



# Rutland County Council

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Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the Catmose on Tuesday, 1st October, 2019 at 7.00 pm.

**PRESENT:**

Miss G Waller (Chair)	Ms K Payne (Vice-Chair)
Mr E Baines	Mr I Razzell
Mrs R Powell	Mr A Brown JP
Mr N Woodley	

**OFFICERS PRESENT:**

Ms R Ashley-Caunt	Head of Internal Audit
Mr S Della Rocca	Strategic Director for Resources
Mrs J Morley	Governance Officer

**IN ATTENDANCE:**

Mr G Brown	Deputy Leader and Portfolio Holder for Planning Environment, Property and Finance
Mr J Gregory	External Auditor, Grant Thornton PLC
Mr P Harvey	External Auditor, Grant Thornton PLC

## 281 APOLOGIES FOR ABSENCE

No apologies for absence were received.

## 282 MINUTES

The minutes of the meeting held on 23 July 2019 were confirmed as a correct record 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

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

## 285 QUESTIONS WITH NOTICE FROM MEMBERS

There were no questions with notice from Members.

## 286 NOTICES OF MOTION

There were no notices of motion received from Members.

## 287 MATTERS ARISING

There were no matters arising.

## 288 EXTERNAL AUDITORS ANNUAL AUDIT LETTER

Report No.153/2019 was received from the Strategic Director for Resources, the purpose of which was for the Committee to note the external auditor's audit work for 2018/19 as reported in their Annual Audit Letter.

Mr Gregory, Engagement Lead at Grant Thornton, introduced the report and highlighted the issues that they, as auditors, wished to draw to the attention of the public.

During discussion the following points were noted:

- Auditing standards required that external audit work was summarised within an annual audit letter and presented to the Committee.
- Only 60% of Councils had received their Audit Findings Report by 31 July this year as many auditors had resourcing issues. Fortunately Grant Thornton had been able to report the detailed findings from its audit work to the Committee at their meeting on 23 July 2019 ahead of the deadline.
- By Summer 2021 there would be a change to the process with the Audit Findings Report and the Annual Audit Letter becoming instead the Audit Annual Report.
- It was unknown whether this new process would mean an increase in fees as the National Audit Office would be responsible for setting fees.
- The Audit Letter referred to objections in the plural but as they overlapped the auditors had managed to combine them into one single objection. The objection had been responded to in an informal context and no further issues had been highlighted. The Auditors therefore envisaged being able to issue their certificate well within the 9 months of receipt deadline.
- There was a rolling valuation over a five year term for the Council's land and buildings which ensured insurance cover adequately reflected the value of assets.
- The Auditor was unable to comment on whether the current absence of a certificate would impact in any way on the implementation of The Local Plan

## RESOLVED

The Committee **APPROVED** the External Auditors Annual Audit Letter.

Report No.154/2019 was received from the Strategic Director of Resources.

Ms Ashley-Caunt, Head of Internal Audit, introduced the report the purpose of which was to update members on the progress made in delivering the 2019/20 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting.

During discussion the following points were noted:

- An introduction to Internal Audit had been given in the training that had preceded the meeting.
- Since the last Committee meeting 23 actions arising from Audit recommendations had been implemented.
- There was a high priority action on General Data Protection Regulation (GDPR) but that was expected to be closed in the very near future.
- Overall Internal Audit was on track in terms of the delivery of the Audit Plan.
- In response to Members' question on the waste contract, Mr Brown, Portfolio Holder for Planning, Environment, Property and Finance confirmed that legal advice had been received in regard to the Biffa Performance Bond and this would be fed back to Biffa. In addition, KPIs for checking invoices and performance had been agreed and these should be in place by the time of the next meeting.
- The internal report on procurement cards which had been used as an example of an internal audit was in the public domain as it had been published with the Committee papers. All other internal audit reports to date were available to Members only, via TEAMS.
- Members questioned why the procurement cards audit had only achieved a satisfactory as they felt that the system should be well honed.
- The satisfactory grading for procurement cards was because of the inconsistency between the policies and the procedures which were of a 'gold standard' level. The Council had realised that if the procedures on paper that they had originally been seeking to implement had been put in practice it would have been far too onerous for staff and would have cost too much money in terms of officer time. Had the procedures reflected reality then a substantial grading would have been achieved.
- The date for the Highways contract overdue action was still to be confirmed.
- The Portfolio Holder for Planning, Environment, Property and Finance, following requests at previous meetings, updated the Committee on the conditions under which affordable housing was allocated.
- Social housing allocations followed procedure but this was not necessarily the case for shared ownership housing, in particular the sale of the house share. One issue was that estate agents did not always clearly identify that it was a shared ownership house that was for sale. The Council had now agreed with Spire Homes that they would ensure that estate agents provided the correct information to prospective buyers and also that they would write to all shared owners stating that shared ownership must be declared when they came to sell the property.
- There was an ongoing case in North Luffenham concerning shared ownership housing on a rural exceptions site. Only a maximum 80% share of the house could be owned by the householder in order that the houses remained affordable in perpetuity. The section 106 agreement stated that the site would come under the Rural Repurchase scheme which would allow Spire Homes to receive Government funding to buy back from sellers anything over their 20% share. This had not been implemented in the past and had prevented houses from being 'recycled' .i.e. if a

house owner sold their 80% Spire could buy it back from them and then recycle the house at 20 or 40% shared ownership for example, and then apply to the Government for the return of funding.

- The Portfolio Holder for Housing was confident that procedures for all other shared ownership sites had been followed correctly in the last 12 months.
- Officers had put together a database and mapping of all shared ownership housing.
- The Portfolio Holder and the Strategic Director for Places were investigating a new model of shared ownership called RentPlus. This model offered reasonable below market rents and then gave a 10% discount on the deposit needed for a mortgage after a certain period of time. The model was only suitable for larger developments rather than for smaller rural sites.

## **RESOLVED**

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

## **290 ANY OTHER URGENT BUSINESS**

No other urgent business had been notified to the person presiding.

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The Chairman declared the meeting closed at 7.50pm

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