

NOTTINGHAM CITY COUNCIL

AUDIT COMMITTEE

MINUTES

of the meeting held on **26 APRIL 2013** at Loxley House from 10.30 am to 12.25 pm

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

- ✓ indicates present at meeting

Colleagues in attendance

Candida Brudenell	-	Corporate Director Children and Families)	
Gill Ellis	-	Head of School Improvement Services)	Children and Families
Lisa Black	-	Head of Revenues, Benefits and Welfare Rights)	
Simon Burton	-	Corporate Risk Specialist)	
Barry Dryden	-	Senior Finance Manager)	
Carol Jackson	-	Constitutional Services Officer)	Resources
Alice Johnson	-	Policy Officer)	
Tony Kirkham	-	Director of Strategic Finance)	
Sue Risdale	-	Finance Analyst)	
Shail Shah	-	Head of Internal Audit)	
Paul Hutchings	-	KPMG		

51 CHAIR

In the absence of Councillor Williams, Councillor Piper took the chair for the meeting.

52 COUNCILLOR STEVE PARTON

The Chair referred, with regret, to the recent sudden death of Councillor Steve Parton. He was an active member of the Committee and would be sadly missed.

53 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Williams, Liz Jones, Head of Corporate Policy and Sue Sunderland of KPMG.

54 DECLARATIONS OF INTERESTS

No declarations of interests were made.

55 MINUTES

RESOLVED that the minutes of the last meeting held on 15 February 2013, be confirmed and signed by the Chair.

56 REVIEW OF ACCOUNTING POLICIES

Consideration was given to a report of the Deputy Chief Executive/Corporate Director of Resources, which provided a set of International Financial Reporting Standards compliant accounting policies for Nottingham City Council's 2012/13 Statement of Accounts.

Barry Dryden, Senior Finance Manager, introduced the report, highlighting the changes in the draft policies between 2012/13 and 2011/12, explaining that there were no changes to the accounting policies themselves, but that they had been reworded into plain language to improve the clarity and disclosure of existing policies.

The draft policies would also be reviewed by the External Auditors, KPMG, and were therefore still subject to change. Any major changes would be highlighted to the Committee at its next meeting.

RESOLVED that Statement of Accounting Policies for inclusion in the 2012/13 annual accounts be agreed.

57 INTERNAL AND EXTERNAL AUDIT PROTOCOL

Paul Hutchins of KPMG explained that the document 'Internal and External Audit Protocol' clarified the working relationship between Internal Audit and the KPMG audit team. It was considered necessary to document the relationship to formalise areas of co-operation and assistance which could help to reduce any unnecessary overlap of audit effort and as part of the delivery of a managed audit, KPMG sought to place reliance on the work of Internal Audit where this was relevant to their work, particularly when appraising the controls operated by management over financial systems.

RESOLVED that the internal and external audit protocol be noted.

58 EXTERNAL AUDIT – AUDIT COMMITTEE PROGRESS REPORT

Paul Hutchins of KPMG summarised the position regarding progress made in relation to the external audit of the City Council since the last meeting of the Committee in February 2013 and summarised the work planned for the next quarter:

- ongoing discussions ahead of the audit of financial statements planned for July;
- completion of the value for money conclusion work, covering two metrics specified by the Audit Commission (financial resilience, economy, efficiency and effectiveness)

RESOLVED that the progress made with regard to the external audit be noted.

59 STRATEGIC RISK REGISTER;QUARTER 4 2012/13 UPDATE

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

Simon Burton, Corporate Risk Specialist, introduced the report which presented the progress made in reducing the threat level for each strategic risk from their original position. The report presented the latest CLT review of the strategic risks faced by the Council.

At the meeting of the Committee on 15 February 2013, two strategic risks were identified for detailed consideration;

- SR12a - failure to provide the best educational outcome for children and opportunities for young people;and
- SR26 – failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes.

SR12a - Failure to provide the best educational outcome for children and opportunities for young people

Candida Brudenell, Corporate Director Children and Families and Gill Ellis, Head of School Improvement services, were in attendance to present the information contained in Appendix 1 to the report and further inform the Committee of the current issues and risks regarding educational outcomes for the City's children.

The following points were made and answers given in response to Councillors' questions:

- changes in Government policy regarding inspection of Local Authority school improvement services, significant structural changes within the Children and Families Corporate Directorate and the increasing autonomy of schools, particularly in relation to acadamisation were all reflected in the constituent risks;
- effective management of the objective and associated risks required a strategic and joined up approach that looked at a person's journey from childhood to adulthood and the impact that education and learning have on their quality of life and long term economic wellbeing. This required wider engagement of stakeholders including educational providers, training providers, employers and wider services;
- reflecting on the significance of the risk and the requirement for strategic and cross partner working, the Chief Executive would now be the risk owner supported by the Corporate Director for Children and Families.

