



# **Rutland County Council**

Catmose Oakham Rutland LE15 6HP.

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Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the Council Chambers, Catmose on Tuesday, 20th September, 2016 at 7.00 pm

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

**APOLOGIES:** Mr ME Baines

<b>OFFICERS</b>	Mrs Debbie Mogg	Director for Resources
<b>PRESENT:</b>	Mr Saverio Della Rocca	Assistant Director - Finance
	Mr Andrew Merry	Finance Manager
	Mrs Kelly Epps	Internal Audit Manager
	Mrs Kim Cross	Corporate Support Officer

**PRESENT:** Mr Mike Norman KPMG LLP

## **282 MINUTES**

The minutes of the Audit and Risk Committee held on 19<sup>th</sup> July 2016 were confirmed and signed by the Chairman.

## **283 DECLARATIONS OF INTEREST**

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

## **284 PETITIONS, DEPUTATIONS AND QUESTIONS**

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

## **285 STATEMENT OF ACCOUNTS**

Report No. 118/2016 was received from the Director for Resources. The purpose of which was to present the statutory Statement of Accounts for 2015/16 in the form prescribed by regulations to meet the statutory requirement for the Committee to approve and publish its annual statement of accounts by 30 September 2016.

During the discussion the following points were noted:

- i. The Chair of the Committee had met separately with the Finance Manager to go through the Statement of Accounts and ask questions;

- ii. The Council had a contingent liability disclosed in the Statement of Accounts relating to a compensation claim. A detailed report on this potential liability had been presented to Council on 12th September 2016 (Exempt Report 180/2016). It was reported that if new information emerged, before the 30th September, regarding this claim, the Assistant Director – Finance would review the disclosure in the accounts and determine whether any change is need to the current accounting treatment. Any adjustments would be agreed with the external auditor and the Chair of this committee. It was for that reason that the Committee was asked to give delegated authority to the Chair of Audit and Risk to sign the accounts on behalf of the Committee;
- iii. The external auditors were intending to give the Council an unqualified audit opinion;
- iv. The Committee sought clarification regarding the services that had been provided with the money under the 'other' heading in the pie chart on page 24.
- v. A question was asked as to why Grant Income figure for Universal Infant Free School Meals had decreased in2015/16 from 2014/15; and
- vi. The Committee asked for a breakdown of the amounts owed set out in Note 16.
- vii. The Director was asked as to whether the Council was likely to get any significant claims associated with Municipal Mutual Insurance. The Director confirmed that no claims had been received to date and that it was not known whether there might be claims but the risk was low.

## RESOLVED

- a) The Committee **APPROVED** delegation of the signing of the Statement of Accounts which included the Annual Governance Statement to the Assistant Director and the Chair of the Committee.
- b) The Committee **AGREED** the Finance Manager would respond to questions raised directly to the Audit & Risk Committee before the next Meeting

## 286 EXTERNAL AUDIT ISA 260

Report No. 174/2016 was received from the Director for Resources. The purpose of the report was to inform 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 the discussion the following points were noted

- i. The external auditors were intending to issue an unqualified opinion on the Statement of Accounts and on the Value for Money conclusion.
- ii. Not all Members had returned Annual Declarations. Group Leaders would receive a list of Members who had not returned the Annual Declaration.

## RESOLVED

- a) The Committee **CONSIDERED** the External Audit Report and any issues arising;
- b) The Committee **APPROVED** the letter of representation in Appendix 1 for signing by the Chair of this Committee and the S151 Officer;
- c) The Committee **AGREED** the Group Leaders would receive a list of Members who had not returned Annual Declarations.

## 287 ANNUAL FRAUD REPORT

Report No. 172/2016 was received from the Director for Resources. The purpose of the report was to provide an overview of any fraud related activity, which had affected Rutland County Council during the period 2015-2016. The report also sought to provide assurance regarding the Council's resilience against the risk of fraud. The report was provided in accordance with the Committee's Terms of Reference to provide assurance of the adequacy of the risk management framework and control environment.

During the discussion the following points were noted

- i. The Committee requested additional information in respect of outstanding Benefit Related Fraud cases, in particular the range in values of fraud detected.

### RESOLVED

- a) The Committee **NOTED** the contents of the annual fraud report and the arrangements in place to mitigate the risk of fraud against Rutland County Council
- b) The Committee **AGREED** the Assistant Director for Finance would respond to concerns directly to the Audit & Risk Committee before the next Meeting

## 288 INTERNAL AUDIT UPDATE

Report No. 176/2016 was received from the Head of internal Audit. The purpose of the report was to update Members 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 the discussion the following points were noted

- i. The Committee requested the taxi licensing 'Policy Guidance Note' be renamed 'Procedure Guidance Note' for clarity;
- ii. Concerns were raised that the Driver Suitability test which included a test on Child Sexual Exploitation was not robust enough as it only applied to new applicants;
- iii. Clarification was sought regarding the terms of reference and policy in respect of whether a conviction for indecency offences would preclude an individual from obtaining a licence.

## **RESOLVED**

- a) The Committee **NOTED** the Internal Audit Update Report;
- b) The Committee **APPROVED** the proposed amendment to the Audit Plan to incorporate a review of SEN Transport and remove the review of NDR and Council Tax Fraud;
- c) The Committee **REQUESTED** the recommendations from Internal Audit regarding the Driver Suitability Test be explored further; and
- d) The Committee **REQUESTED** further explanation regarding convictions of indecency offences before the next Audit & risk meeting.

## **289 RISK REGISTER**

Report No. 179/2016 was received from the Director for Resources. The purpose of the report was to present the Strategic Risk Register to the Committee and provide assurance that strategic risks were being adequately managed.

During the discussion the following points were noted

- i. The new Risk Management system was being populated and an update would be provided at the next meeting.

## **RESOLVED**

The Committee **NOTED** the contents of the risk register

## **290 EXTERNAL AUDIT PROCUREMENT**

The Committee received a verbal update from the Assistant Director, Finance in respect of external audit procurement.

The Local Audit and Accountability Act 2014 gives local bodies the freedom to appoint their own auditors and to manage their own audit arrangements. Section 8 of the Act sets out the procedure for appointing auditors if appointed by the Council and imposes an obligation on the Council to set up an auditor panel with an independent chair to advise on the appointment. A separate set of regulations, The Local Audit (Appointing Person) Regulations 2015, allow the Government to approve an organisation to act as a sector-led body (The Secretary of State has designated Public Sector Auditor Appointments (PSAA) Ltd as this body) and given them the necessary powers and duties to act as a collective procurement body. This means that PSAA can make auditor appointments for local government bodies that choose to opt into the national appointment arrangements.

The Assistant Director explained that officers were of the view that opting into the new national arrangements was preferable. A range of comments were made by Members but all were in agreement with the view expressed by the Assistant Director.

The Assistant Director advised that Full Council would be asked to make a decision in due course.

## **RESOLVED**

The Committee **NOTED** the verbal external audit procurement update

### **291 REGULATION OF INVESTIGATORY POWERS ACT (RIPA)**

The Committee received a verbal update from the Director for Resources to inform them that the RIPA policy had not been used in the last quarter

## **RESOLVED**

The Committee **NOTED** the verbal RIPA update

### **292 ANY OTHER URGENT BUSINESS**

The Committee agreed the training before the next meeting in January would focus on Internal Audit

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**The Chairman declared the meeting closed at 8.03pm**

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