

## NOTTINGHAM CITY COUNCIL

### AUDIT COMMITTEE

**MINUTES of the meeting held at Loxley House, Station Street, NG2 3NG on 25 November 2016 from 9.30am to 10.45am**

#### **Membership**

##### Present

Councillor Sarah Piper	(Chair)
Councillor Steve Young	(Vice-Chair)
Councillor Leslie Ayoola	
Councillor Michael Edwards	(substitute for Councillor Wood)
Councillor John Hartshorne	(for minutes 43 - 45 only)
Councillor Andrew Rule	

##### Absent

Councillor Dave Liversidge  
Councillor Toby Neal  
Councillor Anne Peach  
Councillor Malcolm Wood

#### **Colleagues, partners and others in attendance:**

Tony Crawley	-	KPMG External Auditors
Shail Shah	-	Head of Audit and Risk
Amanda Wright	-	Customer Experience Lead
Sue Risdall	-	Finance Team Leader (Technical Accounting)
Elaine Fox	-	Corporate Policy Officer
Jane O'Leary	-	Insurance and Risk Manager
Mark Leavesley	-	Governance Officer
Paul Jordan	-	Team Leader, Corporate Counter Fraud
John Slater	-	Group Auditor, Internal Audit
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#### **36 APOLOGIES FOR ABSENCE**

Councillor Liversidge	)	other Council business
Councillor Peach	)	
Councillor Wood	-	personal

#### **37 DECLARATIONS OF INTERESTS**

None.

#### **38 MINUTES**

The Committee agreed the minutes of the meeting held on 16 September 2016 as a correct record and they were signed by the Chair.

**39 PARTNERSHIP GOVERNANCE ANNUAL HEALTH CHECKS OF NOTTINGHAM CITY COUNCIL'S SIGNIFICANT PARTNERSHIPS**

Elaine Fox, Corporate Policy Team, presented the report, which detailed the key findings from the annual partnership governance health checks. The main points were as follows:

- the majority of partnerships scored either 'good' or 'excellent' in all areas;
- a sample check of three of these scores was undertaken, and verified, by Corporate Policy and Internal Audit;
- the Greater Nottingham Transport Partnership has been removed from the Partnership Register as it has ceased operating.

**RESOLVED**

**(1) to note:**

- (a) the key findings from the Partnership Governance Health Checks and Register of Significant Partnerships, as detailed in appendices 1 and 2;**
- (b) the findings and recommendations from the verification of governance documentation of four of the partnerships (D2N2 Local Enterprise Partnership, Education Improvement Board, Safeguarding Children Board and Green Theme Partnership), as detailed in appendix 4;**

**(2) that the Corporate Policy and Data Protection Teams work to ensure compliance by all partnerships.**

**40 LOCAL GOVERNMENT OMBUDSMAN ANNUAL LETTER 2016**

Amanda Wright, Customer Experience Lead, presented the report, which detailed complaints received by the Council, and decisions made by the Local Government Ombudsman (LGO) on complaints received by them about the Council, during the period April 2015 to March 2016. The main points were as follows:

- in 2015-16, the LGO received 19,702 complaints nationally, of which 112 were about the City Council, 27 of which were investigated, and 13 of those upheld (a 48% uphold rate). Compared to 2014-15, this is a slight increase for received (109), a slight decrease for investigated (26) but a large increase in upheld (6 - 23%);
- the largest increase was in regards to complaints about the Benefits and Tax Service, rising from none upheld out of 25 complaints in 2014-15 to 5 upheld out of 20 complaints. The LGO has yet to respond to a request for justification of this increase;
- the City is below the national average for upheld complaints, currently 51%, and 5<sup>th</sup> lowest when compared to the other core cities;

- overall, the Council's figures reflect the national trend for the main subjects of complaint, which are Adult Care, Benefits and Tax and School Admission / Appeal services.

## **RESOLVED**

- (1) **to note the report;**
- (2) **that Ms Wright forward to Councillors the LGO response in regard to the query about the increase in upheld Benefit and Tax complaints.**

### **41 REVIEW OF ACCOUNTING POLICIES 2016-17**

Susan Risdall, Technical Accounting, presented the report, which requested the Committee review the Accounting Policies of the Council. It was explained that Part 3 of the Annual Accounts and Audit Regulations 2015 requires Councils to produce an Annual Statement of Accounts, which must include a statement of accounting policies.

The Regulations also require a draft of the Statement of Accounts to be prepared and certified by the responsible financial officer by 30 June each year. In accordance with best practice for local authorities, the draft accounting policies should be reviewed by an Audit Committee before the draft Statement of Accounts is produced.

In addition, where International Financial Reporting Standards (IFRS) allows a degree of choice, Audit Committees should be aware of, and confirm, any choices made.

## **RESOLVED that the following is approved:**

- (1) **inclusion of the Statement of Accounting Policies in the Annual Accounts 2016/17;**
- (2) **the degree of choice proposals, as allowed under International Financial Reporting Standards.**

### **42 STUDENT HOUSING STRATEGY**

The Committee received an update on the ongoing work in relation to student housing, including HIMO licensing and enforcement, Council Tax billing and loss, counter fraud approach, build and developments and student numbers.

During discussion, the following comments were made:

- Councillors enquired whether council tax is paid to the Council by central government when a HIMO is exempt (zero rated) due to it being fully in use as student accommodation;
- if a property is declared as a 'void', but a landlord claims a student is in residence, the council must check the validity of that claim.

At this point, Councillor Hartshorne arrived.

**RESOLVED** that the update is noted, and that Paul Jordan be requested to organise a meeting with members of the Committee to discuss student-related issues in more detail.

**43     INTERNAL AUDIT QUARTERLY REPORT 2016/17 (1ST AND 2ND QUARTERS)**

Shail Shah, Head of Audit and Risk, presented the report, which outlined the work undertaken by the Internal Audit service during quarters 1 and 2 of 2016/17. The report included appendices detailing an analysis of:

- High Risk findings (appendix 1);
- final Audit reports, with recommendations / levels of assurance (appendix 2);
- a summary of the current position against the Internal Audit Plan 2015/16 (appendix 3).

**RESOLVED** to

- (1) note the work undertaken by, and performance of, the Internal Audit service during quarters 1 and 2 of 2016/17, including the information / analysis contained in the appendices;**
- (2) note the principles contained in the Public Sector Internal Audit Standards (PSIAS), which is a requirement of the Account and Audit Regulations 2015 in respect of the provision of an internal audit service, and approve the proposals in regard to an external assessment of the City Council's Internal Audit Service by Birmingham City Council;**
- (3) select 'Automatic Number Plate Recognition (ANPR)' and 'Equality Impact Assessments' audits for examination at a future meeting of this Committee.**

**44     TERMS OF REFERENCE AND ANNUAL WORK PROGRAMME**

**RESOLVED** to note the role and functions of the Audit Committee, as detailed in the report, and endorse the work programme and terms of reference, as detailed in the appendices.

**45     TREASURY MANAGEMENT 2016/17 - HALF YEARLY UPDATE**

**RESOLVED** to note the actions taken under delegated authority by the Chief Finance Officer during the first half of 2016/17, in line with currently adopted Treasury Management Code of Practice.