

## **NOTTINGHAM CITY COUNCIL**

### **AUDIT COMMITTEE**

#### **MINUTES**

of meeting held on **30 NOVEMBER 2012** at

Loxley House from 10.32 am to 12.38 pm

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

✓ indicates present at meeting

#### **Colleagues in attendance**

Liz Jones	- Head of Corporate Policy	) Chief Executives
Lynne North	- Customer Liaison Officer	)
Jason Gooding	- Workplace Parking Levy Project Manager	) Communities
James Rhodes	- Interim Nottingham Plan Programme Manager	)
Sue Tongue	- Finance Specialist, Major Programmes	- Development
Lisa Black	- Head of Revenues, Benefits and Welfare Rights	)
Simon Burton	- Corporate Risk Specialist	) Resources
Mark Leavesley	- Constitutional Services Officer	)
Shail Shah	- Head of Internal Audit	)

#### **29 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Susan Sunderland and Paul Hutchings (KPMG) and Claire Richmond (Interim Director of Policy, Partnerships and Communication).

#### **30 DECLARATIONS OF INTERESTS**

No declarations of interests were made.

#### **31 MINUTES**

**RESOLVED** that the minutes of the last meeting held on 21 September 2012, copies of which had been circulated, be confirmed and signed by the Chair.

### **32 LOCAL GOVERNMENT OMBUDSMAN (LGO): ANNUAL LETTER**

Consideration was given to a report of the Interim Director of Policy, Partnerships and Communication, copies of which had been circulated, regarding the LGO Annual Letter, which summarised the number of enquiries and complaints it had dealt with on behalf of the City Council during the period April 2011 to March 2012, and the authority's response time to those queries.

Lynne North presented the report and informed the Committee that the LGO had stated the following, "I am pleased to say that I have no concerns about your authority's response times and there are no issues arising from the complaints that I want to bring to your attention".

**RESOLVED that the report be noted.**

### **33 STRATEGIC RISK REGISTER: QUARTER 2 - 2012-13 AND RISK MANAGEMENT FRAMEWORK - UPDATES**

Further to minute 16 dated 27 July 2012, consideration was given to a report of the Corporate Director of Resources, copies of which had been circulated. The report was presented jointly by Liz Jones, Lisa Black, Jason Gooding and Simon Burton, the main points of which were as follows:

#### **(a) Strategic Risk Register (SRR)**

It was reported that of the 18 strategic risks within the SRR, 10 were red, including two new 'red rated' risks, 'SR28 – Failure to ensure a financially sustainable adult social care system response to significant increases in demand for care while protecting our most vulnerable citizens' and 'SR29 – Failure to establish an effective public health function with adverse impact on the citizen wellbeing and a failure to deliver the authority's statutory responsibilities'. Two risks were assessed as deteriorating, 'SR24 – Failure to ensure effective systems are in place to manage health and safety risks' (Amber) and 'SR26 – Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes' (now red).

At the meeting of the Committee on 27 July 2012, two strategic risks were identified for detailed consideration, 'SR26 – Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes' and 'SR27 – Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements'.

#### **(i) Welfare changes**

With regard to SR26, Liz Jones and Lisa Black stated the following:

- the Council would shortly be publishing its 'One Truth' document, created in partnership with external organisations such as Nottingham City Homes, Registered Social Housing providers and the advice sector, which would explain the proposed welfare changes and the impact on those in receipt of various benefits (council tax, housing etc);
- approximately 7,500 homes in the City would be affected by the welfare reform changes that introduce a reduction in Housing benefit due to 'under-occupancy'. Registered Social Landlords (RSL) and the Council had worked

together to identify the households that may be affected and RSLs and Nottingham City Homes were contacting their tenants to look at choices and options. There were approximately 330 households that may be directly affected by the benefit cap being introduced in April 2013. The cap level ranged from 14p to £450 per week and all of these households were being visited by the Housing Benefit service and RSLs.

**(ii) Workplace Parking Levy (WPL)**

With regard to SR27, Jason Gooding stated that, currently, income was as at a level necessary to meet funding requirements for NET Phase Two. In response to a Councillor question, he also stated that all affected City businesses, including Academies (schools which had opted out of local authority control and were now self governing), paid the same rates of WPL to the authority.

