

# **NOTTINGHAM CITY COUNCIL**

## **AUDIT COMMITTEE**

### **MINUTES**

of meeting held on **23 SEPTEMBER 2011** at

Loxley House from 10.31 am to 12.33 pm

- ✓ Councillor K Williams (Chair)
- ✓ Councillor Aslam
- Councillor Fox
- Councillor Hartshorne
- ✓ Councillor Heaton
- ✓ Councillor Molife
- ✓ Councillor Parton
- ✓ Councillor Piper
- Councillor Steel

✓ indicates present at meeting

### **Also in attendance**

- |                  |   |                          |
|------------------|---|--------------------------|
| Simon Burton     | - Corporate Performance and Quality Officer         | )                        |
| Theresa Channell | - Senior Finance Manager – Planning and Forecasting | ) Resources              |
| Barry Dryden     | - Senior Finance Manager                            | )                        |
| Tony Kirkham     | - Director of Strategic Finance                     | )                        |
| Rachel Mottram   | - Constitutional Services Officer                   | )                        |
| Shail Shah       | - Head of Internal Audit                            | )                        |
| <br>             |   |                          |
| Penny Wakefield  | - Director of Partnerships                          | - Chief Executives Group |
| <br>             |   |                          |
| Paul Hutchings   | - Audit Manager                                     | ) Audit Commission       |
| Sue Sunderland   | - District Auditor                                  | )                        |

### **15 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Fox and Hartshorne.

### **16 DECLARATIONS OF INTERESTS**

No declarations of interests were made.

### **17 MINUTES**

**RESOLVED** that the minutes of the last meeting held on 29 July 2011, copies of which had been circulated, be confirmed and signed by the Chair.

## **18 THE STATEMENT OF ACCOUNTS 2010/11 AND ANNUAL GOVERNANCE REPORT – AUDIT 2010/11**

Consideration was given to reports of the Deputy Chief Executive/Corporate Director for Resources and District Auditor, copies of which had been circulated. Updated versions of both reports were circulated at the meeting.

Barry Dryden, Senior Finance Manager introduced the report and gave a presentation on the Statement of Accounts Post Audit.

The following information was provided in response to questions from the committee:

- of the 6 queries received, all were expected to be resolved within the next two weeks and none had been progressed to the auditors;
- there had been a significant increase in the response rate for the related parties questionnaire;
- the 2010/11 Statement of Accounts had not been amended for de-recognition but actions would be put in place to identify the necessary adjustments in future;
- funding from central government for schools was shown within income and expenditure;
- the government had amended the percentage used to calculate social housing assets from 50% to 34% to reflect more appropriately Right to Buy discounts.

Sue Sunderland, District Auditor presented her report to the committee.

A number of areas were highlighted and included the following comments:

- the council had responded well to the challenge of producing financial statements under International Financial Reporting Standards (IFRS) for the first time this year producing timely and comprehensive working papers for review;
- a certificate for 2010/11 could not be issued until the 2009/10 audit had been concluded and this had been delayed by consideration of matters brought to the auditors attention by local authority electors;
- sufficient assurance had been provided regarding accounts payable and payroll concerns by the implementation of East Midlands Shared Services (EMSS) bringing new processes and systems to address previous issues.

The following further information was provided in response to questions from the committee:

- not maintaining an up to date establishment list was recognised as an issue and would be a key priority moving to EMSS;
- risks were determined as anything that posed a risk to the statement of accounts.

### **RESOLVED**

- (1) that the Statement of Accounts be approved;**
- (2) that the Annual Governance report and the Council's response to the issues it raised be noted;**

- (3) **that the draft letter of representation be amended to include reference to the committee endorsing that the accounts would not be amended for de-recognition impact.**

## **19 ANNUAL GOVERNANCE STATEMENT 2010/11**

Consideration was given to a report of the Deputy Chief Executive/Corporate Director for Resources, copies of which had been circulated. The Head of Internal Audit introduced the report.

**RESOLVED that the Annual Governance Statement 2010/11 set out at Appendix 1 to the report, be approved.**

## **20 TREASURY MANAGEMENT STRATEGY 2011/12 – REVISED INVESTMENT STRATEGY**

Consideration was given to a report of the Deputy Chief Executive/Corporate Director for Resources, copies of which had been circulated. The Senior Finance Manager – Planning and Forecasting introduced the report.

The proposed amendments included increasing the maximum sum that could be invested in Money Market Funds (MMF) from £40m to £80m with the individual limit of £10m per fund being retained, improving the existing administration process and trialling the use of a portal for the management of monies invested in MMF's.

**RESOLVED that the proposed revisions to the Investment Strategy detailed within the report at 6.1 and 6.2 be endorsed.**

## **21 STRATEGIC RISK REGISTER (SRR) QUARTER 1 2011/12 UPDATE AND 2010/11 ANNUAL REVIEW**

Consideration was given to a report of the Deputy Chief Executive/Corporate Director for Resources, copies of which had been circulated. The Corporate Risk Specialist introduced the report.

The Director of Partnerships attended the meeting to provide information on SR16a – Failure of partners including the City Council to work effectively together.

The key information was provided:

- an annual review had just been completed of the Nottingham Plan that would be reported to Executive Board in October 2011;
- although the recession was just hitting as the plan was published, good progress had been made in it's first year;
- the Council Plan was being revised in line with manifesto commitments following the local elections;
- despite the change of government nationally and the economic climate, the One Nottingham Board had decided to keep the ambitious targets within the plan as they felt it was too early to make changes;
- workshop sessions were provided for the Leader of the Council and Portfolio Holders on policy changes;
- major areas within the plan included the creation of jobs, wealth and a reduction of unemployment;
- the demographics of the City were part of the planning process for the Council.

## **RESOLVED**

- (1) that the progress made on reducing the seriousness of the Council's strategic risks as reflected by their current threat levels and Direction of Travel for Quarter 1 2011/12 (table 1 and appendix 1 to the report) and for the year 2010/11 (appendices 1 and 2) be noted;**
- (2) that the results of the review of the SRR by Corporate Leadership Team and the delegation of three risks, but in particular consider the newly escalated Strategic Risk SR27 – Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements, included as appendix 3 to the report be noted;**
- (3) that the strategic risk SR16a – Failure of partners including the City Council to work effectively together previously selected by Audit Committee for more detailed review, the corresponding Risk Management Action Plan presented as appendix 4 to the report be noted;**
- (4) that in addition to SR6 – Failure to safeguard vulnerable children, SR27 – Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements be selected for specific scrutiny as part of the SRR Quarter 2 2011/12 update.**