



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 Rutland County Museum, Oakham, on Tuesday, 28th September, 2021 at 7.00 pm

PRESENT: Councillor R Powell (Chair) Councillor P Ainsley
Councillor E Baines Councillor N Begy
Councillor G Brown Councillor A MacCartney

OFFICERS PRESENT: Andrew Merry Finance Manager
Rachel Ashley-Caunt Head of Internal Audit
Tom Delaney Governance Officer

IN ATTENDANCE: Paul Harvey Grant Thornton (External Audit)

1 APOLOGIES

No apologies for absence were received from Members of the Committee, but it was noted that the Strategic Director of Resources and Councillor K Payne, the Portfolio Holder, had been unable to attend.

2 MINUTES

Consideration was given to the minutes of the meeting held on 20 July 2021.

RESOLVED

That the minutes of the meeting held on 20 July 2021 be **APPROVED**.

The Chair confirmed that following the meeting on 20 July she had written on behalf of the Committee to the Senior Management Team regarding outstanding Internal Audit action points regarding highways and would be requesting the Constitutional Review Working Group to consider updates to the Committee's Terms of Reference.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 PETITIONS, DEPUTATIONS AND QUESTIONS

No petitions, deputations or questions had been received.

5 QUESTIONS WITH NOTICE FROM MEMBERS

No questions with notice had been received from Members.

6 NOTICES OF MOTION

No notices of motion had been received.

7 APPOINTMENT OF VICE-CHAIR

Councillor R Powell moved that Councillor G Brown be appointed as Vice-Chair of the Committee for the remainder of the 2021/22 municipal year. This was seconded and upon being put to the vote the motion was unanimously carried.

RESOLVED

That Councillor G Brown be **APPOINTED** as Vice-Chair of the Committee for the remainder of the 2021/22 municipal year.

8 STATEMENT OF ACCOUNTS

Report No. 121/2021 was received from the Strategic Director of Resources. Andrew Merry, Finance Manager, introduced the report which presented the statutory Statement of Accounts for 2020/21, and sought delegation to the Chair of the Committee and Strategic Director for Resources to sign the Statement following the completion of the audit of the revised actuary report. Thanks were expressed to officers and the external auditors for their work to put together and audit the Statement in a second unprecedented year of disruption for the Council due to the COVID-19 Pandemic.

Several Members expressed concerns regarding the Council's pension fund and in particular the increase in liability of the Council's contributions. Concern was also expressed over the impact on the pension fund's liability from external changes such as a rise in inflation. In response the Finance Manager and Paul Harvey, of the Council's external auditor, explained several of the factors behind the variations in the pension fund liability and highlighted that an increase in inflation could also lead to increased returns on investments made by the pension fund in addition to any increased costs.

Following an observation on the Annual Governance Statement that software connectivity issues had been named as a factor behind a number of potential unclaimed Community Infrastructure Levy liabilities, it was suggested that the primary cause of these issues had mainly been human error in operating the relevant technology, and that issues of staff retention and the quality of handovers could be found in several Internal Audit reports on different departments including those dealing with the Community Infrastructure Levy liabilities.

It was moved by Councillor A MacCartney that the Committee delegate the signing of the Statement of Accounts for 2020/21 to the Chair of the Committee and the Strategic Director for Resources, and that in accordance with Procedure Rule 110(7) no referral of the Committee's decision be allowed due to the need to approve the Accounts by 30 September. This was seconded and upon being put to the vote the motion was unanimously carried.

RESOLVED

- 1) That the Committee **DELEGATES** the signing of the Statement of Accounts for 2020/21 (shown at Appendix A of the report, including the Annual Governance Statement) to the Chair of the Committee and the Strategic Director for Resources.
- 2) That in accordance with Procedure Rule 110(7) no referral of the Committee's decision be allowed as the matter was of such urgency due to the requirement to approve the Statement of Accounts by 30 September 2021.

