



# Rutland County Council

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Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held via Zoom  
<https://zoom.us/j/96323044681> on Tuesday, 15th September, 2020 at 6.00 pm

**PRESENT:**

Mrs K Payne	Miss G Waller
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
Ms S Bingham	Business Support Manager
Mr A Merry	Finance Manager
Mrs J Morley	Governance Officer

**IN ATTENDANCE:**

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

## 1 **APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Baines and from Councillor Stephenson, the Portfolio Holder for Culture and Leisure, Environment, Highways, Transportation and Road Safety.

## 2 **MINUTES**

A recorded vote was taken to confirm the minutes of the meeting held on 4 February 2020. They were unanimously approved.

## 3 **ELECTION OF VICE CHAIR**

Councillor Powell was nominated for the position of Vice-Chair of the Committee by Councillor Waller and this was seconded by Councillor Razzell. There being no other nomination, a vote was taken and a unanimous vote for Councillor Powell was given.

## 4 **DECLARATIONS OF INTEREST**

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

## **5 PETITIONS, DEPUTATIONS AND QUESTIONS**

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

## **6 QUESTIONS WITH NOTICE FROM MEMBERS**

There were no questions with notice from Members.

## **7 NOTICES OF MOTION**

There were no notices of motion received from Members.

## **8 STATEMENT OF ACCOUNTS UPDATE**

The draft Statement of Accounts, which can be found on the website at <https://www.rutland.gov.uk/my-council/contacts-facts-and-figures/council-spending/statement-of-accounts/> was introduced by Mr Della Rocca, the Strategic Director for Resources and Section 151 Officer. Mr Merry, Finance Manager, highlighted its key points.

During discussion the following points were noted:

- Councillor Waller commented that if the Ofsted visit was going to be referenced in the key events section on page 5 of the report then a more balanced view of their findings should be recorded. Mr Della Rocca offered to include a link to the Ofsted report in full but also stated that it was expanded on in the Annual Governance Statement.
- Mr Della Rocca was not sure that this was necessarily the right document in which to report on climate change but he would discuss it further with the Portfolio Holder.
- In reference to a question from Councillor Woodley on heritage assets, Mr Merry confirmed that the museum itself was included under property, plant and equipment and that the heritage assets referred to the exhibitions and artefacts within the museum.
- There was not any alternative creative solution to reducing the large pension figures shown as the Council had to be part of the LGSS scheme. The options outlined were the only feasible ones and the figures had been set so that the deficit could be eroded over time. Mr Gregory, the external auditor from Grant Thornton PLC added that he audited the pension fund and was currently looking at the value of the assets held by the fund. A full valuation exercise was done every three years to make sure that in the long term, funds would be able to meet demand.
- The Chair, Councillor Payne, thanked Mr Della Rocca, Mr Merry and the Portfolio Holder, Councillor Brown, for their work during what had been a very difficult year.

## **9 EXTERNAL AUDIT UPDATE**

Mr Gregory, the external auditor from Grant Thornton PLC, gave an update to the Committee and made the following comments:

- Covid had had a very disruptive effect on work and the audit was taking approximately 30% longer to complete.
- A couple of things had led to specific delays for RCC; these were recharges and getting clean 'populations' where auditors took a sample of transactions.

During discussion the following points were noted:

- A certificate of completion for 2018/19 had not been issued because there was still a complaint outstanding. However the opinion on the financial statements had been given by the Auditors last July which meant that there would not be any consequences for RCC because of the delay.
- Mr Della Rocca commented on the recharges issue and stated that it would not have any financial impact as it was purely about how it had been coded and presented.
- The management accounts that the public can access through Cabinet reports showed costs of support services in absolute terms, rather than the way costs were shown in the technical accounts.

## **10 ANNUAL GOVERNANCE STATEMENT**

Report No.102/2020 was received from the Strategic Director for Resources. Mr Della Rocca asked the Committee whether they felt that the Annual Governance Statement (AGS) fairly represented the governance framework in place at the Council and invited comments both during the meeting and afterwards. The AGS would receive final sign off by the Leader and the Chief Executive by the end of November 2020, following review by the Committee.

During discussion the following points were noted:

- The key change to this year's version had been the section in it relating to the Covid pandemic.
- Councillor Waller commented that she found the document as a whole quite confusing because of the timelines it was referring to and suggested that there be an introduction which highlighted that the report was written in February and the Covid section had been added later.
- The Health and Wellbeing of the workforce was noted as a priority but Councillor Razzell felt that the statement was not clear on whether a brand new strategy for this was being developed or whether the existing strategy was being refreshed.
- The report referenced the £24.9 million HIF monies available but did not mention the costs of clean-up.
- Mr Della Rocca re-iterated that the Annual Governance Statement was intended to only cover the financial year but that any significant issues outside of this timescale should be included. As a result, it was relevant to have included reference to the Covid pandemic.
- Comments supplied to Mr Della Rocca would be considered and any changes included in a track changed version of the Statement that would be issued to Members prior to the next meeting.

## **11 INTERNAL AUDIT ANNUAL REPORT**

Report No.105/2020 was received from the Head of Internal Audit.

