviewed the current position and looked at other options for the delivery of the service. The conclusion reached was that the existing model, is still the preferred option.
- iii. The Committee raised the concern over resilience due to staffing changes however it was noted that some of the junior auditor vacancies have been filled with more experienced auditors. In addition

it is being investigated to see if the Internal Audit team can increase resilience by making alliances with other local authorities.

- iv. The Committee welcomed the review of service delivery however was concerned that the review has gone so far before input by Members. However, it was noted that due to the structure of the Welland organisation the decision making process was more complex as it involves four other authorities.

RESOLVED

That the contents of Report No. 94/2014 be **NOTED** but regretted that the report did not come to the Committee before this decision was made. The Committee expected a report on the topic in a year's time.

934. INTERNAL AUDIT PLAN 2013/14

Report No. 70/2014 from the Head of Welland Internal Audit Consortium was received. Mr Gaughran introduced the report which sought the approval of the Committee for the Annual Audit Plan 2014/15.

During the discussion, the following points were raised:

- i. A concern that capital projects are not mentioned within the report however it was noted this had not been identified as a key risk from the planning process but would be kept under review.

RESOLVED

That the Internal Audit Plan 2014/15 be **APPROVED**.

935. ANY OTHER URGENT BUSINESS

No items of other business had been received.

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The Chairman closed the meeting at 8.30pm

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