



# 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 23 September 2014.

**PRESENT:** Mr M E Baines (in the Chair)  
Mr J M Lammie  
Mr A S Walters  
Mr J R Munton

**Members in attendance:** Mr M Pocock Portfolio Holder for Places (Environment and Transport) and Resources

**Officers present:** Mrs D Mogg Director of Resources  
Mr S Della Rocca Assistant Director (Finance)  
Mrs D Baker Head of Corporate Governance  
Ms R Ashley-Caunt Senior Audit Manager  
Mr T Croote Audit Manager  
Mr A Merry Technical Accountant  
Miss S Bingham Corporate Support Officer

**Others Present:** Mr M Norman KPMG – External Auditors

**Apologies:** None Received

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The Chairman requested all attendees of the meeting introduce themselves for the benefit of members of the public.

## **331 MINUTES OF THE PREVIOUS MEETING**

### **RESOLVED**

That the minutes of the Audit and Risk Committee held on 10 June 2014 be confirmed and signed by the Chairman.

## **332 DECLARATIONS OF INTEREST**

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

## **333 PETITIONS, DEPUTATIONS AND QUESTIONS**

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

### 334 STATEMENT OF ACCOUNTS

Report No. 169/2014 from the Director of Resources was received. Mr Della Rocca introduced the report the purpose of which was to report the Statutory Statement of Accounts 2013/14 in the form prescribed by regulation (Appendix A).

During discussion, the following points were noted:

- i. The Statement of Account is required to be approved and published by 30<sup>th</sup> September 2014; therefore, the timescales have been adhered to.
- ii. The report has been prepared within the statutory standards. There have been no significant changes to these standards from 2012/13.

During discussion, no points were raised.

#### **RESOLVED**

The Committee **APPROVED** the Statement of Accounts for 2013/14 including the Annual Governance Statement.

### 335 ANNUAL GOVERNANCE REPORT

Report No. 170/2014 from the Director of Resources was received. Mr Norman from KPMG introduced the AGR (Annual Governance Report) which informs the Committee on matters arising from the audit of the financial statements and the results of the work undertaken to assess the Council's arrangements to secure value for money in its use of resources.

During discussion, the following points were noted:

- i. The format of the report is the same as previous years
- ii. Mr Norman highlighted the headlines on page 129 of the report to the Committee.  
The one classification misstatement within current assets would not change the balance sheet. When asked Mr Norman stated that cash and investment balances had been 100% checked and that there were no further errors and that the error itself did not raise any concerns about the way in which the accounts were compiled.

#### **RESOLVED**

1. The contents of Report No. 169/2014 was **APPROVED**.
2. The letter of representation was **APPROVED**.

### 336 INTERNAL AUDIT – SERVICE UPDATE

Report No. 208/2014 from the Director of Resources was received. Mr Della Rocca introduced the report with the purpose to brief the Committee on changes in the Internal Audit team following the departure of the previous Head of Audit.

During discussion, the following points were noted:

- i. Following unsuccessful recruitment an interim arrangement has been implemented. The Welland Board have appointed LGSS (Local Government Shared Services) to undertake the management of the service.
- ii. The appointment of LGSS has given Rutland County Council much needed resilience within the Audit team until March 2015.
- iii. This arrangement will then be reviewed, all options will be looked at and a decision will be made on the best way forward.

During discussion, the following points were raised:

- i. Concern was raised that recruitment to the Welland Partnership Manager post had previously been unsuccessful.
- ii. The Committee welcomed the change to LGSS and encouraged officers to explore all options when reviewing the arrangement in March 2015.
- iii. The Committee agreed that resilience is vital going forward and needs to be part of the decision making process in March 2015.

### RESOLVED

The Committee **NOTED** the arrangements in place up until the end of the financial year.

### 337 INTERNAL AUDIT – 2014/15 PROGRESS

Report No. 204/2014 from the Head of Welland Internal Audit Consortium was received. Mr T Croote introduced the report with the aim to update the Committee on delivery of the 2014/15 Audit Plan.

During discussion, the following points were noted:

- i. There was a target of 40% for the Audit Plan to be completed by the end of September 2014 and actual performance is 39%. This was a significant improvement on last year (8%).
- ii. LGSS has been given a target to deliver 90% of the Audit Plan by March 2015 which is expected to be achieved.
- iii. One customer service questionnaire had been returned to the Audit team with a score of 'good'.
- iv. A new Audit Manager - Kelly Epps joined Rutland County Council 8<sup>th</sup> September 2014.

- v. The Committee welcomed the report.
- vi. The Committee agreed that training for the Audit & Risk Committee members could be actioned after the General Election in May 2015.

## **RESOLVED**

The Committee **NOTED** officers on Report No. 204/2014.

### **338 INTERNAL AUDIT – 2013/14 ‘LIMITED’ RATED REPORTS**

Report No. 189/2014 from the Head of Welland Internal Audit Consortium was received. Ms R Ashley-Caunt introduced the report with the aim to update the Committee on the two assignments which have resulted in Limited Assurance ratings since the last Committee meeting.

