

NOTTINGHAM CITY COUNCIL

AUDIT COMMITTEE

**MINUTES of the meeting held at Loxley House on 25 April 2014
from 10.31am to 12.15pm (as amended at the meeting held on 27 June 2014)**

- ✓ Councillor Sarah Piper (Chair)
- ✓ Councillor Thulani Molife (Vice Chair)
- ✓ Councillor Mohammad Aslam
- Councillor Georgina Culley
- ✓ Councillor Michael Edwards
- ✓ Councillor John Hartshorne
- Councillor Toby Neal
- ✓ Councillor Roger Steel
- Councillor Malcolm Wood

✓ indicates present at meeting

Colleagues, partners and others in attendance:

Chris Kenny	- Director of Public Health	
Shail Shah	- Head of Internal Audit)
Simon Burton	- Risk Manager)Resources
Barry Dryden	- Senior Finance Manager)
Catherine Pryor	- Constitutional Services)

45 APOLOGIES FOR ABSENCE

Councillor Malcolm Wood (other Council business)
Councillor Toby Neal
Councillor Georgina Culley
Sue Sunderland
Paul Hutchings

46 DECLARATIONS OF INTERESTS

None

47 MINUTES

The minute meeting held on 25 April 2014 were confirmed and signed by the Chair.

48 INTERNAL AUDIT ANNUAL WORK PLAN 2014/15 AND THREE YEAR STRATEGIC PLAN

Shail Shah, Head of Internal Audit, presented the report which outlines and seeks the Committee's approval of the Internal Audit Three Year Strategic Plan.

Councillor's questions were responded to as follows:

- a) The plan is based on a risk assessment model, identifying high, medium and low risks. The plan presented is a summary of a detailed operational plan. The plan takes into account risks identified in the strategic risk register and the views of senior management. The plan is flexed throughout the year to take into account emerging risks and change in corporate priorities. Internal audit also provides services to external clients;
- b) Different local authorities present their plans in a variety of formats;
- c) Internal audit is careful not to become part of the process and to maintain its independence. However if the process fails or controls are breached, internal audit will intervene.

RESOLVED

- (1) to endorse the internal audit plan for 2014/15 and internal audit three year strategic plan 2015/16 to 2017/18;**
- (2) to make the full three year plan and the indicative number of days, available to members of the Committee.**

49 STRATEGIC RISK REGISTER (SRR) - QUARTER 4 (Q4) 2013/14

The previous request of the committee, Simon Burton, Corporate Risk Specialist, introduced Chris Kenny, Director of Public Health.

In addition to the information within the report, Mr Kenny made the following points:

- a) public health is now placed within the responsibility of the Local Authority which receives a central government grant, separate from national health service funding, £27 million;
- b) public health is responsible for the following:
 - (i) health improvement;
 - (ii) commissioning health services;
 - (iii) health protection;
- c) all public health authorities must provide the following mandated services:
 - (i) weighing and measuring of certain children in their area (including age and school type);
 - (ii) health checks for eligible people (depending upon age and health status);
 - (iii) sexual health services in their area. HIV treatment and care;

- (iv) public health advice service, in relation to their powers and duties to commission health services, to any clinical commissioning groups (CCGs);
 - (v) information and advice to certain persons and bodies within their area in order to promote the preparation of, or participation in, health protection arrangements against threats to the health of the local population, including infectious disease, environmental hazards and extreme weather events;
- d) the public health function is required to identify unmet need and aim to provide services to address those needs;
- e) appreciating the potential for duplication, the Corporate Leadership Team (CLT) have agreed that risks associated with Public Health will be monitored and reviewed through the Joint City and County Health Scrutiny Committee. The County and City council public health budgets are kept separate but the public health teams work together on issues such as smoking;
- f) the three most significant risks associated with this function include:
- (i) substance misuse (drugs) and sexual health -over performance within contracts, and increase on demand led service tariff, could lead to budget pressures;
 - (ii) public health budget realignment - achievement of financial targets by public health could adversely impact on the ability of the public health function to fulfil its commitments/duties to improve the public health and reduce inequalities;
 - (iii) clinical governance - failures in commissioning or contract management or adequate procedures could leave citizens at risk and the council open to financial liability;
- g) the health and social care act specifies who controls what, however, there are some services which can be shared between two or more commissioning bodies;
- h) the health and well-being boards consider all health and social care needs and ensure that all partners are aware of their responsibilities.

