



Rutland County Council

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Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held via Zoom on Tuesday, 30th November, 2021 at 7.00 pm

PRESENT:	Councillor R Powell (Chair) Councillor P Ainsley Councillor A MacCartney	Councillor G Brown (Vice-Chair) Councillor N Begy
OFFICERS PRESENT:	Saverio Della Rocca Marie Rosenthal Rachel Ashley-Caunt Tom Delaney	Strategic Director for Resources and S151 Officer Interim Deputy Director for Corporate Governance and Monitoring Officer Head of Internal Audit Governance Officer
IN ATTENDANCE:	Councillor K Payne	Portfolio Holder for Finance, Governance and Performance, Change and Transformation

1 APOLOGIES

Apologies were received from Councillor E Baines.

2 MINUTES

Consideration was given to the minutes of the meeting held on 28 September 2021. It was noted by the Chair that the Statement of Accounts had been subsequently signed on 14 October 2021 and the option for the future of External Audit endorsed by the Committee had been approved by Council on 8 November 2021.

RESOLVED

That the minutes of the meeting held on 28 September 2021 be **APPROVED**.

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 CONSTITUTION REVIEW

The Chair informed Members that she intended to alter the order of items and consider the Constitution Review first and this was unanimously agreed.

Report No. 168/2021 was received from the Monitoring Officer, Marie Rosenthal, who presented the report which set out Terms of Reference for a comprehensive review of the Council's Constitution by the Constitutional Review Working Group (CRWG) to ensure it was up to date and fit for purpose. It was highlighted that the proposed review was ambitious and would include a health check against legislative requirements and removing unrequired changes whilst delivering other improvements such as to the Scrutiny function.

Members welcomed the report and review of the Constitution, and in particular the intention to improve indexing and the review of Scrutiny. In response to a concern on whether the review would be deliverable within the timeframe, the Monitoring officer assured Members that she believed the review to be achievable and highlighted that the Constitution Review Working group has expressed a willingness to meet more regularly if required.

The Chair queried the formal role of the Audit and Risk Committee in reviewing the Constitution going forward given that in practice this was always undertaken by the CRWG, the Monitoring officer confirmed she would be considering removing these responsibilities away from the Audit and Risk Committee as part of the review and establishing the CRWG as a Standing Committee of the Council.

Members also welcomed the survey being undertaken with Members for their input into the review and it was requested that the Monitoring Officer write to Members on behalf of the Committee encouraging completion by the deadline of 6 December.

It was moved by Councillor G Brown that the Committee approve the Terms of Reference for a Constitution Review by the CRWG and refer the report to Council for final approval. This was seconded and upon being put to the vote the motion was unanimously carried.

RESOLVED

That the Committee:

- 1) **APPROVES** the Terms of Reference set out in the Report for a Constitution Review by the Constitution Review Working Group.
- 2) **REFERS** the report to Council for approval.

8 RISK MANAGEMENT

Report No. 166/2021 was received from the Strategic Director of Resources, Saverio Della Rocca, who presented the report which presented the Strategic Risk Register to the Committee and methods used to address the risks contained within the Register.

In response to questions, it was confirmed that the Resilience Partnership at Risk 3 referred to the Local Resilience Partnership across Leicester, Leicestershire and Rutland. Several concerns were expressed over the closing of Risk 76 when work was still ongoing, however the Strategic Director for Resources gave assurance that the important actions mitigating the risk were underway and this was the reason behind the closing of the risk.

It was also agreed that large proposals such as the new Local Plan would create risks of deliverability for the Council, and the Strategic Director for Resources suggested that these pressures may lead to demands for external resourcing and higher funding in order to ensure sufficient capacity.

RESOLVED

That the Committee **NOTES** the content of the Strategic Risk Register in Appendices A and B to the report, and the actions underway to address the risks.

The Strategic Director for Resources and Head of Internal Audit, Rachel Ashley-Caunt, then presented the draft Internal Audit Report examining the Council's approach to risk management. It was explained that it was considered appropriate for each directorate to establish and maintain their own risk registers to sit beneath the Strategic Risk Register. It was highlighted that there remained concerns around staff capacity, and it was explained that Internal Audit had been approached to provide 15 audit days of facilitative support to directorates with their risk registers.

