



# Rutland County Council

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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 April, 2016 at 7.00 pm

<b>PRESENT:</b>	Mrs D MacDuff (Chair) Mr A Walters	Mr J Lammie (Vice-Chair) Miss G Waller
<b>ABSENT:</b>	Mr E Baines	
<b>OFFICERS PRESENT:</b>	Mrs Debbie Mogg Mr Saverio Della Rocca Dr Tim O'Neill Miss Rachel Ashley-Caunt  Mrs Diane Baker Ms Karen Kibblewhite Mrs Kim Cross	Director for Resources Assistant Director - Finance Director for People Head of Welland Internal Audit Consortium Head of Corporate Governance Head of Commissioning Corporate Support Officer
<b>IN ATTENDANCE:</b>	Mr Oliver Hemsley  Mr Mike Norman Mr Tony Crawley	Portfolio Holder for Resources (excluding Finance), Culture, Sport and Recreation, Tourism and Housing KPMG KPMG

**Due to the absence of the Chair (Mrs MacDuff), the meeting commenced at 7.11 pm with Vice-Chair, Councillor Lammie in the Chair.**

## 769 MINUTES

The minutes of the Audit and Risk Committee held on 26 January 2016 were confirmed as a correct record and signed by the Chairman.

## 770 DECLARATIONS OF INTEREST

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

## 771 PETITIONS, DEPUTATIONS AND QUESTIONS

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

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Mr Walters joined the meeting.  
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**The remaining business on the agenda was taken in the order as appears in these minutes.**

## **772 EXTERNAL PLACEMENTS AUDIT PROGRESS REPORT**

Report No. 95/2016 was received from the Director for People.

During discussion, the following points were noted:

- i. Concerns were raised that the Council was providing free safeguarding training to private companies. Dr O'Neill explained that the safeguarding risk to individuals at this moment in time was of greater importance than the loss of the financial income. However, training and the charges involved would be reviewed at a later date but Dr O'Neill confirmed that he would feed the comments back to the appropriate teams and report back to the Audit and Risk Committee if a change was required.
- ii. The Committee welcomed the report and thanked Dr O'Neill for the thoroughness of the report.
- iii. Most of the actions had been completed and a further update would be presented to the Audit and Risk Committee in January 2017.
- iv. Social Workers and the Council's Contracts Team would be working in parallel for each placement and Ms Kibblewhite would provide Members with a diagram showing this link.
- v. Dr O'Neill would provide a written response to Members regarding the outcome of 'Recommendation 14' (detailed on page 16 of the agenda pack), as this had been due for review in December 2015.

### **RESOLVED**

- a) The Committee **NOTED** the update on the progress made following the External Placements Audit report; and
- b) The Committee **ENDORSED** the request for a follow-up audit in January 2017.

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Mrs MacDuff joined the meeting and took the Chair.

Dr T O'Neill and Ms K Kibblewhite left the meeting.  
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## **773 AUDIT COMMITTEE EFFECTIVENESS AND ANNUAL REPORT**

The Chair gave a verbal update on the Effectiveness of the Council's Audit Committee.

During discussion, the following points were noted:

- i. A questionnaire had been circulated to Members for them to complete, the purpose of which was to enable Members to review their performance for the year and highlight any training issues. This information would feed into the Audit and Risk Committee's Annual Report, which would be presented to Council. The Chair confirmed that she would circulate this information to all Members for comment before it went to Council.
- ii. A training session on fraud had been received by Members before the Audit and Risk Committee meeting held on the 26 January 2016. It was agreed that a half hour training session be held twice per year before an Audit and Risk meeting starting in July 2016 with a training session on the Annual Governance Statement (AGS)

### **RESOLVED**

The Committee **AGREED** to a half hour training session, held twice per year before selected Audit and Risk Committee meetings.

### **774 INTERNAL AUDIT ANNUAL REPORT 2015/16**

Report No. 96/2016 was received from the Head of Internal Audit.

During discussion, the following points were noted:

- i. Concern was expressed by Members regarding the number of overdue recommendations, as identified in Table 5 (detailed on page 28 of the agenda pack) but Miss Ashley-Caunt assured Members that progress had been made on all of the overdue recommendations. One of the high priority recommendations related to the Agresso system, but a new upgrade was underway and Internal Audit would be involved in the implementation to provide assurance that the outstanding issues were addressed.
- ii. The Chair highlighted to attendees Table 6 (Internal Audit Contribution) and thanked Miss Ashley-Caunt for all the hard work carried out over the last year.

### **RESOLVED**

The Committee **APPROVED** the Annual Internal Audit Report and Assurance Opinion for 2015/16.

### **775 INTERNAL AUDIT PLAN 2016/17**

Report No.92/2016 was received from the Head of Internal Audit.

During discussion, the following points were noted:

- i. Mr Lammie expressed concern about the Special Educational Needs (SEN) transport contracts and the third party firms used. He requested that Internal Audit review SEN and report back to the Audit and Risk Committee. It was agreed that Mr Lammie would consider what he might like covered in a review of SEN and contact Internal Audit through the Chair.