9 EXTERNAL AUDITOR'S REPORT

Report No. 122/2021 was received from the Strategic Director of Resources. Paul Harvey of Grant Thornton, the Council's external auditor, introduced the external auditors report at Appendix 1 which informed the Committee on matters arising from the audit of the financial statements and the results of the work undertaken to assess the Council's arrangements to secure value for money in its use of resources. It was explained that the auditors anticipated giving an unmodified audit opinion.

It was moved by Councillor G Brown that the Committee receive the External Auditors Report and approve the letter of representation at Appendix 2 for signing by the Chair and s151 Officer. This was seconded and upon being put to the vote the motion was unanimously carried.

RESOLVED

- 1) That the Committee **RECEIVES** the External Auditors Report at Appendix 1; and
- 2) **APPROVES** the letter of representation in Appendix 2 for signing by the Chair of the Committee and the s151 Officer.

10 FUTURE OF EXTERNAL AUDIT

Report No. 123/2021 was received from the Strategic Director of Resources. Andrew Merry, Finance Manager, introduced the report which asked the Committee to consider the options for appointing the external auditor and to endorse a recommendation to Council to opt into the national sector-led arrangements.

The Finance Manager explained that using the national sector-led arrangements was the approach recommended by the Local Government Association and officers considered there to be no direct benefits should the Council seek to appoint its external auditor individually. Members welcomed the recommendations as a sensible approach.

It was moved by the Chair that the Committee endorse the recommendation to Council to opt into the national sector-led arrangements and nominates Public Sector Audit Appointments Limited (PSAA), to appoint the external auditor on its behalf. This was seconded and upon being put to the vote the motion was unanimously carried.

RESOLVED

That the Audit and Risk Committee **ENDORSES** the recommendation to Council to opt into the national sector-led arrangements and nominates Public Sector Audit Appointments Limited (PSAA), to appoint the external auditor on its behalf.

11 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

Andrew Merry, Finance Manager, provided a verbal update to Members that the provisions of the Regulation of Investigatory Powers Act 2000 had not been used since the last update to the Committee.

12 INTERNAL AUDIT UPDATE

Report No. 124/2021 was received from the Strategic Director of Resources. Rachel Ashley-Caunt, Head of Internal Audit, introduced the report which updated Members on the progress made in delivering the 2021/22 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting.

The Head of Internal Audit also explained that following several questions regarding the logging of service requests at the previous meeting, it was proposed for the Audit Plan to be amended to reallocate ten audit days to resource initial work on a consultancy review of the recording and tracking of service requests. This approach was welcomed by Members.

The Chair highlighted the three outstanding Internal Audit actions in relation to Highways having recently written to the Strategic Management Team regarding these on behalf of the Committee. It was explained that two of the actions were implemented and awaiting an Internal Audit review in October before completion, with the third to be completed by the end of the calendar year with updates provided to the Committee at its next meeting. It was also confirmed that an update on the implementation of actions arising from the audit of Payments to Early Years Providers could be provided at the next meeting.

Following a query regarding the Health and Safety Audit, the Head of Internal Audit agreed this could be an area for further work in 2022/23 once time had been allowed for new procedures to become embedded. It was also confirmed to Members that initial preparation was underway for the 2022/23 Annual Audit Plan and Members initial views would be sought at a future meeting.

In response to a query regarding work undertaken by Internal Audit outside of the Annual Audit Plan on a consultancy basis, the Head of Internal Audit explained that the specific details of some work could not be shared due to containing sensitive information but confirmed that she could look to provide Members of the Committee with a broad overview of the work being undertaken.

It was moved by the Chair that Members note the Internal Audit update report and approve the proposed amendment to the Audit Plan to reallocate ten audit days to resource initial work on a consultancy review of the recording and tracking of service requests. This was seconded and upon being put to the vote the motion was unanimously carried.

RESOLVED

- 1) That the Committee **NOTE** the Internal Audit update report at Appendix A.

- 2) That the Committee **APPROVE** the proposed amendment to the Audit Plan to reallocate ten audit days (originally assigned to assessing compliance with the Financial Management Code) to resource initial work on a consultancy review of the recording and tracking of service requests.

13 ANY OTHER URGENT BUSINESS

There was no urgent business for consideration.

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The Chair declared the meeting closed at 7.56 pm.

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