



Rutland County Council

Catmose Oakham Rutland LE15 6HP.

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Minutes of the **AUDIT AND RISK COMMITTEE** held in the Council Chamber,
Catmose, Oakham, Rutland, LE15 6HP on Tuesday, 30th June, 2015 at 7.00 pm

PRESENT: Mrs D MacDuff
Mr A Walters
Mr J Lammie

APOLOGIES: Mr E Baines
Miss G Waller

OFFICERS	Mrs Debbie Mogg	Director for Resources
PRESENT:	Mr Saverio Della Rocca	Assistant Director - Finance
	Mrs Diane Baker	Head of Corporate Governance
	Miss Rachel Ashley-Caunt	Head of Welland Internal Audit Consortium
	Miss Kelly Epps	Audit Manager

PRESENT Mr T Crawley KPMG

51 MINUTES

RESOLVED

The minutes of the Audit and Risk Committee held on 20 January 2015 were confirmed and signed by the Chairman.

The minutes from 7 April 2015 will not be confirmed as the meeting was not quorate.

52 DECLARATIONS OF INTEREST

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

53 PETITIONS, DEPUTATIONS AND QUESTIONS

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

54 EXTERNAL AUDIT PLAN

Report No. 62/2015 from the Director of Resources was received. Mr Crawley introduced the report the purpose of which was to inform the Committee of the External Audit plan for 2014/15.

During discussion, the following points were noted:

- i. A detailed overview of the report framework was presented to the Committee.

ii. Electors Rights:

- It was confirmed that KPMG received an elector challenge from a member of the public; this is detailed on page 12 of the report. This was raised with Officers who provided information regarding the matter to KPMG. The findings have been reported to the Chief Executive.
- KPMG has a duty to consider all elector challenges that are submitted. All findings will be reported to the Chief Executive and a decision will be made on a case by case basis by the Chair of the Audit & Risk Committee and Officers if challenges are brought to the Audit & Risk Committee meeting.
- In 2016 a new arrangement will be implemented so that members of the public can challenge only in the inspection of accounts period. There will be further controls on the rights of the elector as part of the new Accountability Act.

iii. Mr Crawley informed the Committee that both himself and Mr Mike Norman – KPMG Manager have been working with Rutland County Council (RCC) for a number of years therefore there was a good level of consistency in place.

iv. Mr Crawley confirmed to the Committee that KPMG review the Annual Governance statement in line with the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance and for anything contrary to the findings of their overall audit. This will be reported on if there are items to be addressed

RESOLVED

The Committee **NOTED** the External Audit Plan – Audit Planning 2014/15

55 ANNUAL INTERNAL AUDIT REPORT

Report No. 108/2015 from the Director of Resources was received. Miss Ashley-Caunt introduced the report the purpose of which was to brief the Committee on the Annual Audit Report and assurance opinion.

During discussion, the following points were noted:

- i. A brief overview of the report was presented to the Committee and the opinion of the Head of Internal Audit for 2014/15 is that Sufficient Assurance can be provided over the Council's control environment. The basis for this opinion was provided in the report
- ii. Four Limited Assurance reports were identified. The Committee were assured that Officers are addressing these areas and action plans are in place.
- iii. The Limited Assurance areas will be revisited and have been included within the Audit Plan for 2015/16 to review the progress made. This will be reported back to the Audit & Risk Committee at the next meeting (22 September 2015).
- iv. The proportions of audit opinions awarded during 2013/14 was provided for comparison to the 2014/15 opinions. Whilst this is not directly comparable due

to the different assignments in each plan, this should assist in providing context and an overview of performance.

- v. Mrs Mogg informed the Committee on the overdue audits from 2013/14:
 - i. ICT Project Management Audit – This is to be completed as resource has been identified to undertake the work. Mrs Mogg will update the Committee at the next meeting.
 - ii. IT Service Desk – Mrs Mogg to check the details of this audit and inform the Committee of the progress at the next meeting.
- vi. Confirmation was given to the Committee that all members of the Internal Audit Team have regular supervision with line managers; this is to discuss development, training and any potential career progression. This is in-line with the RCC Performance and Development Review Programme. The team also provide the Head of Internal Audit with weekly updates on their current work.
- vii. Mr Della Rocca thanked the Internal Audit Team for all their hard work in what was a difficult time. Officers now worked better with the Internal Audit Team; there have been instances of additional audit work being requested by officers.
- viii. Mr Della Rocca informed the Committee that some of the recommendations from previous audits may not have been given the appropriate rating; there will be a review of some of the audit recommendations that were completed prior to the current team being in-place.

