



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 Council Chamber, Catmose, Oakham, Rutland, LE15 6HP on Tuesday, 26th January, 2016 at 7.10 pm

PRESENT: Mrs D MacDuff (Chair)
Mr E Baines
Mr J Lammie
Miss G Waller
Mr A Walters

APOLOGIES: Mr T King

OFFICERS	Mr Saverio Della Rocca	Assistant Director – Finance
PRESENT:	Mrs Debbie Mogg	Director for Resources
	Miss Rachel Ashley-Caunt	Head of Welland Internal Audit Consortium
	Mrs Kelly Epps	Audit Manager
	Mr Andrew Merry	Finance Manager
	Mr P Phillipson	Director - Places (Development and Economy)
	Mr J Frieland	Business Manager - Oakham Enterprise Park

PRESENT: Mr Tony Crawley KPMG
Mr Mike Norman KPMG
Mr T Mathias (Substitute for Mr T King)

548 MINUTES

The minutes of the Audit and Risk Committee held on 22 September 2015 were confirmed subject to a minor amendment under item number 260. The minutes would be amended and re-published then signed by the chairman.

549 DECLARATIONS OF INTEREST

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

550 PETITIONS, DEPUTATIONS AND QUESTIONS

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

551 RISK MANAGEMENT UPDATE

Report No. 32/2016 was received from the Director for Resources

During discussion the following points were noted:

- i. Zurich Municipal has completed its work and Mrs Mogg is now in receipt of the draft report. This will be shared with the Committee, if appropriate, at the next Audit and Risk Committee (26 April 2016).
- ii. The new format of the Risk Register was welcomed by the Committee; Mrs Mogg confirmed that the elected member element could be added into the register to make it more explicit but added that member involvement was implicit in many cases e.g. approval of the budget is a Member decision.
- iii. Mrs Mogg clarified that 'I' in Appendix A stands for Impact and 'L' stands for Likelihood, this would be made clear in the future.
- iv. Miss Waller suggested that 'Risk to Reputation' should be included for all Risks.
- v. Risk 1 - The following points were raised:
 - Mrs Mogg confirmed that the employment terms and conditions referred to in Appendix A were in line with national employment terms and conditions.
 - Mrs Mogg confirmed that the next staff survey is due to take place in 2017; consideration will be given to benchmarking this against other Local Authorities.
- vi. Risk 2 – Mr Mathias confirmed that new avenues of income for the council were being fully investigated.
- vii. Risk 3 – The following points were raised:
 - Concern was raised that training attended by members of the committee into Major Incident Planning was not adequate. Mr Phillipson confirmed that Elected Members have a distinct role to play and feedback would be provided to Mr Brown - Director for Places (Environment, Planning & Transport) to address outside this meeting.
 - The Senior Management Team major incident exercise that was due to take place in January 2016 has been deferred.
 - Mrs Mogg and Mr Phillipson confirmed that alternative council owned sites could be made available if a major incident was to occur at Catmose. These include Rutland College in Barleythorpe and Rutland Adult Learning at Oakham Enterprise Park, in conjunction with officer remote working this meant that an alternative 'mothballed' site was not required which could have had a potential cost of £30,000.
- viii. Risk 4 & 5 – The following points were raised:
 - Concern was raised that there are no actions to address 'cases not being known' in relation to safeguarding. Mrs Mogg confirmed that she would speak to Dr T O Neil - Director for People and request the addition of further information.
 - Further information was requested on the next Risk Management Report regarding how we mitigate the consequences detailed in the report.

- Concern was raised that in general the current risk scores were not high enough.
 - No reference is made to risks of working with Care Homes.
- ix. Risk 6 – The following points were raised:
- Miss Waller confirmed that the council's statutory roles and responsibilities regarding monitoring of schools has not changed since the 1988 Education Act.
 - Mrs Mogg confirmed that it would be more appropriate for discussions regarding cost and potential recharging for the monitoring of schools to take place at People Scrutiny Panel.
- x. Risk 8 – Concern was raised that the likely current risk scores of 4 was not high enough as the impact of this risk could be more severe than indicated.
- xi. Risk 9 – The following points were raised:
- Concern was raised that the public's perception of the council may be incorrect due to lack of transparency, as work that is being done is misunderstood.
 - The Chairman requested more work on consultation processes to ensure we engage with the public as much as possible.
- xii. Mrs Mogg thanked the Committee for their comments on the report.

RESOLVED

The Committee **NOTED** the contents of the risk register and the actions underway to address the risks

552 WHISTLE BLOWING POLICY AND PROCEDURES REVIEW

Report No. 18/2016 was received from the Head of Corporate Governance

During discussion the following points were noted:

- i. In summary, the review of the policy is to bring the council in line with legislative changes which are:
 - Employees must now reasonably believe that their disclosures are made in the 'public interest' before any protection from dismissal or detriment is obtained (in accordance with the Public Interest Disclosure Act 1998). Previously, the requirement was for a disclosure to be made in 'good faith'. This has now been removed – the rationale for this was if the public interest is served by disclosure, it is irrelevant what motivated the employee to make the disclosure. The introduction of personal liability for whistle blowing detriments – employers can avoid vicarious liability by taking all reasonable steps to prevent their employees subjecting others to unlawful detriment. (For example, updated policies, training and awareness, clear protocols).
- ii. Other non-legislative changes concern the reporting mechanism to reflect current roles within the organisation. We have also incorporated a new external

line of reporting – Public Concern At Work (PCAW), which is the UK's leading authority on whistle blowing matters.