SR26 – Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes

Lisa Black, Head of Revenues, Benefits and Welfare Rights attended the meeting to give details to the Committee of recent developments in changes to the welfare and benefits system and the next steps proposed. The committee was made aware of the following points:

- the Council had made significant progress in developing and finalising local policies required as a result of the Government's welfare changes including the development of the local Council Tax Support Scheme and the Discretionary Emergency hardship Scheme;
- recent pressures contributing to an increase in demand for advice included changes to the welfare and benefits regulations, the Easter holidays coinciding with the welfare changes, colleagues being involved in advice sessions in communities and extensive media coverage;
- since August 2012 the volume of calls into the Service had seen an upward trend and the number of calls had increased by approximately 40% between February 2012 and March 2013;
- work was being undertaken with faith communities and others to develop sustainable volunteering to support signposting, awareness and basic advice skills. It was necessary to ensure that there was a balance in responding to demand and building community capacity;
- operational service changes were being put in place for example an appointment based approach to new housing benefit claims, changing access through e-forms and building support across registered social landlords
- it was necessary to continue to co-ordinate communication nationally and locally;
- the Service would continue to plan forward with using the Strategic Risk Register to respond to emerging needs, trends and issues.

RESOLVED

- (1) that the information presented regarding SR12a - failure to provide the best educational outcome for children and opportunities for young people, and SR26 - failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes be noted ;**
- (2) that the Committee's consideration and critical appraisal of 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 4 2012/13, be noted;**
- (3) that the results of the Strategic Risk Register review by the Corporate Leadership Team be noted;**
- (4) that strategic risk SR6 – failure to safeguard vulnerable children, be scrutinised at the 26 July 2013 meeting as part of the SRR Quarter 4 2012/13 report, with Simon Burton providing further information on the progress being made in relation to that risk.**

60 PARTNERSHIP GOVERNANCE INFORMATION

Consideration was given to a report of the Director of Policy, Partnerships and Communication providing additional information and requesting views from the

Committee on whether to amend the information to be collected in the 2013 health checks.

The report was presented by Alice Johnson, Policy Officer who reminded the Committee that at its meeting in November 2012 it had requested more information on the partnerships which were considered by the Council to be significant and health checks which were undertaken on these significant partnerships. The health checks were completed by the City Council lead officer and signed off by the Partnership chair. The health checks covered eight areas and each partnership gave itself a score for each of the areas.

The Vice Chair had suggested two points for addition to the health checks:

- addition to the membership and structure section- the City Council officer to be actively engaged;
- addition to the Finance section- where applicable, the most recent financial year the partnership has had 'unqualified audit opinion' and any recommendations raised by authors have been actioned.

Councillors suggested that rather than being provided with so much detail in relation to each partnership in Appendix C, they should in future be provided with a summary page for ease of reference. The detail currently provided in Appendix C should still be available to those Councillors who wanted to look at it.

RESOLVED

- (1) that the two changes to the health check template put forward by the Vice Chair be approved**
- (2) that the additional information provided with regard to the latest health checks completed in summer 2012 be noted.**

Councillor Steel requested that his abstention from the vote on resolution 2 above be noted.

61 INTERNAL AUDIT ANNUAL WORK PLAN 2013/14 AND THREE YEAR STRATEGIC PLAN

Consideration was given to a report of the Deputy Chief Executive/Corporate Director of Resources, informing the Committee of the work planned by the Internal Audit Service (IA) designed to support the Council's Governance and Control Framework.

Shail Shah, Head of Internal Audit referred the Committee to Appendix 1 of the report which set out the IA Plan for 2013/14 and explained that the Plan was centred on the need to align audit activity to the Council objectives and to meet the requirements of effective Corporate Governance, including the Annual Governance Statement. The Plan was updated annually to reflect changes of circumstance and risk affecting the Council.

RESOLVED that the Internal Audit Plan for 2013/14 and Internal Audit 3 Year Strategic Plan be endorsed.

62 AUIT COMMITTEE ANNUAL WORK PROGRAMME

Consideration was given to a report of the Deputy Chief Executive/Corporate Director of Resources, updating the Audit Committee work programme endorsed at the February 2013 meeting to reflect reports to be presented by the external auditor KPMG.

RESOLVED that the revised outline work programme, updated to include additional dates provided by KPMG be endorsed.

63 DATES OF FUTURE MEETINGS

RESOLVED that following provisional meeting dates be agreed (all Fridays at 10.30am at Loxley House):

<u>2013</u>	<u>2014</u>
28 June	28 February
26 July	25 April
27 September	
29 November	

The meeting due to be held on 28 June 2013 would be used as a private training session for members of the Committee. Councillors requested that the training include whistle blowing, and the roles, responsibilities and remit of the Committee.