During discussion, the following points were raised:

- i. The Committee thanked the Internal Audit Team for their work and recognised the work that has been carried out.
- ii. Concern was raised that only 14% of Audit opinions were substantial.
- iii. The Chair confirmed that RCC results are generally in-line with other Councils that make up the Welland Internal Audit Consortium.
- iv. The Committee congratulated Officers on 100% of the assignments delivered within 2014/15 to at least draft report stage.

RESOLVED

The Committee **Approved** the Annual Report of Internal Audit and the Internal Audit Opinion that it supports.

56 ANNUAL FRAUD REPORT

Report No. 97/2015 from the Director of Resources was received. Mrs Baker introduced the report the purpose of which was to provide an overview of any fraud related activity which has affected Rutland County Council during the period 2014-2015 to the Committee.

During discussion, the following points were noted:

- i. The following areas of the Counter Fraud Strategy were pointed out:

- Fraud Risk Register will come to the Audit & Risk Committee in 2015 for the Committee to endorse and comment on.
- Joint Working Arrangements have been implemented, a Central Intelligence Hub is currently in development; the Committee will be kept up to date with progress.
- 'Focus on Fraud' is a front line staff initiative to raise awareness council wide on fraud, to be implemented 2015/16.
- Whistleblowing Policy is under review, the draft policy will be taken to Audit & Risk Committee on 22 September 2015.
- The National Fraud Initiative (NFI) work is well advanced. This annual exercise will be completed by end of July 2015. This will be reported on at the September meeting.

During discussion, the following points were raised:

- i. Members welcomed the new Joint Working Arrangements and the change in the benefit related fraud investigations - now with the Department of Work and Pension (DWP).

RESOLVED

1. The Committee **ENDORSED** the content of this annual fraud report and
2. The Committee **NOTED** the control mechanisms in place to mitigate the risk of fraud against Rutland County Council

57 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) ANNUAL REPORT

Report No. 99/2015 from the Director of Resources was received. Mrs Baker introduced the report with the purpose of providing an overview of the Regulation of Investigatory Powers Act 2000 (RIPA) and a summary of the Council's use of RIPA during 2014/2015.

During discussion, the following points were noted:

- i. There have been no (zero) uses of RIPA in 2014/15 which is a positive result as this should always be used as a last resort.
- ii. An inspection was carried out in May 2014 by the Office of Surveillance Commissioner (OSC), the results were extremely positive with no recommendation for improvement.

During discussion, no points were raised.

RESOLVED

The Committee **NOTED** the content of this annual report, and that no further action is required.

58 LIMITED ASSURANCE UPDATE REPORT

Report No. 106/2015 from the Director of Resources was received. Mrs Mogg introduced the report the purpose of which was to provide the Committee with an update of any assignments which have resulted in Limited Assurance ratings since the previous Committee meeting.

During discussion, the following points were noted:

- i. Mrs Mogg informed the Committee of the following points:
 - The IT department has had a large turnover of staff, including Management; whilst the position is not acceptable the situation is improving.
 - There is an action plan in place; the team, both old and new staff members, now understand the importance of asset management and recording assets accurately.
 - A procurement exercise is likely to be undertaken for an asset management system.
 - Progress will be reported back to the Committee by Miss R Ashley-Caunt as part of the Internal Audit follow up work.

During discussion, the following points were raised:

- i. Concern was raised that this is a result of staff not doing their jobs correctly, and whilst these staff members have now left the authority, this was a performance issue.
- ii. The new systems were welcomed by the Committee.
- iii. The Committee asked for the Resources Scrutiny Panel to be involved in the forward planning of the IT department changes.

RESOLVED

1. The Committee **NOTED** that there has been one report: ICT Asset Management 2014/15 giving rise to a limited assurance rating since the previous Committee meeting.
2. The Committee **NOTED** the action being taken by Officers to address issues raised.
3. The Committee **AGREED** that further updates should be provided in October 2015.

59 ANNUAL GOVERNANCE STATEMENT

Report No. 109/2015 from the Director of Resources was received. Mr Della-Rocca introduced the report the purpose of which was to provide the Committee with the opportunity to consider an early draft of the Annual Governance Statement in advance of formal approval in September.

