



# Rutland County Council

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Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the Council Chamber, Catmose on Tuesday, 30th January, 2018 at 7.00 pm

<b>PRESENT:</b>	Miss G Waller Miss R Burkitt Mr I Arnold	Mr N Begy Mr G Conde
<b>OFFICERS PRESENT:</b>	Mrs Debbie Mogg Mr Andrew Merry Mr Dee Rajput Mrs Kelly Epps Mrs Bernadette Caffrey  Ms Rachel Ashley-Caunt Mrs Kim Cross	Director for Resources Finance Manager Corporate Projects Programme Manager Internal Audit Manager Head of Service for Early Intervention, SEND and Inclusion Head of Internal Audit Corporate Support Officer
<b>OTHER ATTENDEES:</b>	Mr G Brown  Mr T Crawley	Portfolio Holder for Sport & Recreation, Culture and Environment KPMG

## 549 MINUTES

The minutes of the Audit and Risk Committee held on 19 September 2017 were confirmed and signed by the Chairman.

## 550 MATTERS ARISING

There were no matters arising.

## 551 DECLARATIONS OF INTEREST

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

## 552 PETITIONS, DEPUTATIONS AND QUESTIONS

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

## 553 EXTERNAL AUDIT UPDATE

Report No. 29/2018 was received from the Director for Resources. The purpose of the report was to update the Committee on the outcome of grants certification work for 2016/17 and to outline the approach to the external audit for 2017/18.

During discussion the following points were noted:

- a) Under the Public Sector Audit Appointments KMPG certified one claim – the Authority’s 2016/17 Housing Benefit Subsidy claim. The claim was adjusted to correct minor errors identified and that resulted in a small increase in the amount of subsidy due to the Authority.
- b) One of the main areas looked at as a Significant Audit Risk was the Faster Close. Revised deadlines applied which required draft accounts by 31 May and final signed accounts by 31 July.
- c) KMPG asked the committee to be understanding of the shorter timescales and to be supportive of the possibility that the ISA 260 report might need to be circulated very close to the July meeting date. Members were asked to ensure any questions on the accounts be asked of officers in advance of the meeting to enable the final Statements of Accounts to be signed at the July meeting of the Audit & Risk Committee.

## **RESOLVED**

- i. The Committee **NOTED** the audit plan from the external auditors, KPMG LLP and the results of the grant work completed in 2016/17.

**The remaining business on the agenda was taken in the order as appears in these minutes.**

## **554 INTERNAL AUDIT UPDATE**

Report No. 26/2018 was received from the Head of Internal Audit. The purpose of the report was to update Members on the progress made in delivering the 2017/18 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting.

During discussion the following points were noted:

- a) At the time of reporting, 13 audit assignments has been completed, one report was in draft awaiting management comment and work was underway on the remaining five assignments. All reports would be issued in draft by the end of March 2018.
- b) There were 23 actions overdue for implementation; Mrs Mogg confirmed a large number of these would be addressed as part of the GDPR project and those not part of GDPR would be addressed by the next meeting of the Audit & Risk Committee.
- c) The Chair of the Committee had requested the Internal Audit consultancy report on SEND Personal Budgets/Direct Payments be brought to the meeting for the

Committee to gauge how effective the consultancy had been in highlighting areas for improvement/good practice and whether it was good use of Internal Audit resources. Mrs Caffrey, who requested the report, confirmed its effectiveness to her service in both content and value.

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Mrs Caffrey left the meeting at 7.42pm

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- d) The Affordable Housing (Shared Ownership) Monitoring 2017/18 Internal Audit Report was requested by this Committee in the development of the 2017/18 Audit Plan based on a complaint from a Parish Council regarding an affordable housing build that had been sold on without meeting the original affordable housing terms. Members were reminded that this was a consultancy review they had requested and not an Internal Audit assurance report and as such management comments were suggestions and not agreed actions. Mrs Mogg agreed to discuss the management comments including the inclusion of additional clauses in future section 106 agreements and monitoring of current agreements with the Director for Places and report back to the Committee at the next meeting.

## **RESOLVED**

- i. The Committee **NOTED** the Internal Audit update report (Appendix A)
- ii. The Committee **APPROVED** an amendment to the 2017/18 Annual Audit Plan to defer work on the Barleythorpe/Kings Business Centre to 2018/19 and reallocate these days to support additional work already completed on the Highways Maintenance contract.

