

NOTTINGHAM CITY COUNCIL

AUDIT COMMITTEE

MINUTES

of meeting held on **6 JANUARY 2012** at

Loxley House from 10.32 am to 12.49 pm

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

- ✓ indicates present at meeting

Also in attendance

Paul Hutchings	- Audit Manager) Audit Commission
Sue Sunderland	- District Auditor)
Simon Burton	- Corporate Risk Specialist)
Barry Dryden	- Senior Finance Manager)
Carole Mills Evans	- Deputy Chief Executive/Corporate Director for Resources) Resources
Rachel Mottram	- Constitutional Services Officer)
Glen O'Connell	- Director of Legal and Democratic Services and Monitoring Officer)
Shail Shah	- Head of Internal Audit)
Satinder Gautam	- Director of Safeguarding) Children and Families
David Thompson	- Risk/Health and Safety Manager)
Jason Gooding	- Project Manager) Communities
Adrian Hill	- Head of Commercial and Transport Services)

35 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Steel.

36 DECLARATIONS OF INTERESTS

No declarations of interests were made.

37 MINUTES

RESOLVED that the minutes of the last meeting held on 25 November 2011, copies of which had been circulated, be confirmed and signed by the Chair.

38 STRATEGIC RISK REGISTER (SRR) QUARTER 2 UPDATE AND UPDATE TO THE RISK MANAGEMENT FRAMEWORK (RMF)

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

Simon Burton, Corporate Risk Specialist, introduced the report that presented the progress made in reducing the threat level for each strategic risk from their original position.

The report also identified the two risks selected for more detailed scrutiny as outlined below and the updated Risk Management Framework endorsed by Corporate Leadership Team.

SR27 – Failure of Workplace Parking Levy (WPL) to raise sufficient income to meet NET Phase Two funding requirements

Adrian Hill, Head of Transport and Commercial Services and Jason Gooding, Project Manager attended the meeting to provide information and respond to questions.

The following key information was provided:

- the WPL scheme came into place from 1 October 2011;
- all businesses were required to register their parking places;
- 44,000 places had been licensed and this figure was in line with the expected numbers;
- all licences were required to be renewed by 1 April 2012, after this date the final number of licensed places and expected income from those places would be confirmed;
- meetings were taking place with many employers to inform them of the legal requirements of the scheme and checks were being carried out to ensure they were eligible for any discounted places they had applied for.

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

- displaced parking had been recognised as a potential impact from the introduction of the scheme and work was ongoing to identify potential hot spots where the impact could be greatest, the situation would be closely monitored once the scheme was in force;
- disabled places needed to be licensed but were 100% discounted;
- it was a criminal offence for private land owners to deny the council access to land where it was believed that places were being provided and not declared;
- it was the employer's obligation to comply with licence conditions.

SR6 – Safeguarding vulnerable children

Satinder Gautam, Director of Safeguarding attended the meeting to provide information and respond to questions.

The main points were as follows:

- significant improvements to the service had been made since 2008;
- a rating of 'good' had been received following an inspection of safeguarding children in December 2010;
- a further unannounced inspection in August 2011 raised no areas of concern;
- a rating of 'good' had been received following an inspection of the fostering service in December 2011;
- three risk references and actions being taken to address those areas were highlighted as follows:
 - 8 – lack of robust recording management information system to support safeguarding practice
 - all managers now received regular reports on caseload allocation;
 - the I.T system, currently CareFirst, was being updated to make it much easier to use;
 - 10 – if demand increases and capacity to deliver services are reduced, safeguarding services including those for children in need of protection may be compromised
 - there continued to be a high level of referrals and the expectation was that this would continue due to a number of factors including the economic situation and welfare reform;
 - the Common Assessment Framework (CAF) process would be further embedded to identify children and families earlier on in the process to avoid high cost services being required later on;
 - 11 – CAFs not being completed promptly, as soon as needs are emerging, resulting in a deterioration of circumstances and an increasing number of children being referred for social care intervention inappropriately creating an increase demand on social care services;
 - partnership discussions were ongoing on this matter and had been referred to recently leading to Councillor Mellen sending a letter to partners encouraging them to complete CAFs;
 - additional work had been put in place to work with children and families to put support in at an early stage.

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

- a huge amount of work was ongoing with Family and Community Teams to offer early intervention and support;
- links with schools and children centres were being established to identify high risk families at the earliest possible stages;
- the authority had one serious case review outstanding, all the risks from this review had been sent to OFSTED, it was now a case of implementing the action plan.

