

NOTTINGHAM CITY COUNCIL

AUDIT COMMITTEE

MINUTES

of meeting held on **26 NOVEMBER 2010** at

Loxley House from 10.02 am to 12.20 pm

Councillor Williams	(Chair)
Councillor Aslam	(Vice-Chair)
Councillor Dewinton	(minutes 29 – 37 inclusive)
Councillor Edwards	
Councillor Griggs	
Councillor Long	
Councillor Parbutt	
Councillor Price	

indicates present at meeting

Also in attendance

John Hancock	- Public observer	
Lisa Black	- Head of Revenues and Benefits)
Theresa Channell	- Senior Finance Manager)
Heather Drummond	- Head of Human Resources Shared Services) Resources
Pete Guest	- Team Leader, Financial Accounting)
Tony Kirkham	- Director of Strategic Finance)
Rachel Mottram	- Committee Administrator)
Shail Shah	- Head of Internal Audit)
Paul Hutchings	- Audit Manager	- Audit Commission

25 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Parbutt and Sue Sunderland (Audit Commission).

26 DECLARATIONS OF INTERESTS

No declarations of interests were made.

27 MINUTES

RESOLVED that the minutes of the last meeting held on 24 September 2010, copies of which had been circulated, be confirmed and signed by the Chair.

28 PROGRESS AGAINST ACTIONS FROM PREVIOUS MEETINGS – VERBAL UPDATE

The following was reported:

- the work programme would be on the agenda at the December meeting for consideration and updating;
- further to minute 19, dated 24 September 2010, the implementation of a new complaints system was still being discussed by the Corporate Leadership Team;
- further to minute 24, resolution 2, dated 24 September 2010, the Review of 100 Voluntary Sector Services would be included within the Quarterly Risk Management report at the December meeting.

RESOLVED that the updates be noted.

29 EXTERNAL AUDIT PROGRESS REPORT AND BRIEFING

The Audit Manager advised of a slight error within the report regarding the footer that stated Nottingham University Hospitals NHS Trust instead of Nottingham City Council.

The report provided an overview of the position of the audit and advised of a small amount of work that was outstanding. An unqualified opinion had been provided by the District Auditor but there was still work in progress related to a local government elector query that was expected to be concluded by the end of the calendar year. It was acknowledged that the implementation of International Financial Reporting Standards created a large amount of work but no specific direction had been received on this issue.

RESOLVED that the External Audit Progress report and briefing be noted.

30 INTERNAL AUDIT REPORTS SELECTED FOR EXAMINATION

Consideration was given to a report of the Deputy Chief Executive/Corporate Director for Resources, copies of which had been circulated, detailing the Internal Audit work carried out at the request of the Committee in June 2010.

(i) Pensions

The objective of the audit was to seek assurance that the Council had a sound overall approach to the administration and management of employee and employer pension contributions.

The Head of Human Resources Shared Services advised that a high assurance level had been granted by Internal Audit for the operation of controls of contributions and correct levels being applied.

The reporting of end of year average hours worked had not been reported to Nottinghamshire County Council (County) for three years and there was doubt over the

accuracy of the data as it relied on the accurate maintenance of payroll information. The County produced a report that showed contributors whose pensionable pay, calculated from their actual contributions, varied by more than 25% more or 10% less than last year. The pension team were working through 1100 queries produced from the 2007/08 report.

The following information was provided:

- pension estimates for individuals approaching retirement were prioritised to ensure accurate information could be provided;
- very few employees were now paid by timesheet so the issues of recording changes to hours worked had significantly reduced;
- timesheets were entered monthly instead of weekly;
- an employee from the City Council's pension team was located at the County to resolve issues as soon as possible;
- access to the County's pension system had been granted to allow the City Council to enter changes directly;
- a Service Level Agreement had been put in place between the City and County Councils.

The following information was provided in response to questions from the Committee:

- the pension team were continuing to deal with the backlog from the 2007/08 report but requests from people over 50 were prioritised;
- during the process of single status updates, checks were made to ensure all other information was accurate;
- the service was not aware of any individuals who had suffered financially due to the issues the team were facing;
- colleague's would be able to access their own annual statements from next year.

(ii) Housing Benefit

The objective of the audit was to seek assurance that the Council had a sound overall approach to the administration and management of the Housing and Council Tax Benefits.

The Head of Revenues and Benefits provided the following information:

- of the 17 recommendations, 13 were complete, 2 were in progress and 2 were no longer applicable;
- a review of single persons discount had been a focus for the service. This highlighted 3000 cases for the Housing Benefit visiting services intervention visits. The overall Single Person Discount review generated an additional £900,000 of revenue to collect;
- the amount of training had increased significantly and targeted training was being identified through continued training needs analysis, quality assurance checks and support requests;
- all overpayments were being actively pursued and monitored.