- iii. Overall, the review has sought to make the Policy easy to use and current.
- iv. The re-launch of the revised policy will be communicated in the following ways:
 - Staff Drop-in sessions
 - Staff Briefing
 - One Council Newsletter
 - External press release on the back of the work that has been done regarding the fraud app.
- v. Mrs Baker confirmed that council run schools will be informed of the revised policy so they can make any provisions to update their own arrangements.

RESOLVED

1. The Committee **RECOMMENDS** the revised Whistle Blowing Policy at **Appendix A** and recommends that it is presented to Cabinet for approval.
2. The Committee **NOTED** that the revised procedures will be introduced to all employees as part of a relaunch of the Whistle Blowing process, following approval of the Policy.

553 REGULATION OF INVESTIGATORY POWERS ACT 2000 QUARTERLY UPDATES

Report No.17/2016 was received from the Head of Corporate Governance.

During discussion the following points were noted:

- i. The Regulation of Investigatory Powers Act 2000 (RIPA) had not been used during the period 1 July to 31 December 2015.
- ii. Mrs Baker would bring the RIPA policy for review to the next Audit and Risk Committee meeting but that it would need to be approved by Cabinet.

RESOLVED

The Committee **NOTED** the content of this quarterly report, which covers all RIPA activity during the period 1 July to 31 December 2015. No further action is required.

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Mrs Baker left the meeting at 7.55 p.m.

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554 INTERNAL AUDIT UPDATE REPORT

Report No. 28/2016 was received from the Audit Manager

During discussion the following points were noted:

- i. Internal Audit has made good progress in delivery and is on track to achieve the target of at least 90% of the Internal Audit Plans for 2015/16 completed by the end of March 2016. By the end of January 2016, it is estimated that 71% of the audit plan will be completed to draft report stage.
- ii. The Committee thanked Internal Audit for their work within the 2015/16 year.
- iii. Limited Assurance Opinions have been given to the following areas:
 - IT Systems Administration (Appendix B of the report)
 - External Placements (Appendix C of the report)
 - Oakham Enterprise Park (Appendix D of the report)
- iv. IT Systems Administration - The following points were raised:
 - Concern was raised with the overall controls within the IT department.
 - Mrs Mogg assured the Committee that now the new, permanent Head of IT was in post improvements had been made and there is evidence to demonstrate new controls are in place and that all the recommendations had been implemented.
- v. External Placements - The following points were raised:
 - Concerns were raised by the Committee in relation to the limited assurance highlighted on page 62 of the report.
 - The Committee expressed their disappointment that there was no representation from the People Directorate at the meeting to answer questions. The Committee requested that the Head of Commissioning attend the next Audit and Risk Committee meeting so they could address their concerns directly.
 - Mrs Mogg and Mr Phillipson confirmed that the Head of Commissioning is located within the People Directorate, however, maintains a corporate role.
 - Mrs Mogg suggested that the Head of Commissioning works with Internal Audit regarding the limited assurances and whether alternative tools were available to be used (pg. 64).
 - Mrs Mogg reminded the Committee that the council is part of Welland Procurement which offers advice on procurement to the council.
 - Mrs Mogg assured the Committee that she would feedback their comments to Dr O Neil - Director for People, but to also consider the changes in staffing experienced in the past year within the People Directorate, this includes a completely new Senior Management Team.
 - Miss Waller highlighted that the People Directorate is the highest spending section of the council and we are not seeing the results that are required, which raises concerns regarding value for money.
 - Mr Walters expressed concerns regarding any additional resources being added to this area. He suggested that a review of performance took place before any decisions were made.
- vi. Oakham Enterprise Park (OEP) - The following points were raised:
 - The Committee acknowledged the success that had been achieved since the start of the OEP project, between over 95% occupancy of units on the site was an excellent result.

