



# Rutland County Council

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Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the Catmose on Tuesday, 19th July, 2016 at 7.00 pm

**PRESENT:** Mrs D MacDuff (Chair) Mrs G Waller  
Mr J Lammie Mr A Walters

**APOLOGIES:** Mr AE Baines  
Mr N Begy

**OFFICERS PRESENT:** Mrs D Mogg Director for Resources  
Mr Saverio Della Rocca Assistant Director - Finance  
Mrs D Baker Head of Corporate Governance  
Miss Rachel Ashley-Caunt Head of Welland Internal Audit Consortium  
Miss Kelly Epps Audit Manager  
Miss S Bingham Governance Coordinator and Clerk

**PRESENT:** Mr Mike Norman KPMG  
Mr Oliver Hemsley Portfolio Holder for Resources  
(excluding Finance), Culture, Sport  
and Recreation, Tourism and  
Housing

## 168 MINUTES

The minutes of the Audit and Risk Committee held on 26th April 2016 were confirmed and signed by the Chairman.

## 169 DECLARATIONS OF INTEREST

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

## 170 PETITIONS, DEPUTATIONS AND QUESTIONS

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

## 171 AUDIT COMMITTEE ANNUAL REPORT

Report No.149/2016 from the Chair was received. The purpose of which is to set out the work of the Committee in the Annual Report in line with best practice.

During discussion, the following points were noted and raised:

- i. The Chair thanked the Committee for completing the Audit Committee Effectiveness Self-Assessment Questionnaires.
- ii. The report was produced in line with CIPFA guidance.
- iii. The Chair was commended by the Committee on the production of the report.
- iv. The Committee were advised that there would be 2 options for taking this report to Council so the work of the Audit and Risk Committee can be reported:
  - Option 1 - Formally – In line with procedure rule 31 of the Council’s constitution. The report would be added to the Council agenda and presented by the Chair of Audit and Risk Committee at the meeting.
  - Option 2 - Informally - The Chair of Audit and Risk Committee could send the report to the Chair of Council to discuss outside the meeting.
- v. Mrs Mogg advised the Committee that Council has given delegated powers to the Audit and Risk Committee and as such best practice would be to report formally back to Council on the work that the Audit and Risk Committee have undertaken.

## **RESOLVED**

The Committee **APPROVED** the Annual Report of the Audit and Risk Committee.

## **172 ANNUAL GOVERNANCE STATEMENT**

Report No.113/2016 from the Director for Resources was received. The purpose of which was to meet the statutory requirement for the Council to approve an AGS for inclusion in its published Statement of Accounts (SoA) for 2015/16.

During discussion, the following points were noted and raised:

- i. The following amendments were identified within the report:
  - Page 21 - there are 5 members of the Independent Group, not 6.
  - Page 21 – Members commented that it would be preferable to reflect the training that has taken place.
  - Page 30 - Peer Challenge Review recommendations do not reflect areas for improvement. Mrs Mogg informed the Committee that the review was very positive and there were no significant recommendations but some detail would be added.
  - Page 28 - Further information to be included regarding the 3 limited assurances outcomes from Internal Audit.
- ii. Mrs Baker will liaise with the relevant officers for clarification and make amendments were required.
- iii. Mr Della Rocca confirmed to the Committee that the AGS should not include information regarding the number of future and existing Neighbourhood Plans.
- iv. Mrs Mogg acknowledged the Committees concerns regarding Rutland County Council (RCC) Members protests as it could be perceived as detrimental to the Councils image, however, the AGS is not the appropriate place for this matter to be recorded.

## **RESOLVED**

The Committee **CONSIDERED** the Annual Governance Statement with a revised draft including the amendments above to be formally approved at the Audit and Risk Committee meeting on 20<sup>th</sup> September 2016.

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Mrs D Baker left the meeting at 7.30pm

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## **173 RISK MANAGEMENT UPDATE**

Report No. 148 /2016 from the Director for Resources was received. The purpose of which is to present the Strategic Risk Register to the Committee and provide assurance that strategic risks are being adequately managed.

During discussion, the following points were noted and raised:

- i. Mrs Mogg informed the Committee that there had been no additions, deletions or changes to the risks since the previous meeting.
- ii. The Committee welcomed the intention to add an additional risk to cover the UK's decision to leave the European Union following the referendum on 23 June 2016 and the impact this will have on the Council.
- iii. Risk 3 – Mrs Mogg informed the Committee that in-light of the incident in Lincolnshire 'Ransomware attack' had been added as a cause.
- iv. Risk 8 – Mrs Mogg confirmed that this was a long term target that the Health and Social Care department are working towards.
- v. Risk 5 – Mrs Mogg confirmed that the use of the word 'sighted' in paragraph 2.2 (page 33) means implementing actions so that the Council is made aware of risks to vulnerable adults at the earliest opportunity.
- vi. Mrs Mogg will inform the Committee on the current position regarding the reporting for care homes as this was no longer being covered by the Adult Scrutiny Panel.