During discussion the following points were noted:

- The key section of the report was on page 2 of the appendix which was where the opinion was given. RCC had been given a 'satisfactory' rating which was consistent with past years and other comparative authorities.
- Statistics on the implementation of audit recommendations influenced the eventual opinion rating.
- The 51% of actions completed in a timely manner related to all audit recommendations. This figure was lower than expected and would continue to be monitored. The Head of Internal Audit, Ms Ashley-Caunt reassured the Committee that most of the actions outstanding were lower priority and did not represent a significant risk; had there been higher risk recommendations this figure would have caused more concern. Mr Della Rocca confirmed that RCC endeavoured to implement all recommendations that were agreed upon.
- No evidence of non-compliance with IR35 had been found but there were issues of record-keeping and the internal auditor felt that there were processes that needed tightening up.
- The Audit work on Community Safety had been completed prior to the transfer of the service from People to Places directorate. The transfer had taken place in May at the height of the Covid response and during a time of a number of personnel changes and as such was being kept under review.

A recorded vote on approving the Annual Internal Audit Report and Assurance Opinion for 2019/20 was taken and the vote was unanimously in favour.

**RESOLVED:**

That the Committee **APPROVE** the Annual Internal Audit Report and Assurance Opinion for 2019/20.

## 12 INTERNAL AUDIT PROGRESS REPORT

Report No.103/2020 was received from the Head of Internal Audit.

Ms Ashley-Caunt, introduced the report the purpose of which was to provide Members with an update on the work of Internal Audit during the financial year to date, including an assessment of the Council's financial management during the pandemic, and a copy of any Limited Assurance reports.

During discussion the following points were noted:

- The internal auditors had been working as efficiently as they could whilst adapting to working remotely.
- Councillor Waller noted the limited assurance report on the Highways maintenance contract and asked Mrs Sharp, Interim Director for Places, to comment on whether she felt the recommendations were now being embedded. Mrs Sharp responded that the team need to get better at evidencing what they were doing on the management of the contract. Internal audit had offered some help to the highways team in order that they could meet the recommendations and would do a health check in advance of a revisit of this audit.

- Mr Della Rocca, following a query from Councillor A Brown, agreed to supply more information on the term 'novel and contentious' (shown in appendix A); the term being a government one rather than one used in local authorities.

A recorded vote on approving the Internal Audit Charter and Strategy for 2020/21 was taken and the vote was unanimously in favour.

## **RESOLVED**

That the Committee **APPROVE** the Internal Audit Charter and Strategy for 2020/21.

## **13 INTERNAL AUDIT PLAN**

Report No.104/2020 was received from the Head of Internal Audit. The purpose of the report was to provide Members with a proposed plan of Internal Audit work for the remainder of the financial year for formal review and approval.

During discussion the following points were noted:

- Because of the new working environment there were additional risk areas identified and days had been allocated to them.
- 12 days had been allocated to the schools thematic audit which Councillor Waller felt was too many; she also questioned whether the audit should be postponed to when schools were in more of a routine. Councillor Razzell disagreed and felt that it was vital that this stayed as it was because of very real concerns over safeguarding.
- Councillor Woodley felt that the proposed audit plan in its entirety should be reviewed in light of the current climate and change of circumstances. Active engagement by all departments, with internal audit picking up the recommendations, would enable the Council to give assurances to residents. Councillor Woodley would also prefer that this was done in year rather than looking at it retrospectively in two years' time.
- Mr Della Rocca informed the Committee that the following week LLR were collating from across the area, the lessons learnt from dealing with Covid. This would include an analysis of how RCC had engaged with colleagues across the county as well as of the actions the Council had taken. Mr Della Rocca agreed to share these findings with the Committee.
- The Audit Plan had a number of purposes which included giving the auditor the right range of assurances on items such as procurement and compliance. Each of these audits would have a Covid slant and look at how they had changed because of Covid, however, as it was not possible to audit everything, there would still be processes that had been impacted by Covid that were not audited.
- Ms Ashley Caunt, the Internal Auditor was comfortable that the Plan submitted allowed for sufficient days and capacity to give the right level of assurance.
- Councillor Razzell argued that, as it was likely that the Council would be asked to audit the response to Covid 19, then it would seem sensible to do it now.
- Mr Della Rocca suggested that members might wish to commission a separate piece of work from the auditors but that if they did so then the appropriate terms of reference must be defined.
- Members queried whether it should be a review rather than an audit and requested that the Chair have further conversations with the Internal Auditor to put together a proposal to address this issue.

- The internal Auditor asked the Committee to agree the Plan in principle with the understanding that it was not set in stone and would be continually reviewed.

A recorded vote on approving the proposed audit plan for 2020/21 in principle was taken and the vote was unanimously in favour.

**RESOLVED:**

1. That the Committee **APPROVE** the proposed audit plan allocations for 2020/21 in principle, subject to on-going review.
2. That the Internal Auditor, in consultation with the Chair, brings a proposal to the next meeting of the Committee to look at how the response to Covid-19 could be audited.

**14 ANY OTHER URGENT BUSINESS**

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

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The Chair declared the meeting closed at 7.50pm

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