- Mr Baines expressed his disappointment that the basic commercial principles had not been followed and that insufficient training had been given to officers in the relevant areas.
- The Committee made it clear that this was not a reflection on individual officers, but a reflection on the systems in place.
- Mr Phillipson thanked Internal Audit for their hard work in the completion of this audit.
- Mr Phillipson informed the Committee that the Business Manager - Oakham Enterprise Park had done a fantastic job at OEP. The speed and rapid approach may have caused some of the issues. Mr Frieland now had the support of fellow officers that have specialist knowledge which will enable Mr Frieland to concentrate on the job that he is good at.
- Mr Phillipson advised the Committee that since joining the council he had brought in staff that have provided further rigor and experience to this area, for example, the Property Manager.
- The Business Manager - Oakham Enterprise Park informed the Committee that the issues regarding lease agreements were caused in part by agency Solicitors being used via the Legal shared service with Peterborough City Council (PCC). This has now been resolved, a new permanent Solicitor was carrying out this work and a full review of current leases was being undertaken. A redrafted version of the template lease for the self-store units was now in use.
- Mrs Mogg confirmed to the Committee that the annual cost of the whole legal contract with PCC was £320,000. The service was continually being reviewed where issues were raised. PCC have had a number of staff changes, a new Head of Legal was now in post and improvements were now being seen. The next review point was in May 2016, this would be brought to Resources Scrutiny Panel in April 2016.
- Mr Phillipson confirmed that there had been ongoing commentary with legal at PCC regarding the issues throughout.
- The Business Manager - Oakham Enterprise Park confirmed that in light of Internal Audits findings cash was no longer taken for rent payments.
- Mr Phillipson confirmed that cash payments had been taken previously for items that had been sold from the site (this includes selling items using eBay).
- The Business Manager - Oakham Enterprise Park confirmed that when the OEP project commenced he was working alone, often working 70 hours per week to get the project up and running and leases in place.
- Mr Phillipson and Mrs Mogg assured the Committee that lessons had been learnt in the transition from project to business set up. Monitoring, staff management/ training and use of the Project Board would be different in future projects on this nature.

RESOLVED

The committee **NOTED** the Internal Audit update report (Appendix A) including the proposed timing for follow up reporting on “limited” assurance audit reports finalised since the last Committee meeting.

555 INTERNAL AUDIT PLAN REPORT 2016/17

Report No. 29/2016 was received from the Head of Internal Audit

During discussion the following points were noted:

- i. Miss Ashley-Caunt invited members of the Committee to advise on any areas of the Internal Audit Plan 2016/17 (Appendix A) they would like to prioritise or seek further assurance on.
- ii. The draft Internal Audit Plan 2016/17 would be presented at the next Audit and Risk Committee meeting for approval by the Committee.
- iii. Mr Baines suggested an additional topic to be added to the current year's Internal Audit Plan regarding Monitoring Managers Responsibility this would cover the following:
 - Compliance with policies and protocols
 - Management responsibilities compliance
 - All managers working to the same standardsThe Committee discussed the potential for this to be added to the Internal Audit Plan 2016/17.
- iv. The following were suggested as priorities for the Internal Audit Plan 2016/17:
 - Opportunities and Career progression for Junior Staff - Mrs Mogg confirmed that this would be picked up by Resources Scrutiny Panel under succession planning.
 - Fostering Service
 - Taxi Licensing – in light of media coverage
 - Development Control – especially delegated decisions
 - Contract Procedure Rule Compliance
 - Highways Maintenance Contract
 - Section 106 Agreements – following issues in 2015
 - Safeguarding and Special Educational Needs Placements
 - Agresso Upgrade – to be revisited after implementation
 - Blue Badges – this subject can cause tension within the public
 - 'Limited' audit follow ups

RESOLVED

1. Members **NOTED** the process to be followed to develop the risk based Audit Plan for 2016/17.
2. Members **NOTED** the initial areas highlighted for potential coverage in the Internal Audit Plan 2016/17 (listed in Appendix A) and advised on areas where they seek assurance from the Internal Audit team during 2016/17.

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Mr Baines left the meeting at 8.30p.m.

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Report No. 30/2016 was received from Mr Crawley from KPMG

During discussion the following points were noted:

- i. Confirmation was given to the Committee that the Audit Certificate for the 2014/15 audit had been withheld due to the timing of full council in September 2015. Mr Crawley confirmed that the certificate had now been signed and sent to the Chief Executive of the council.
- ii. Mr Crawley reflected positively on the communication around the Section 106 issue.
- iii. Mr Crawley confirmed that there was no requirement for any procurement exercise due to the Local Audit Framework for Local Authorities.

RESOLVED

The Committee **NOTED** the update from the external auditors, KPMG LLP

557 ACCOUNT CLOSURE PLANNING 2015/16

Report No.20/2016 was received from the Assistant Director for Finance.

During discussion the following point was noted:

- i. From 2017/18 the draft Statement of Accounts will be required to be published by the 31 May and then audited, approved by the Audit and Risk Committee and published by the 31 July. This information would need to be taken into account in the production of the Programme of Meetings for 2017/18.

RESOLVED

The Committee **NOTED** the contents of the report including the following key changes that impact the Statement of Accounts for 2015/16;

- Implementation of the Transport Infrastructure Code
- Accounting for the Better Care Fund
- Early closure 2017/18.

558 ANY OTHER URGENT BUSINESS

The Chairman informed the Committee that the Head of Internal Audit would be sending an Effectiveness of Audit Committees questionnaire to them for completion.

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The Chairman declared the meeting closed at 9.55 pm.

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