## **555 PROJECT MANAGEMENT FRAMEWORK**

Report No. 25/2018 was received from the Director for Resources. The purpose of the report was to present the Council's Project Management Framework to the Committee for comment and feedback. This action arose from the meeting of the Audit & Risk Committee held on the 30<sup>th</sup> August 2017, specifically in relation to Report No. 155/2017 Children's Centre and Library Report.

During discussion the following points were noted:

- a) The internal audit report on the Library and Children's Centre highlighted a number of areas where lessons had been learnt and the Project Management Framework had been updated as a result. Those areas were mainly in the project initiation phase of the framework, but a more general review of the whole framework was carried out.
- b) Members raised concerns that what was needed was engagement with Members more widely before a high value project even got to stage zero and suggested either a communication strategy or scrutiny panel involvement. Mrs Mogg **AGREED** to consider a pre stage zero process and report back to the Committee.

## **RESOLVED**

The Committee **CONSIDERED** the Project Management Framework and **PROVIDED** feedback to the Director for Resources.

#### 556 **INTERNAL AUDIT PLANNING 2018/19**

Report No. 27/2018 was received from the Head of Internal Audit. The purpose of the report was to advise Members on the process being followed to develop the Internal Audit Plan for 2018/19 and the initial areas proposed for inclusion in the Plan, subject to risk assessment and prioritisation.

During discussion the following points were noted:

- a) Members received training from the Head of Internal Audit on the Audit Planning Process 2018/19 before the Audit & Risk Committee meeting began.
- b) Members suggested they would like assurance from Internal Audit through the Audit Plan for 2018/19 on: Shared Services including Conservation and Out of Hours Emergency Services. Ms Ashley-Caunt advised Internal Audit had already completed some benchmarking and reviews in these areas or neighbouring authorities and would be able to share those findings to inform reviews at Rutland. Members agreed to email Internal Audit & the Chair with any other audit suggestions for 2018/19 after the meeting.

#### **RESOLVED**

- i. The Committee **NOTED** the process being followed to develop the risk based Audit Plan for 2018/19 and;
- ii. **NOTED** the initial areas highlighted for potential coverage in the Internal Audit Plan 2018/9 and **ADVISED** on any areas where the committee sought assurance from the Internal Audit team during the year ahead.
- iii. The Committee **DELEGATED** authority to the Assistant Director (Finance) in consultation with the Chair of the Committee to approve the Initial Audit Plan for 2018/19.

#### 557 **ACCOUNTS CLOSURE PLANNING 2017/18**

Report No. 22/2018 was received from the Director for Resources. The purpose of the report was to inform the Committee of the emerging changes that would have an impact on the production of the Statement of Accounts (SOA) for 2017/18 and how the Council were planning on meeting the new requirements.

During discussion the following points were noted:

- a) The clerk confirmed that the draft Programme of Meetings for 2018/19 included provision for the change in timetable for the Statement of Accounts to permit signing in July.

#### **RESOLVED**

- i. The Committee **NOTED** the contents of the report including the key changes that impact the Statement of Accounts for 2017/18; Early Closure 2017/18 and Changes to the Code of Practice

**558 EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED**

The Committee **AGREED** that the Public and Press be excluded from the meeting in accordance with paragraph 7 of part 1 of Schedule 12A to the Local Government Act 1972 (information relating to any action or to be taken in connection with the prevention, investigation or prosecution of a crime)

**559 FRAUD RISK REGISTER**

Report No. 24/2018 was received from the Director for Resources. The purpose of the report was to present an update on the Council's Fraud Risk Register.

During discussion the following points were noted:

- a) Ms Mogg confirmed no new risks had been added to the register.
- b) Internal Audit would be conducting a review around cyber resilience including cyber attacks and the report would come to the Committee once completed.
- c) The Senior Management Team would be receiving some training on cyber security including stress testing the Council's system to ensure it is robust.

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Following debate the Committee **AGREED** to return to public session

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**RESOLVED**

- i. The Committee **NOTED** the report and attached Fraud Risk Register at Appendix A, which provided an update on the Council's management of fraud risk.
- ii. The Committee **HIGHLIGHTED** any Fraud risks it wished to be covered as part of a planned Internal Audit due in 2018/19

**560 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

A verbal update was received from the Director for Resources, Mrs Mogg confirmed the powers of RIPA had not been used this quarter and gave a nil report.

**561 ANY OTHER URGENT BUSINESS**

Mr Arnold raised concerns that the reports contained a lot of abbreviations and suggested a glossary of terms be added to the Members handbook. Mrs Mogg agreed to consider this suggestion.

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**The Chairman declared the meeting closed at 8.54 pm.**

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