

## **NOTTINGHAM CITY COUNCIL**

### **AUDIT COMMITTEE**

**MINUTES of the meeting held at Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 24 November 2017 from 10.31 am - 12.18 pm**

#### **Membership**

##### Present

Councillor Sarah Piper (Chair)  
Councillor Leslie Ayoola  
Councillor Rosemary Healy  
Councillor Anne Peach  
Councillor Andrew Rule  
Councillor Adele Williams  
Councillor Malcolm Wood (Vice Chair)  
Councillor Steve Young

##### Absent

Councillor John Hartshorne

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

Tony Crawley	- KPMG
Elaine Fox	- Policy Development Officer
Jane O'Leary	- Insurance and Risk Manager
Kate Morris	- Governance Officer
Naomi Matthews	- Data Protection Team Leader - Via Skype for minute 33a only
Sue Risdall	- Finance Analyst
Shail Shah	- Head of Audit and Risk
John Slater	- Group Auditor
Thomas Straw	- Senior Accountant Capital Programme
Thomas Tandy	- KPMG
Amanda Wright	- Customer Experience Lead

#### **28 APOLOGIES**

Councillor John Hartshorne – personal

#### **29 DECLARATIONS OF INTEREST**

None.

#### **30 MINUTES**

The minutes of the meeting held on 22 September 2017 were agreed subject to the following change:

Minute 24 point (i) complete set of accounts was required by 30 June 2017, not 12 June 2017.

### **31 REVIEW OF ACCOUNTING POLICIES 2017/2018**

Susan Risdall, Finance Team Leader for Technical Accounting introduced a report on the Review of Accounting Policies 2017/18. She informed the committee that there were no major changes to the policies and that they would be passed to the external auditors for review. There was a short discussion on the changes as detailed in the appendix to the report, published as part of the agenda.

#### **RESOLVED to:**

- (1) Review and agree the Statement of Accounting Policies, as set out in appendix one of the report published as part of the agenda, for inclusion in the 2017/18 annual Accounts; and**
- (2) Review and agree the proposals where International Financial Reporting Standards allow a degree of choice.**

### **32 OMBUDSMAN ANNUAL LETTER**

Amanda Wright, Customer Experience Lead, introduced a report on the Ombudsman Annual Letter containing a reflection of the complaints received and decisions made on complaints about Nottingham City Council by the Local Government Ombudsman from April 2016 to March 2017. The following points were highlighted:

- (a) In June 2016 the way customer complaints were handled by the Council was reviewed and altered to focus more on the quality of the response to complaints at the first stage of the process to ensure a full and thorough response is given;**
- (b) the rate that the Ombudsman upheld complaints was down from 48% in 2015-16 to 35% in 2016-17. This is below the national rate of 54% and below the regional rate of 44%;**
- (c) the complaints received reflect national trends with Adult Care, Benefits and Tax and Education and Children's Services being the main subjects of complaint.**

**RESOLVED to thank Amanda Wright for her attendance and to note the contents of her report.**

### **33 CORPORATE RISK**

#### **a PRESENTATION ON GDPR (Agenda Item 6a)**

Naomi Matthews, Data Protection Team Leader and Senior Solicitor gave a presentation on the General Data Protection Regulations. The comprehensive presentation is appended to these minutes.

**RESOLVED to thank Naomi Matthews for her presentation on the General Data Protection Regulations and to note its content;**

**b PRESENTATION ON STP (Agenda Item 6b)**

Colin Monkton, Director of Strategy and Policy and Helen Jones Director of Adult Social Care, gave a presentation on the Sustainability and Transformation Partnership (STP). They highlighted the following key points:

- (a) The key objectives of the STP include benefiting citizens by providing less fragmented care, providing a population focused service and reducing variation in levels of referral and practice standards;
- (b) the Greater Nottingham Health Care Partnership, which Nottingham City Council is included in, is 1 of 2 delivery groups within the STP;
- (c) Nottingham City Clinical Commissioning Group (CCG) has now merged with 3 smaller CCG to cover the whole of the Greater Nottingham area;
- (d) Greater Nottingham has been named accelerator for the Accountable Care System which is an integrated system of providers with joint responsibility to deliver outcomes at a population level;
- (e) focus on aligned targets and engagement in joint commissioning with the CCG are factors that will help the new system, which will help the Greater Nottingham area operate in the most efficient way whilst improving access;
- (f) there is currently a review of Adult Social care practice taking place with an aim to identifying any savings potential and will take a view on clinical variance and differing practices across the partnership.

The Committee made a number of comments and asked some questions. The following information was highlighted:

- (g) There is a more focused emphasis on outcomes for individuals and giving them the ability to live the best life that they can through re-enablement and encouraging independence;
- (h) the Chair of the Health Scrutiny Committee confirmed that the Health Scrutiny Committee receives regular updates on the progress of the STP. It is looking closely at the governance, partnerships and commissioning arrangements of the partnership. Along with the formal scrutiny from the Committee there are also informal meetings with Health Scrutiny Committee members in between committee dates;

**RESOLVED to thank Colin Monckton and Helen Jones for their attendance and to note the content of their presentation on the Sustainability and transformation Partnership.**

**c RISK REGISTER (Agenda Item 6c)**

Jane O'Leary, Insurance and Risk Manager, presented the Corporate Risk Register Update for Q2 to the Committee. She advised the Committee that the risk register

had been approved by the Corporate Leadership Team on 15 November 2017. One new risk had been added, SR14, relating to trading companies governance.