Mr Della Rocca highlighted to the Committee that the AGS may change before the final version is approved in September.

During discussion, the following points were noted:

- i. This is the Draft Annual Governance Statement for comments and questions at this stage.
- ii. The report outlines how RCC works and conducts business. It is in-line with guidance set out by CIPFA.
- iii. The final report will be brought to the September Audit & Risk meeting for approval and sign off; however, the Committee will have the opportunity to comment prior to signing off the report.

During discussion, the following points were raised:

- i. The Committee deferred any comments or questions as a meeting is to be held on Monday 6th July 2015 by the Chief Executive, after which changes may be required to the AGS.

RESOLVED

The Committee considered whether the Annual Governance Statement (AGS) fairly represents the governance of the Council.

60 INTERNAL AUDIT PLAN

Report No. 73/2015 from the Director of Resources was received. Mr Della-Rocca introduced the report the purpose of which was to provide the Committee with the draft Internal Audit Plan for 2015/16 for Members to review, refine and formally approval.

During discussion, the following points were noted:

- i. This item was due to be approved at the Audit & Risk Committee meeting in April 2015, however, was brought to this meeting due to the April meeting not being quorate.
- ii. Work has started in-line with this plan.
- iii. The areas due to have audits in 2015/16 have been chosen based upon discussions regarding current and emerging risks with senior management and Members of the Audit and Risk committee and consideration of the 'audit universe'. Any further areas where Internal Audit could add value within a consultancy role have also been considered.

In January 2015 a list of potential risk areas was presented to the Audit & Risk committee. The majority of these have been incorporated within the plan but some have been placed on the reserve list based on an assessment of the risks.

- iv. Flexibility is required in the Audit Plan to move or respond to changes throughout the year.

During discussion, the following points were raised:

- i. The Committee asked for Oakham Enterprise Park (OEP) to be considered as an area that may need to be added to the plan for 2015/16, specifically looking at the following areas:

- Focus on letting of units and the value of rents
- Quality of tenants
- Accounting of the financial arrangements

RESOLVED

1. The Committee **REVIEWED** and **APPROVED** the Internal Audit Plan for 2015/16.
2. The Committee gave authority to the Assistant Director – Finance to make changes to the Audit Plan 2015/16 in consultation with the Chair of the Audit and Risk Committee.

61 RISK MANAGEMENT UPDATE

Report No. 122/2015 from the Director of Resources was received. Mrs Mogg introduced the report the purpose of which was to provide the Committee with the opportunity to comment on the contents of this report, including the next steps set out in section 3.

During discussion, the following points were noted:

- i. The Strategic Risk Register will be brought to the September meeting to be reviewed.
- ii. Clarification of the categories will be provided to the committee so that members have a clear understanding of this report.

During discussion, no points were raised.

RESOLVED

The Committee **COMMENTED** on the work planned in respect of the Council's risk management arrangements.

62 COMMITTEE TRAINING PROGRAMME

Report No. 107/2015 from the Director of Resources was received. Mr Della-Rocca introduced the report the purpose of which was to provide the Committee with an opportunity to assess their training requirements and to agree a schedule of training to be delivered over the coming year and beyond.

During discussion, the following points were noted:

- i. Members of the committee were invited to suggest areas they would like further training in to assist in their role as a member of this Committee.
- ii. Best practice within Welland Internal Audit Consortium for Chairs of Audit & Risk to be investigated.
- iii. Mr Crawley suggested the Committee consider current good habits and reflect on what they are good at to be able to identify any areas requiring additional training.

During discussion, the following points were raised:

- i. The Chair has contacted members of the Committee not present this evening to ask for their requirements and will liaise with the Committee when she has this feedback.
- ii. Chair suggested the following areas for training:
 - Risk Management
 - Fraud Awareness

RESOLVED

The Committee provided feedback on their training requirements and their preferred option for the delivery and scheduling of training.

63 ANY OTHER URGENT BUSINESS

- i. Mr Della Rocca reminded the committee that the Draft Statement of Accounts has now been published on the Council's website.
- ii. Next Audit and Risk Committee meeting is 22 September 2015

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Chairman, 22 September 2015

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The Chairman declared the meeting closed at 8.18 pm.
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