



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 Catmose on Tuesday, 26th March, 2019 at 7.00 pm

PRESENT: Miss G Waller Mr J Lammie
Mr I Arnold Mrs J Fox
Mr A Lowe

OFFICERS PRESENT: Miss Sue Bingham Business Support Manager
Mr Trevor Croote Audit Manager - LGSS
Mr Saverio Della Rocca Strategic Director for Resources
Mr Andrew Merry Finance Manager - Technical
Mrs Natasha Taylor Governance Manager

IN ATTENDANCE: Mr G Brown Deputy Leader and Portfolio Holder for
Planning, Environment, Property and
Finance
Mr J Gregory Grant Thornton

730 APOLOGIES FOR ABSENCE

Apologies were received from Ms Burkitt and Mr Conde.

731 MINUTES

The minutes of the Audit and Risk Committee held on 29 January 2019 were confirmed and signed by the Chairman.

732 MATTERS ARISING

There were no matters arising.

733 DECLARATIONS OF INTEREST

There were no declarations of interest in respect of items on the agenda.

734 PETITIONS, DEPUTATIONS AND QUESTIONS

There were no petitions, deputations or questions from members of the public.

735 QUESTIONS FROM MEMBERS

There were no questions from members.

736 NOTICES OF MOTION

There were no notices of motion received from members.

737 INTERNAL AUDIT UPDATE

Report No. 68/2019 was received from the Head of Internal Audit, the purpose of which was to update Members on the progress made in delivering the 2018/19 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting.

Mr Croote (Audit Manager - LGSS) introduced the report and provided a brief summary of the report.

During discussion the following points were noted:

- i) The Specialist Resources in Planning audit had been postponed until the next municipal year in order to accommodate further work on issues in Waste Management following consultation with the Chairman;
- ii) The report on Contract Procedure Rules Compliance (Appendix F) had been included at the request of the Chairman and members of the panel were invited to comment on this report;
- iii) It was confirmed that Karen Kibblewhite (Head of Commissioning) would be speaking to Heads of Service and Departmental Management Teams to inform them about changes to the Contract Procedure Rules and provide guidance on application and contract monitoring;
- iv) Mr Nix (Head of IT) had requested that the audit recommendation on IT Assets be kept open so that further work could be completed. Issues identified were less about the loss of assets, but more in relation to identifying which member of staff was holding a particular asset. This was particularly problematic when a member of staff left and IT equipment was passed to the replacement member of staff without notification to IT to allow for records to be updated;
- v) Mr Brown, Leader and Portfolio holder for Planning, Environment, Property and Finance updated the panel in relation to the overdue Bond for the Waste Management Contract. Biffa had offered to provide a Performance Guarantee, which was not in accordance with the contract and further legal advice was being sought. Mr Brown would be looking for an update and an action plan in relation to this issue from the service area;
- vi) Mr Brown was satisfied that the process for reconciliation of invoices in relation to the waste management contract had been improved and formalised;
- vii) Mr Della Rocca clarified that although the audit on Compliance with Contract Procedure Rules had identified that some contracts had not been recorded on the contracts register for publication in accordance with the Transparency Code, there was no suggestion that proper procedures had not been following in relation to those contracts. Mr Della Rocca highlighted that the Transparency Code requirements had significantly increased over time and that the Council was doing its best to comply with no additional resource. Mr Croote confirmed that it was not unusual to see some discrepancies on Local Authority Transparency Code publication of contracts registers;

- viii) Miss Waller commented that recent leadership recruitment in the Places Directorate should improve the reporting in that area as most of the contracts that had not been entered on the register were from that Directorate; and
- ix) Miss Waller noted that a significant amount of work had gone into the review of the Contract Procedure Rules by both Members and Officers in order to simplify and clarify procedures. She hoped to see the procedures being implemented to improve compliance in this area.

RESOLVED

The Committee **NOTED** the Internal Audit update report.

738 INTERNAL AUDIT PLAN

Report No. 69/2019 was received from the Head of Internal Audit, the purpose of which was to see the Committees approval of the Internal Audit Plan for 2019/20 and the Internal Audit Charter, in line with the Public Sector Internal Audit Standards.

Mr Croote introduced the report and provided a brief summary.

During discussion the following points were noted:

- i. Mr Della Rocca would discuss the number of allocated days for the IR35 Compliance Audit Assignment with the Head of Internal Audit.

RESOLVED

The Committee:

- 1) **REVIEWED** and **APPROVED** the Internal Audit Plan for 2019/20 and the Internal Audit Charter.
- 2) **AUTHORISED** the Strategic Director for Resources to make changes to the Audit Plan 2019/20 in consultation with the Chair of the Audit & Risk Committee.

739 EXTERNAL AUDIT UPDATE

Report No. 70/2019 was received from the Strategic Director for Resources, the purpose of which was to note the work completed to date in respect of the external audit for 2018/19 and to comment on the risk assessment.

Mr John Gregory, Grant Thornton, introduced the report and provided the following summary of the Progress Report:

The Progress Report at Appendix A provided a summary of progress on delivery of the audit and confirmed that there were no findings to report from the interim audit of financial statements. The second part of the report contained an update on topical issues and also posed some challenge questions.

The Risk Assessment at Appendix 2 provides the opportunity for two-way communication between the Audit and Risk Committee and the auditors. The report detailed the management processes in place, as advised by the Council's

Management, the Committee were requested to provide feedback on any areas where they believed there to be inconsistencies.

During discussion the following points were noted:

- i. The auditors only had responsibility to identify material fraud, the management response confirmed that there had been no material instances of fraud identified.

RESOLVED

The Committee:

- 1) **NOTED** the progress report from external audit.
- 2) **AGREED** that the risk assessment completed by management accords with its understanding.

740 DRAFT ANNUAL GOVERNANCE STATEMENT

Report No. 66/2019 was received from the Strategic Director for Resources, the purpose of which was to meet the statutory requirement for the Council to approve an Annual Governance Statement for inclusion in its published Statement of Accounts (SoA) for 2018/19. In advance of formal approval in July, the Committee was invited to consider an early draft.

Mr Della Rocca introduced the report and provided a brief summary.

During discussion the following points were noted:

- i. The report should include reference to the Woolfox proposal and sign-post to further information;
- ii. Information on the recent Ofsted inspection of Children's Services would be included in the report;
- iii. The list of Scrutiny topics should be reduced to include only those areas where specific focus had been directed, with a link to the relevant pages of the website where all other reports could be viewed;
- iv. None of the data breaches referred to in the report involved missing/stolen hardware. Reported data breaches were used in order to inform best practice and improve working practices in order to avoid breaches in the future.

RESOLVED

The Committee **CONSIDERED** whether the Annual Governance Statement (AGS) fairly represents the governance framework in place at the Council and advised on issues it would wish to see addressed or expanded upon in the Annual Governance Statement as detailed above.

741 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE

There was nothing to report in relation to RIPA as it had not been used since the last report to the Committee.

742 ANY OTHER URGENT BUSINESS

There were no items of urgent business.

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Mr Lammie noted that as this was the last Audit and Risk Committee meeting before the end of this Council Term, it was important to highlight the good work that had been done and the importance of a handover to ensure that there is some consistency and continuity for the next electoral term.

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The Chairman declared the meeting closed at 7.51 pm.

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