



Rutland County Council

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Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the <https://zoom.us/j/99640028387> on Tuesday, 10th November, 2020 at 7.00 pm

PRESENT: Mrs K Payne Mr E Baines
Mr A Brown Mrs R Powell
Mr I Razzell Mr N Woodley
Miss G Waller

OFFICERS PRESENT: Ms R Ashley-Caunt Head of Internal Audit
Mr S Della Rocca Director for Resources
Mr A Merry Finance Manager
Mrs E Powley Governance Officer

IN ATTENDANCE: Mr J Gregory Grant Thorntons
Mr P Harvey Grant Thorntons

1 APOLOGIES

There were no apologies.

2 MINUTES

The minutes of the meeting held on the 15th September 2020 were agreed and confirmed as a true record.

3 DECLARATIONS OF INTEREST

There were none.

4 PETITIONS, DEPUTATIONS AND QUESTIONS

There were none.

5 QUESTIONS WITH NOTICE FROM MEMBERS

There were none.

6 NOTICES OF MOTION

There were none.

7 APPROVAL OF THE STATEMENT OF ACCOUNTS

The Chair explained that there was a requirement for the Statement of Accounts to be approved by the 30th November 2020 and noted that the Committee Members had been given the opportunity before to ask questions about the Statement of Accounts and reminded Members that as the Chair of Audit and Risk, she had been through the accounts with the Finance Manager. It was noted that the auditors had listed some changes made in their report and their intention was to give an unqualified audit opinion.

The Strategic Director of Resources thanked his team for their hard work on the accounts and explained that it had taken longer than they had anticipated; in normal circumstances they would have been signed off in August 2020. It was reported that extensive work had been done on the Annual Governance Statement and a last minute addition had been made which was a necessity and it was confirmed that the Leader and Interim Chief Executive were content to sign off the AGS.

In response to questions raised by the Committee, it was explained that the de-recognition shown under Assets under Construction related to two assets deemed to no longer provide economic benefits to the Council and therefore were derecognised in 2019/20.

In a discussion about the AGS, it was reported that risks had been identified in the Places Directorate but that this could be attributed in part to a high turnover of staff and the changes to the senior management structure in the Council. It was noted that the Council faced very challenging times with previous big risks being recognised with additional Covid pressures. It was explained that in some instances there was a lack of resources which increased risk but that this was going to be reviewed by the Senior Management Team to identify high risk areas.

Responding to further questions, it was explained that the former Chief Executive had stayed on for a period of time and delayed retirement in order to reduce risk to the Council due to the Covid outbreak.

Members of the Committee recognised the work of the finance officers and thanked them for their hard work.

RESOLVED:

That the Committee approved the Statement of Accounts for 2019/20 at Appendix A of the report including a revised version of the Annual Governance Statement.

8 EXTERNAL AUDITORS REPORT (INCLUDING AUDITORS LETTER)

Mr John Gregory, the External Auditor elaborate on his report and noted that there had been some challenges in carrying out the audit, in part due to remote working. He explained that the report identified standard significant risks and reported that Covid had been added as a significant risk. Members were informed that the External Auditors would be offering an unqualified audit opinion on the Statement of Accounts. With regards to Value for Money (VFM) it had been concluded that no significant risks had been identified.

Mr Gregory explained that it had been concluded that other information to be published with the financial statements was consistent with their knowledge of Rutland County Council. It was anticipated that the audit report opinion would be unqualified and would include an Emphasis of Matter paragraph, highlighting material uncertainties in the valuations of property, plant and equipment and net pension liability. This paragraph was standard across many local authorities with assets. It was noted that due to Covid and the extended time taken to complete the audit it was anticipated that the audit fee would increase by 15%.

In response to questions asked, Mr Gregory commented that he anticipated being able to give certification on both the 2018/19 and 2019/20 accounts by the end of the calendar year.

RESOLVED:

That the External Auditors Report be received.

That the letter of representation in Appendix 1 of the report be approved for signing by the Chair of this Committee and the s151 Officer.

9 INTERNAL AUDIT - PROGRESS REPORT ON AUDIT PLAN

The Internal Auditor updated members of the Committee and explained that 3 assignments had been completed and that progress made to date in delivering the 2020/21 audit plan was set out in Appendix A. At the time of reporting 53% of the audit plan was either in progress or completed. In response to questions asked, the Internal Auditor explained that as part of the audit process, procedure manuals were requested to ensure that they were being followed especially in areas with high staff turnover.

The Cabinet Member for Finance and Planning commented that the turnover in some areas had been a cause for concern and emphasized the importance of procedure manuals and standard operating procedures being put in place. The Internal Auditor confirmed that this was an area looked into on all audits.

The Internal Auditor explained that she was currently having a six-weekly review meeting with the Director of Places and had been providing workshops and support to staff, including highways staff. It was noted that the work completed on CIL systems was advisory and did not involve giving an opinion. It was explained that a Cabinet report on the CIL Review was being considered by Cabinet on the 17th November 2020 and that the Improvement Plan included in that report could be considered by the Committee in due course.

RESOLVED:

That the report be noted.

10 INTERNAL AUDIT - INITIAL REPORT OF NEXT YEARS AUDIT PLAN

The Internal Auditor elaborated on her report and explained that the Audit Plan for 2021/22 would be developed using a risk based approach, with input from senior management and the Audit and Risk Committee. The draft Audit Plan would be presented to the Committee in April 2021 for final refinement and formal approval. The

Plan would remain open to ongoing review and amendment throughout the financial year to reflect and respond to changes in risks and emerging issues. The Internal Auditor welcomed Committee Members to respond to her directly with any feedback.

RESOLVED:

That the report be noted.

11 UPDATE ON INDEPENDENT REVIEW - EFFECTIVENESS OF EXTERNAL AUDIT AND TRANSPARENCY

The Chair gave a verbal report and explained the Independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities. It was explained that any proposed changes would not be imminent.

The External Auditors reported that they welcomed some of the recommendations and noted that the current regime treated the audits of local authorities in a similar way to limited companies and the current processes were very fragmented.

12 UPDATE ON THE RISK REGISTER

The Director of Resource gave a verbal update on the Risk Register and explained that it was hoped that an updated Risk Register was hopefully to be provided at the next Audit and Risk Committee.

It was noted that there had been a significant pandemic response and that RCC were getting some resources from the Local Resilience Forum to help update aspects of business continuity plans. Further significant risks included the safeguarding of children where the Council were working with safeguarding partners and schools to identify children at risk. Other work was being carried out with hospitals and partnership working with regards to the discharge of patients into care homes and identifying safeguarding issues.

It was reported that there was a deficit in the Special Education Needs budget due to meeting increased demands and a lack of funding from central Government. There was currently a backlog of cases and an update on the position would be reported on the revised Risk Register.

Other risks included Brexit, Health and Safety and it was noted that as a result of the impact of COVID-19, it was unlikely that the status of risks had improved.

Councillor Payne, as Chair, along with the other Committee Members thanked the finance team for their continued hard work.

13 ANY OTHER URGENT BUSINESS

There were none.

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The Chairman declared the meeting closed at 8.26pm

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