**(b) Risk Management Framework (RMF)**

Simon Burton stated that there had only been minor amendments to the RMF since previously considered by Audit Committee on 6 January 2012, aside from the addition of a Risk Management Improvement / Action Plan. Consequently, the full RMF was not included in the papers but was available to view at <http://open.nottinghamcity.gov.uk/comm/download3.asp?dltype=inline&filename=54418/RiskManagementFramework.pdf>. The Risk Management Improvement / Action Plan, prepared following a CIPFA benchmarking exercise undertaken in April 2012, was included in the report as Appendix 6.

**RESOLVED that the**

- (1) revised ratings of the 18 Strategic Risks, as a result of a review by the Corporate Leadership Team, detailed in Table 1 and Appendix 3 of the report, be noted;**
- (2) RMF and the Risk Management Improvement / Action Plan, detailed in Appendix 6, be approved, and the Plan be included in the RMF;**
- (3) following strategic risks be scrutinised as part of the SRR Quarter 3 2012/13 report and Simon Burton be requested to provide further information to the 15 February 2013 meeting:**
  - (i) SR24 - Failure to ensure effective systems are in place to manage health and safety risks,**
  - (ii) SR29 – Failure to establish an effective public health function with adverse impact on citizen wellbeing and a failure to deliver the authority’s statutory responsibilities.**

**34 PARTNERSHIP GOVERNANCE FRAMEWORK: REGISTER, HEALTH CHECKS AND REVISIONS**

Consideration was given to reports of the Interim Director of Policy, Partnerships and Communication, copies of which had been circulated, detailing the current Partnership Governance Framework, including the updated Register of Significant Partnerships and key findings from partnership governance health checks.

**RESOLVED that**

- (1) the revised PGF, detailed in Appendix A, be approved:**
- (2) due to its new terms of reference not meeting the Council's strategic, reputational or financial importance criteria, the Health and Environment Partnership be removed from the register.**

**35 ANNUAL AUDIT LETTER**

Further to minutes 25 (Statement of Accounts) and 26 (Annual Governance Report and Statement) dated 21 September 2012, consideration was given to a report of the Director of Strategic Finance, copies of which had been circulated, detailing the Audit Commission response to the Council's financial and non-financial performance during 2011-12.

Shail Shah presented the report and stated that the Commission had issued the following statement:

"Further to the AGR, considered on 21 September 2012, I have:

- o issued an unqualified opinion on the Authority's 2011-12 financial statements included in the Statement of Accounts;
- o concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources;
- o concluded that there are no matters arising from my value for money work that I need to report;
- o certified completion of the audit."

**RESOLVED that the report be noted.**

**36 COUNTER FRAUD STRATEGY (CFS)**

Further to minute 30 dated 25 November 2011, consideration was given to a report of the Director of Strategic Finance, copies of which had been circulated, detailing the finalised CFS, which included a Fraud Response Plan (FRP - actions to be taken if fraud was suspected) and a Data Matching Strategy (DMS - the use of data matching as a tool to detect and prevent errors and fraud).

**RESOLVED that the CFS, FRP and DMS, as detailed in Appendices 1, A and B respectively, be approved.**

**37 INTERNAL AUDIT HALF-YEAR UPDATE**

Consideration was given to a report of the Director of Strategic Finance, copies of which had been circulated, outlining the work undertaken by the Internal Audit service during the period 1 April to 30 September 2012, including a list of final audit reports with analysis of recommendations and levels of assurance (at Appendix 1), a summary of related audit reports completed with high risk recommendations and levels of assurance (at Appendix 2) and an overview of the work completed to date against the updated Audit Plan (at Appendix 3).

**RESOLVED**

- (1) that the report and appendices be noted:**
- (2) that the 'Foster Care and Adoption' audit be selected for more detailed examination at the February 2013 meeting.**

**38 DATE OF NEXT MEETING**

**RESOLVED that it be noted that:**

- (1) it had previously been agreed that the meeting scheduled for 10.30am on Friday 4 January 2013 be cancelled;**
- (2) in light of resolution (1) above, the next meeting would be held at Loxley House at 10.30am on Friday 15 February 2013.**