RESOLVED

- (1) that the progress made on reducing the seriousness of the Council's strategic risks as reflected by their threat levels and Direction of Travel for Quarter 2 2011/12 (table 1 and appendix 1 to the report) be noted;**
- (2) that the results of the review of the SRR by Corporate Leadership Team be noted;**
- (3) that the information provided in relation to strategic SR6 – Safeguarding vulnerable children and SR27 – Failure of the Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements be noted;**
- (4) that the updated RMF be approved;**
- (5) that the following risks be selected for specific scrutiny for the SRR Quarter 3 2011/12 update:**
 - (i) SR8a – Failure to implement and embed effective information management structures, policies, procedures, processes;**
 - (ii) SR11 – Failure to address medium term financial pressures in a sustainable way;**
 - (iii) SR26 – Failure to support Nottingham citizens and communities to cope with welfare reforms.**

39 AUDIT COMMITTEE UPDATE

Further to minute 28 dated 25 November 2011, consideration was given to a report of the District Auditor, Audit Commission, copies of which had been circulated.

Paul Hutchings, Audit Manager introduced the report and briefly updated the committee as follows:

- the key milestones reported in November 2011 remained unchanged;
- it was intended to submit the audit opinion plan to the next meeting of the committee in February 2012;
- the responses received from the Deputy Chief Executive/Corporate Director for Resources and the Chair of the committee had answered the enquiries about certain management processes and as a result there were no specific issues;
- the Value for Money work was ongoing and still at the planning stage;
- all three outstanding grant claims had been certified;
- subject to agreement from the Homes and Communities Agency, the work on the Council's financial return for funding received for low carbon infrastructure should be finalised by the end of January 2012.

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

- one of the key areas where fraud was detected were false claims for student and single person council tax discounts. This presented a real challenge for local authorities, particularly those with a high student population;

- work was ongoing with other core cities with large student populations to lobby the government regarding the impact of the council tax exemption of student properties.

RESOLVED that the report be noted.

40 AUDIT COMMISSION ANNUAL AUDIT LETTER (AAL) 2010/11

Consideration was given to the annual audit letter 2010/11 and a report of the Deputy Chief Executive/Corporate Director for Resources, copies of which had been circulated.

(a) AAL 2010/11

Sue Sunderland, District Auditor highlighted some of the key messages as follows:

- an unqualified opinion on the financial statements had been given;
- officers had coped very well with the introduction of the complex International Financial Reporting Standards;
- further improvements were required in relation to related party transactions and accounts payable and payroll;
- it was acknowledged that the introduction of East Midlands Shared Services (EMSS) and a new I.T system would address ongoing concerns;
- an unqualified Value for money conclusion had been given;
- additional work had been carried out regarding the Jobs Plan Review;
- certificates of audit completion for 2009/10 and 2010/11 had been issued;
- a report by exception into the Jobs plan review had been completed that was set out in detail later on the agenda.

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

- the draft report on the Jobs plan review was issued in draft in March 2011 and finalised in November 2011;
- the council were working very closely with Leicestershire County Council to share processes/procedures as part of EMSS;
- Nottingham City Council would be taking the internal audit lead for EMSS.

(b) Report of the Deputy Chief Executive/Corporate Director for Resources

Barry Dryden, Senior Finance Manager introduced the report setting out the Council's action plan to address the recommendations within the AAL.

RESOLVED

- (1) that the Audit Commission's Annual Audit Letter (AAL) be noted;**
- (2) that the City Council's action plan to address recommendations within the AAL be endorsed.**

41 EXCLUSION OF THE PUBLIC

RESOLVED that the public be excluded from the meeting during consideration of the remaining item on the agenda in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the

public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraphs 1, 2 and 3 of Schedule 12A to the Act.

42 JOBS PLAN REVIEW

Consideration was given to a report of the District Auditor, Audit Commission, copies of which had been circulated.

Councillor Culley, proposed an additional recommendation as follows:

- that the report be referred to an external independent auditor for verification and to the police for further investigation.

The additional recommendation was put to the vote and not carried. Councillors Culley and Parton asked for their votes in favour of the recommendation to be recorded.

The District Auditor advised the meeting that at an early stage in her investigation she had referred the issue to the police in accordance with normal practice.

RESOLVED

- (1) that the report be noted;**
- (2) that an action plan in response to the recommendations be submitted to the next meeting of the committee;**
- (3) that the circumstances outlined in the report be referred to the Monitoring Officer as a complaint under the local determinations regime.**