Questions from the committee were responded to as follows;

- h) additional funds are not available for one of incidents such as a flu pandemic. Such an event is not just a health issue but also a social and economic issue;
- i) with the continued austerity cuts, one of the main risks facing public health is the reduced funding into demand led services such as drug and sexual health. The issue is how to handle this as waiting lists are not acceptable. Funding will have to go where it is most required;
- j) with regard to mental health services, public health work with clinical commissioning groups to ensure that their funding is appropriate and a lot of work has been done suicide prevention services;

- k) air quality is an issue which needs further serious attention. Pollution hotspots need to be identified and all contributing factors considered. Mapping of air quality needs to be carried out and where necessary action taken;
- l) the potential long term financial impact of obesity in the population is recognised and it is the responsibility of public health to help prevent citizens from becoming obese;
- n) the Public Health Team are used to assisting with locality health issues. Citizens in different areas within the City have very different health needs, especially in ethnically mixed neighbourhoods.

Committee members made the following points:

- o) it is a concern that with the reduction in sexual health budget, teenage pregnancy may increase. This will have an impact on schools, educational attainment and social economic circumstances, not only for the individuals concerned, but also for society;
- p) it is a concern price of alcohol is at an all-time low and smoking continues to be an ongoing issue. The City Council needs to consider the healthy life expectancy of its citizens.

During the discussion to select future risks for consideration, it was proposed that the Work Place Parking Levy, including the broader issue of on street parking, be informally scrutinised during the forthcoming audit training session for councillors, with the potential for formal scrutiny at a later date.

RESOLVED

(1) to note:

- (i) the progress made on reducing the seriousness of the Council's strategic risks as reflected by their threat level and Direction of Travel (DoT) for quarter 4, 2013/14, as presented in table 1 and appendix 2 of the report;**
- (ii) the results of the review by the Corporate Leadership Team of the Strategic Risk Register;**
- (iii) the detailed assessment of risk relating to strategic risk SR29, 'failure to deliver an effective Public Health function and secure benefits from wider integration with the Council, resulting in adverse impact on citizen well-being', this did in appendix 1 to the report;**

(2) for the Head of Internal Audit to arrange consideration at a future meeting of the risks of commissioning tariff based sexual health services, in relation to the Public Health function;

(3) to request that the public health team investigate the impact of air quality on the health and wellbeing of Nottingham's citizens, and inform this Committee of its findings;

- (4) to scrutinise strategic risk 10, 'failure to maintain good standards of governance' as part of the strategic risk register Quarter one 2014/15 update, and for strategic risk 28: 'failure to ensure financially sustainable adult social care system to respond to significant increases in demand for care while protecting our most vulnerable citizens', to be considered at a future meeting.

50 REVIEW OF ACCOUNTING POLICIES

Barry Dryden, Senior Finance Manager, presented the report which requests the Committee review the draft Accounting Policies prior to production of the draft 2013/14 Statement of Accounts.

It is noted that the draft accounting policies will also be reviewed by the external auditors and any major changes by them will be presented to the next meeting.

RESOLVED

- (1) to agree the Statement of Accounting Policies, as detailed in appendix 1 to report, for inclusion in the 2013/14 annual accounts;
- (2) to agree the following choices made under International financial reporting standards:
- (i) De Minimus Capital Expenditure as follows:
- vehicle and plant £0.003 million,
 - computer equipment £0.005 million,
 - land and buildings £0.010 million;
- (ii) Componentisation where the value of the asset is in excess of £3 million;
- (ii) Depreciation (including amortisation of intangible assets) on a straight-line basis of their individually assessed useful life for the following:
- dwellings, buildings, vehicles, plant, furniture and equipment;
 - infrastructure and community are depreciated over 25 years;
 - intangible assets are depreciated over 5 years.

51 INTERNAL AUDIT ANNUAL REPORT 2013/14

Shail Shah, Head of Internal Audit, presented to the Internal Audit Annual Report for 2013/14.

The opinion of the Head of Internal Audit on the work completed during the past year is that a reasonable level of assurance can be given that internal control systems are operating effectively.

RESOLVED to note:

- (i) the audit work completed during the year;
- (ii) the Head of Internal Audit's Annual Opinion.