**RESLOVED to:**

- (1) note the risk identified on the Q2 Corporate Risk Register;**
- (2) select SR4 relating to potential changes in taxation for consideration at a future meeting; and**
- (3) select SR8 relating to IT security for consideration at a future meeting.**

**34 TREASURY MANAGEMENT 2017/18 HALF YEARLY UPDATE**

This item was withdrawn from the agenda and will be brought to the February Committee Meeting.

**35 INTERNAL AUDIT QUARTERLY REPORT 2017/18 (Q1 & Q2)**

Shail Shah, Head of Audit and Risk introduced the Internal Audit Quarterly report which outlined the work of the Internal Audit service for the first and second quarter of 2017/18. He highlighted the following points to the Committee:

- (a) All local Performance Indicators are being met and the Audit Service is on target to meet the Audit Plan 2017/18;
- (b) work continues around company governance review as discussed at the last meeting, including the requirements of the UK Corporate Governance Code and best practice on governance of local authority controlled companies approach the subject. It is expected that a project update or full report will be presented to the February meeting.

Following questions from Committee members the following further information was given:

- (c) The schools mentioned in the report are Local Authority Schools, the Audit Service does complete commercial Audit work for 3 academies and a number of out of county schools but these are not reflected in the report.
- (d) full internal audit reports on items where there is limited assurance will be circulated to all Committee members for review. If members feel it necessary to look at any report then it will be bought to a future committee meeting;

**RESOLVED to note the performance of Internal Audit during quarter 1 and quarter 2 of 2017/18**

### **36     COUNTER FRAUD STRATEGY**

Shail Shah, Head of Audit and Risk introduced the report on the Counter Fraud Strategy which sought endorsement from the Committee. The Committee took the report as read and gave its endorsement.

#### **RESOLVED to:**

- (1)   Endorse the City Council's updated Counter Fraud Strategy (CFS) set out in appendix 1 of the report published as part of the agenda; and**
- (2)   Endorse the Counter Fraud Strategy for Schools (SCFS) set out in appendix 2 of the report published as part of the agenda.**

### **37     AUDIT COMMITTEE TERMS OF REFERENCE AND ANNUAL WORK PROGRAMME**

Shail Shah, Head of Audit and Risk introduced the report on the Audit Committee Terms of Reference and Annual Work Programme.

#### **RESOLVED to:**

- (1)   Note the role and functions of the Audit Committee including the additional elements prescribed by the Public Sector Internal Audit Standards (PSIAS) and the benefits arising from its existence; and**
- (2)   Endorse the outline work programme set out in appendix 1 of the report published as part of the agenda, including the Assurance Plan and the Terms of Reference at Appendices 2 and 3.**

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

Elaine Fox, Policy Officer, introduced the report in the Partnership Governance Annual Health Checks of Nottingham City Council's Significant Partnerships. She highlighted the following points:

- (a)   There are currently 11 partners on the register and the majority of partnerships scored either good or excellent in all areas;**
- (b)   the Midlands Engine was added to the Register of Significant Partnerships in 2017;**
- (c)   the N2 Skills and Employment Board scored itself 2 for Partnership risk management due to funding coming to an end in March 2018. A score of 3 would be more appropriate as funding has not been agreed for six months time and this leave little opportunity for planning;**
- (d)   D2N2 Local Enterprise Partnership (LEP) scored itself 3 for Partnership Risk Management. Risk assessments are in place for individual projects but there**

is currently no overall risk register. This is currently being addressed as part of the Local Assurance Framework;

- (e) D2N2 also have to deal with conflicts of interest which increases the risk for Partnership Management. This is an issue for all LEPs. No LEP partner is responsible for making decisions in isolation and it is expected that, following the review of the Local Assurance Framework, the score will improve in 2018;
- (f) Safeguarding Children's Board scored itself 3 for finance due to pressures on the proposed budget for 2017/18. However the partnership confirmed that the budget is sufficient to deliver its business plan and so a score of 2 is more suitable;
- (g) the Midlands Engine scored itself 3 for Equalities. As the partnership was included on the register this year they will be verified in 2018 and an improvement in the score should be seen at that point;
- (h) all partners have confirmed that they are engaged with the Data Protection Team and will undertake any action necessary to ensure they are prepared for the introduction of General Data Protection Regulation (GDPR). A question will be added to the Health Check survey in 2018 asking partners to rate compliance with GDPR;

Following questions from the Committee the following information was given:

- (i) The Green Partnership has no score for Finance as the partnership does not receive funding. The partnership has been verified for the last 2 years and not verifying it in 2018 will give the new governance, structure and policies time to take effect and improve scores.

**RESOLVED to:**

- (1) to note the key findings from the Partnership Governance Health Checks and Register of Significant Partnerships; and**
- (2) to note the findings and recommendations following verification of governance documentation of four of the partnerships.**