It was clarified that Zurich Municipal, the Council's insurers, had agreed to provide support in initially establishing the registers at no cost to the Council, and Internal Audit's role would then be in supporting directorates to facilitate the maintenance and updating of these risk registers from 2022-23 on an ongoing basis.

Members supported the principle of directorates maintaining their own risk registers but expressed a number of concerns regarding the proposed impact on the amount of audit assignments undertaken by Internal Audit having re-directed 15 days away to assisting directorates. It was also noted that the Internal Audit Plan for 2022-23 would be formally agreed by the Committee at a future meeting and this would include setting out areas where assignments would be subsequently unable to go ahead.

In response to these concerns, it was set out by the Strategic Director for Resources and the Head of Internal Audit that supporting the maintenance of risk registers would not detract from Internal Audit's duty to audit the Council and would be as valuable to Internal Audit's work as the audit assignments that may be displaced, through providing an insight into work across all directorates in managing risk.

The Head of Internal Audit also assured members that she had duty to undertake sufficient work to provide an end of year opinion and that providing risk management support would not compromise this obligation.

Concern was also expressed regarding the general impact on staff capacity to maintain the registers even with support from Internal Audit, and the Strategic Director for Resources gave assurance that all Members of the Council's Strategic Management Team had been able to agree and support the creation of risk registers for their directorates and would be able to deliver these.

RESOLVED

That the Committee **NOTES** the Internal Audit risk management draft report at Appendix C and notes the proposed response in 3.3.2 and 3.4.2 of the report and the impact on resources.

The Strategic Director for Resources then provided a brief update on a current CIPFA consultation regarding treasury management, which included proposals to prevent local authorities from borrowing for investment purpose although it was highlighted that the proposals were not final. The Strategic Director for Resources explained that the Council would look to pursue a cautious policy and would not undertake significant borrowing for commercial investment but it was noted that some investments might have both a financial objective alongside a service priority e.g., provision of local services.

9 INTERNAL AUDIT UPDATE

Report No. 167/2021 was received from the Strategic Director of Resources. The Head of Internal Audit, Rachel Ashley-Caunt, presented 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. It was highlighted that there was a high successful completion rate with no actions currently outstanding.

The Head of Internal Audit also set out that initial planning was already underway for the Internal Audit Plan for 2022-23, it was confirmed that officers would formally report at the next meeting requesting suggestions from Members on content of the plan, but Members were encouraged to also put forward any suggestions to Internal Audit before the meeting. It was also suggested that an informal meeting could be held for Members to bring their suggestions forward.

A concern was raised at the number of outstanding assignments due to be completed in the final quarter but the Head of Internal Audit explained that this was because several assignments relating to finance would not commence until the final quarter so that sufficient data was available, and extra resource would be brought to work on these and gave assurance that she expected no assignments to be left uncompleted. It was also noted that an audit assignment on asset management could be delayed given that the Council was currently undertaking an overlapping asset review.

RESOLVED

That the Committee **NOTES** the Internal Audit update report.

10 INTERNAL AUDIT DELEGATION

Report No. 169/2021 was received from the Strategic Director of Resources, Saverio Della Rocca, who presented the report which sought the Committee's endorsement for Council to transfer the internal audit delegation agreement from the current hosts to North Northamptonshire Council and to extend the agreement to March 2027.

In response to queries, the Strategic Director for Resources explained that although the proposals could be seen as a new agreement, the costs of the new agreement were expected to be on the same basis as the current agreement for a similar if not greater capacity of service. Assurance was also given that should there be significant concerns on the quality of the service provided, then the Council retained the option to leave the agreement ahead of 2027 and seek new arrangements.

It was moved by Councillor N Begy that the Committee endorse the recommendation to Council, to transfer the internal audit delegation agreement from the current hosts to North Northamptonshire Council and to extend the agreement.

RESOLVED

That the Committee **ENDORSES** the recommendation to Council to transfer the internal audit delegation agreement from the existing hosts to North Northamptonshire Council and to extend the agreement for a further five years.

11 ANY OTHER URGENT BUSINESS

There was no urgent business for consideration but the Strategic Director for Resources confirmed that he would be contacting the Chair and then Members regarding two virtual sessions on risk management for Members delivered by the Council's insurers in the new year.

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The Chair declared the meeting closed at 8.37 pm.

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