## **RESOLVED**

The Committee **NOTED** the contents of the risk register and the actions which would address the risks.

## **174 INTERNAL AUDIT UPDATE**

Report No. 145/2016 from the Head of Internal Audit was received. The Audit Manager introduced the report the purpose of which was to update the Committee on the progress made in delivering the 2016/17 Annual Audit Plan and key findings arising from audit assignments completed since the last Committee meeting.

During discussion, the following points were noted and raised:

- i. The Chair welcomed the Highways Contract Review as this would feed into the budget work being undertaken by the Places directorate currently.
- ii. Taxi licensing review – Miss Ashley-Caunt explained that the draft report was being discussed and agreed with management but there were no significant issues arising. The Committee raised their concerns on the lack of a Taxi Licencing policy. Miss Ashley-Caunt confirmed that it is not mandatory to have a policy and whilst the Council does not have one there are documented procedures that are followed. Mrs Mogg advised the Committee that if the decision is made that a policy is to be developed she would establish which meeting this would need to be brought to for approval.
- iii. Mrs Epps asked the Committee to advise on the scope of the assurances for the additional Special Educational Needs (SEN) Transport Review which was requested by the Committee at the last meeting.

The following areas were identified as areas of scope:

- Processes and tracking of all payments and what controls were in place to prevent fraud.
- Value for Money – with particular focus on use of taxis, who pays and whether more use could be made of public transport
- Planning and management of changes to the existing service and the impact of service users.
- Appeals and whether they could have been avoided.

Mrs Mogg suggested to the Committee that once this audit report is completed they may wish to pass to the Places Scrutiny Panel for comments.

Miss Ashley-Caunt confirmed that she would prepare the terms of reference with the number of days allocated to this audit report. This would be shared with the Committee.

## **RESOLVED**

- The Committee **NOTED** the Internal Audit Update Report.  
The Committee **ADVISED** on the scope of the SEN Transport Review

## **175 FUTURE OF INTERNAL AUDIT**

Report No. 143/2016 from the Director for Resources was received. The Director for Resources introduced the report the purpose of which was to obtain the Committee's views on the proposal for the future delivery of the Internal Audit service.

During discussion, the following points were noted and raised:

- i. Mr Della Rocca informed the Committee of the following:
  - The current arrangements were short term; therefore a review had been undertaken by the Welland Board.
  - The proposed option was for the Welland Internal Audit Team (4.76 FTE's) to be transferred to the Local Government Share Service (LGSS).

- ii. The Committee commented on the improvements that the service had made over the past few years and that they would not want to see any disruption to this improvement.
- iii. The Chair confirmed that she had met with Mr D Wilkinson – Chief Internal Auditor at LGSS. He had given assurance that the quality of the service would not be affected by this change.
- iv. The Chair confirmed that Miss Ashley-Caunt – would remain as our key contact for a minimum period of 12 months. It was noted that the proposed change would provide the current staff with further career and training opportunities that were not available to them within the Welland Internal Audit Team.
- v. Mr Della Rocca confirmed to the Committee that the service would be provided within the existing budget and that there would be a formal delegated agreement with a timescale for review as a result of this process.

## **RESOLVED**

The Committee **COMMENTED on** the content of the Future of Internal Audit report.

### **176 REGULATION OF INVESTIGATORY POWERS ACT 2000 QUARTERLY UPDATE**

The Committee received a verbal update from the Director for Resources to inform them that the RIPA policy had not been used in quarter 1 of 2016/17(1 April to 30 June 2016).

## **RESOLVED**

The Committee **NOTED** the verbal update.

### **177 EXTERNAL AUDIT UPDATE**

Report No. 144/2016 from the Director for Resources was received. Mr Norman from KPMG introduced the report the purpose of which was to ensure that the Committee was aware of and understood the progress made by KPMG in delivering their responsibilities as the council's external auditors.

During discussion, the following points were noted and raised:

- i. Mr Norman informed the Committee that the main audit of accounts was due to start week commencing 25<sup>th</sup> July 2016.
- ii. Mr Norman informed the Committee that KPMG would be including a risk as a result of the European Union Referendum. This would be included in future reports.
- iii. The Chair welcomed the technical update information on page 84 for the report and found it very helpful.

### **178 ANY OTHER URGENT BUSINESS**

No items were raised.

**The Chairman declared the meeting closed at 8.07pm.**

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