During discussion, the following points were noted:

- i. 2 reports have been identified as resulting in limited assurance since the last Audit and Risk Committee meeting in June 2014. They are Safe Driving at Work 2014/15 and ICT Projects.
- ii. The following points were raised regarding the Safe Driving at Work 2014/15 report:
  - Whilst strong controls had been identified in relation to the Council’s pool car and WEcar arrangements, a number of areas for improvement were identified where staff are using their own vehicles for work purposes.
  - An Action Plan had been agreed in order to resolve the issues by the end of December 2014. Internal Audit will follow up on progress made in implementing this action plan and report back to the Committee accordingly.
- iii. The following points were raised regarding the ICT projects – project methodology report:
  - The audit outlined issues with the general communication between the IT department and other departments with regard to the implementation of new systems.
  - The IT department had not been included in the early stages of discussions regarding the purchase of small items of IT equipment. This could potentially lead to a duplication of systems being purchased.
  - This was a corporate issue that requires increased communication and engagement from the IT team and other departments earlier in the process.
  - Better ways of working were being sought. This was not Officers disregarding IT; however, an assumption is made that the IT department are not needed with some purchases.
  - An example was given of a web-based service purchased, it wasn’t appreciated that IT may need to be involved for security purposes, and this was not picked up until after implementation.

- Trigger questions could be used when looking at purchasing new technology to make Officers consider implications that may involve the IT team.
- Current contact with IT was through the Service Desk (via email). The relevant IT Officer would be allocated to the project, dependant on the specific skills, for the life on the project.

During discussion, the following points were raised:

- i. Concern was raised regarding Officer confidence in the IT team
- ii. The Committee welcomed the use of trigger questions.
- iii. Concern was raised that this could be a cultural issues and with no ill-intention, protocol had not been followed in the past.
- iv. The Chairman read a draft note that he had prepared, regarding this issue. With the Committees support this would be sent to the Chief Executive. It was agreed that as Mrs Mogg – Director of Resources has overall responsibility for the IT department she would take the Committees comments back to the Senior Management Team, and assured the Committee that all large/significant IT projects have IT input from the start.

## **RESOLVED**

The Committee **NOTED** Report No. 189/2014.

### **339 ANNUAL FRAUD REPORT**

Report No. 205/2014 from the Director for Resources was received. Mrs Mogg introduced the report to provide an overview of any fraud related activity, which has affected Rutland County Council during the period 2013-2014 and to provide an assurance regarding the Council's resilience against this form of abuse. This is in accordance with the Committee's Terms of Reference to provide assurance of the adequacy of the risk management framework and control environment.

During discussion, the following points were noted:

- i. This was the first Annual Fraud Report, and was an overview of Anti-fraud control mechanisms in place.
- ii. Mrs Mogg summarised the report.
- iii. It was confirmed that the warning letter referred to on page 171, paragraph 5.3, is just that, however, recovery action will take place alongside this letter being issued.

During discussion, no points were raised:

## **RESOLVED**

The Committee **NOTED** Report No. 205/2014

## 340 EXCLUSION OF PUBLIC AND PRESS

### RESOLVED

- i. That the public and press be excluded from the meeting during any discussion of exempt information in the following item of business in accordance with Procedure Rule 239 (Exclusion of Access by the Public and Press).
- ii. That any elected Members present who were not members of the scrutiny panel be allowed to remain during consideration of the following exempt business in accordance to the access to information provisions of Procedure Rule 239.

## 341 FRAUD INCIDENT

Report No. 207/2014 from the Director of Resources was received. Mr Della Rocca introduced the report with the aim to brief the Committee on a recent payments fraud which has resulted in a potential loss of £15,000 to the Council.

During discussion, the following points were noted:

- i. The request to change supplier bank accounts resulted in this payment fraud totalling £15,000.
- ii. Processes were in place to avoid fraud taking place. These had been successful in protecting Rutland County Council from fraud previously.
- iii. The information regarding this payment fraud would be shared with Parish Councils at the Parish Council Forum, so to alert them to this potential danger.
- iv. The procedures in place had been reviewed and now a secondary letter is requested from a second member of staff from the supplier.
- v. Insurance was now available to cover the Council against any losses of this kind. This was currently being investigated.

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The Meeting Moved into Exempt Session

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- i. All payments that had been made to the fraudulent company were of the same value that would have been made to the genuine company. No additional payments were made.
- ii. Officers confirmed that all the checks that are carried out when a change of bank details is requested by a supplier follow the checks advised by the National Anti-Fraud Network (NAFN).
- iii. Concern was raised regarding the fraud incident occurring and the implementation of the additional checks was welcomed.

**RESOLVED**

The Committee **NOTED** the circumstances of the fraud and the action taken in response.

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The meeting continued in public.

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**342 RIPA QUARTERLY REPORT**

Report No. 206/2014 from the Director of Resources was received. Mrs Baker introduced the report the purpose of which is:

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) was enacted to provide a framework within which a public authority may use covert investigation for the purpose of preventing and detecting crime or of preventing disorder.
- 1.2 The codes of practice issued by the Home Office in relation to Part II of RIPA recommend that elected members have oversight of the Council's use of these provisions. The Audit and Risk Committee's terms of reference enable the Committee to receive reports on the Council's use of covert investigations under RIPA.

During discussion, the following points were noted:

- i. This was the first regular report to the Committee. There had been no activity in this area for the period 1<sup>st</sup> April to 30<sup>th</sup> June 2014.
- ii. It was confirmed that RIPA was not used in in the previous year.

**RESOLVED**

The Committee **NOTED** Report No. 206/2014 and that no further action is required.

**343 ANY OTHER URGENT BUSINESS**

No items were raised

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The Chairman closed the meeting at 8.13pm

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Chairman, 20<sup>th</sup> January 2015