The following information was provided in response to questions from the Committee:

- for the 2008/09 year the level of subsidy awarded against overpayments was 40%;

- robust checks had been re-introduced and a risk management approach had commenced in relation to the subsidy claim and finance.

RESOLVED

- (1) that future Internal Audit reviews include consideration of the existence of a risk management register if considered necessary;**
- (2) that the service responses detailing the amount of progress made within the last twelve months be noted along with the Committee's view that the robustness of the Housing Benefit response being inefficient due to the lack of a current risk register for the service;**
- (3) that all future Internal Audit reports include the service response from the relevant Service Manager to show actions taken against the recommendations;**
- (4) that the relevant Corporate Director and Portfolio Holder be requested to write a letter of sufficient coverage and detail to clarify the position regarding subsidy levels for 2008/09;**
- (5) that concerns regarding the lack of checks in place when systems are changed or moved be forwarded to the Director of Human Resources and Risk Manager to request sufficient checks be part of project management and be incorporated into risk reports.**

31 COUNTER FRAUD STRATEGY

Consideration was given to a report of the Deputy Chief Executive/Corporate Director of Corporate Services, copies of which had been circulated, seeking endorsement of the amended Counter Fraud Strategy.

RESOLVED that the City Council's Counter Fraud Strategy set out at Appendix 1 to the report be endorsed.

32 INTERNAL AUDIT QUARTERLY REPORT 2010/11 – 2ND QUARTER

Consideration was given to a report of the Deputy Chief Executive/Corporate Director for Resources, copies of which had been circulated, outlining the work of the Internal Audit service for the second quarter of 2010/11.

RESOLVED

- (1) that procurement and creditors and remittances be selected for further discussion at the 25 February 2010 meeting;**
- (2) that the following be noted:**
 - (i) the performance of Internal Audit during the period;**
 - (ii) the update on the progress to date on the action plan;**
 - (iii) the Strategic Audit Plan.**

33 TREASURY MANAGEMENT STRATEGY 2010/11 – HALF YEARLY UPDATE

Consideration was given to a report of the Deputy Chief Executive/Corporate Director for Resources, copies of which had been circulated, providing details of treasury management actions taken in 2010/11 to date, a proposed amendment to the existing investment counterparty list and changes to the Prudential Indicators.

The Committee were assured that legal representation through the auspices of Local Government Association in regard to the Icelandic Bank situation was the most cost effective way and with local authorities working together would stand in a better position to recover the monies deposited.

RESOLVED

- (1) that the following within the report be noted:**
 - (i) the treasury management actions taken in 2010/11 to date, as Annex 1, section 3;**
 - (ii) the proposed change to the approved investment counterparty list, Annex 1, Appendix 1;**
 - (iii) the proposed amendments to the 2010/11 Prudential Indicators, Annex 1, Appendix 2;**
- (2) that a briefing/training note on current investment opportunities be provided to the Committee at the February 2011 meeting.**

34 2009/10 AUDIT OPINION PLAN – BRIDGE ESTATE - DRAFT

Consideration was given to the draft audit opinion plan for the Bridge Estate 2009/10, copies of which had been circulated.

RESOLVED

- (1) that the draft audit opinion plan for the Bridge Estate be noted;**
- (2) that clarification and guidance be issued to all Councillors on their roles and responsibility in relation to their status as trustees of the Bridge Estate, Highfields Leisure Park Trust and Harvey Hadden Stadium Trust.**

35 CHARITABLE TRUSTS 2009/10

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

RESOLVED that this Committee, acting under the delegation given to it by the Council (the Council being the sole trustee of the Bridge Estate Charity, Harvey Hadden Stadium Trust and Highfields Leisure Park Trust):

- (1) adopts the Bridge Estate Annual report and Statement of Accounts for the financial year 2009/10, following the conclusion of the audit and prior to 31 January 2011, as Appendix A to the report;**

- (2) note the transfer of £1.319m surplus from the Bridge Estate to the City Council General Fund for the improvement of the area and the public benefit of its inhabitants in accordance with section 78 of the Nottingham Corporation Act 1882;**
- (3) approves the Highfields Leisure Park Trust Annual report and Statement of accounts for the financial year 2009/10, as Appendix B to the report;**
- (4) approves the Harvey Hadden Stadium Trust Annual report and Statement of accounts for the financial year 2009/10, as Appendix C to the report.**

36 CHARITIES AND PUBLIC BENEFIT – SUMMARY GUIDANCE FOR TRUSTEES

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

RESOLVED that this Committee, acting under the delegation given to it by the Council (the Council being the sole trustee of the Bridge Estate Charity, Harvey Hadden Stadium Trust and Highfields Leisure Park Trust) notes the Charities and Public Benefit – Summary Guidance for Charity Trustees, as Appendix A to the report.