- ii. Miss Ashley-Caunt agreed to review the timescales in terms of available capacity and reallocate days to complete the SEN review in agreement with the Chair.
- iii. Members agreed it would be sensible to look beyond the Council area borders and check with neighbouring authorities to see what work they had done in regard to SEN third party taxi licenses.

## **RESOLVED**

- a) The Committee **APPROVED** the Internal Audit Plan for 2016/17, subject to the reallocation of days for a SEN review.
- b) The Committee **AGREED** to give authority to the Assistant Director (Finance) to make changes to the Audit Plan 2016/17 in consultation with the Chair of the Audit and Risk Committee and to report back on any such amendments to the next meeting of the Audit and Risk Committee.
- c) The Committee **APPROVED** the internal Audit Charter.

## **776 EXCLUSION OF PRESS AND PUBLIC**

It was **RESOLVED** that the public and press be excluded from the meeting in accordance with Section 100(A)(4) of the Local Government Act 1972, as amended, and in accordance with the Access to Information provisions of Procedure Rule 239, as the following item of business involved the disclosure of exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A, as amended, of the Act.

## **777 FRAUD RISK REGISTER**

Report No. 89/2016 was received from the Director for Resources.

During discussion, the following points were noted:

- i. Members expressed concern that Risk Reference 9 should have a higher likelihood score than stated in the report. Mrs Mogg explained that the likelihood score was based on the overall corporate risk and that she was not convinced it was the same issue as highlighted in the External Placements Audit. It was agreed that Mr Della Rocca and Miss Ashley-Caunt would clarify if it was the same issue.
- ii. The Chair proposed that Risk Reference 9 should have a higher priority likelihood level for review in September under the new format.
- iii. The Chair asked for a 'Definitions' list, giving a range of values and descriptions, to be included in the Fraud Risk Register so giving a higher level of visibility. Mrs Mogg confirmed that the Fraud Risk Register would in future have the same format as the Strategic Risk Register.
- iv. Mrs Mogg confirmed that the same risk matrix for impact and likelihood scoring would be used although she would need to ensure the financial measures lined up.

- v. This new version would be used for the next meeting in September, subject to approval by this Committee and Cabinet.

## **RESOLVED**

- a) The Committee **NOTED** the report and Risk Register at Appendix A, which provided an update of the Council's management of fraud risks.

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The Committee **AGREED** that remainder of the meeting be held in public.

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## **778 RISK MANAGEMENT UPDATE**

Report No. 101/2016 was received from the Director for Resources.

During discussion, the following points were noted:

- i. Mrs Mogg confirmed that she would ask Dr O'Neill to provide a written update to be circulated to Members in respect of Risks 4 and 5.
- ii. Miss Waller sought clarification regarding the roles and responsibilities for Members. Mrs Mogg confirmed that all Councillors are expected to have a general awareness of risk and reminded the Committee that all reports to Committees etc include a risk assessment.
- iii. The Chair found the definitions very helpful.
- iv. Concern was expressed about the Financial Impact Measure and that a financial revenue loss of up to £500k over Medium Term Financial Plan (MTFP) was listed as having a minor impact. Mr Della Rocca confirmed advice had been taken from Zurich Municipal based on the size of our budget. However, this should not be interpreted that Officers consider £500k to be an insignificant sum of money. Mr Della Rocca explained it was listed as 'minor impact' for the purpose of the risk register as it put it into context.
- v. The Chair confirmed that the definitions allowed the focus to be on the significant risks at an appropriate level.

## **RESOLVED**

- a) The Committee **AGREED** the revised Risk Management Strategy and Policy at Appendix A and recommended that it be presented to Cabinet for approval; and
- b) The Committee **NOTED** the contents of the risk register and the actions underway to address the risks.

## **779 EXTERNAL AUDIT PLAN**

Report No. 86/2016 was received from the Director for Resources.

**RESOLVED**

- a) The committee **NOTED** the External Audit Plan from the external auditors, KPMG LLP.

**780 REGULATION OF INVESTIGATORY POWERS ACT 2000: ANNUAL REPORT AND POLICY**

Report No. 98/2016 was received from the Director for Resources.

During discussion, the following points were noted:

- i. There had been no amendments to legislation, which affected the operation of RIPA since Council approved the policy in 2014;
- ii. The Council had not needed to rely on the Regulation of investigatory Powers Act (RIPA) at any time during 2015/16; and.
- iii. Any future use of RIPA would be reported to the Audit and Risk Committee on a quarterly basis.

**RESOLVED**

- a) The Committee **NOTED** the report and reviewed the RCC Regulation of Investigatory Powers Act 2000 (RIPA) Policy. (Appendix A of Report 98/2016).

**781 ANY OTHER URGENT BUSINESS**

There were no items of urgent business.

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**The Chairman declared the meeting closed at 8.50pm.**

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