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Nottingham
City Council

Nottingham City Council Audit Committee

Date: Friday, 29 September 2023

Time: 10.30 am

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham,
NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Director for Legal and Governance

Governance Officer: James Lavender

Direct Dial: 0115 8764643

- | | | |
|-----------|--|------------------|
| 1 | Apologies | |
| 2 | Declarations of interest | |
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For noting and discussion

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If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting

Citizens attending meetings are asked to arrive at least 15 minutes before the start of the meeting to be issued with visitor badges

Citizens are advised that this meeting may be recorded by members of the public. Any recording or reporting on this meeting should take place in accordance with the Council's policy on recording and reporting on public meetings, which is available at www.nottinghamcity.gov.uk. Individuals intending to record the meeting are asked to notify the Governance Officer shown above in advance.

Nottingham City Council

Audit Committee

Minutes of the meeting held at Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 28 July 2023 from 10.30 am - 12.34 pm

Membership

Present

Councillor Samuel Gardiner (Chair)
Councillor Sulcan Mahmood (Vice Chair)
Councillor Graham Chapman
Councillor Michael Edwards
Councillor Andrew Rule
Councillor Adele Williams

Absent

Councillor AJ Matsiko
Councillor Naim Salim

Colleagues, partners and others in attendance:

Debbie Bowring	- Risk and Assurance Manager
Shabana Kausar	- Director of Finance
James Lavender	- Governance Officer
James Rhodes	- Head of Analysis and Insight
John Slater	- Group Governance & Audit Assurance Manager
Simon Parsons	- Audit Manager
Malcolm Townroe	- Director of Legal and Governance

18 Apologies

Councillor A J Matsiko – Work commitments

19 Declarations of interests

In the interests of transparency in relation to agenda item 8 (Annual Investment Strategy 2023/24 Revision), Councillor Graham Chapman declared that he is the Chair of Nottingham City Transport (NCT), but he did not consider this to constitute an interest that would require him to leave the meeting.

20 Minutes

The minutes of the meeting held on 30 June 2023 were confirmed as an accurate record and signed by the Chair.

21 Statement of Accounts Progress Update

Shabana Kausar, Director of Finance, delivered the report which provided an update to the Committee about the progress the Council is making with its statement of accounts relating from 2019/20 to 2022/23. The following points were highlighted:

- (a) following the Audit Committee meeting on 30 June 2023, the draft 2019/20 accounts have been submitted to the external auditor Grant Thornton LLP;

- (b) the draft 2019/20 accounts are due to be completed by the Improvement and Assurance Board (IAB) deadline of 30 September 2023;
- (c) draft sets of accounts for 2020/21 and 2021/22 will be ready for the IAB's deadline of 30 September 2023;
- (d) recent discussions between the Council, Public Sector Audit Appointments (PSAA) and Grant Thornton LLP have resulted in the PSAA agreeing additional fees of £92,350 to reflect the level of work and the issues encountered during the audit of the 2019/20 accounts;

During the discussion and in response to questions from the Committee, the following points were raised:

- (e) there is assurance that the 2019/20 accounts will be completed by the end of September;
- (f) the draft 2020/21 accounts are 60% completed. The draft 2021/22 and 2022/23 accounts are being worked on simultaneously;
- (g) the £92,350 will be added to the existing £132,531 fees to be paid to Grant Thornton LLP for auditing the 2019/20 accounts.

Resolved to:

- (1) receive the external auditor opinion on the financial statements for 2019/20 at the Committee meeting on 24 November 2023 if available;**
- (2) note the report.**

22 Finance Improvement Plan Update

Shabana Kausar, Director of Finance, delivered the report which provided an update on the Council's Finance Improvement Plan (FIP) activity undertaken to the end of June 2023 and its plans over the next three months. The following points were highlighted:

- (a) the original FIP was presented to the IAB in January 2023 and sets out eight improvement themes:
 - strengthening financial leadership;
 - improving the approach to managing and governing the capital programme;
 - enhancing financial systems to meet user needs;
 - a well-designed and robust system of internal financial control;
 - embedding professional accounting practice;
 - capacity building and training;
 - enhancing financial strategies;
 - understanding and effectively managing its finances (social care);

- (b) a revised version mapped to the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code was presented to the IAB in May as the FIP is a dynamic plan;
- (c) Appendix 1 of the report outlines specific improvements delivered to date across the eight improvement themes;
- (d) finalising the draft accounts from 2019/20 to 2021/22 is a priority for the Council. Additional team members have joined the accounts team to provide further capacity and enable progress on the draft 2021/22 accounts;
- (e) there has been progress on the control environment with good progress experienced in the use of journals and internal recharge controls;
- (f) dashboards are in use to provide management insight and analysis on journal activity and thresholds;
- (g) the East Midlands Shared Service (EMSS) and Mastek are currently testing the required system changes to the Council's journal authorisation rules, which will be introducing an in-system authorisation workflow for all journals with control totals in excess of £20,000;
- (h) the pausing of all recharging activity has facilitated the design and development of a new, holistic control framework for managing, accounting for and reporting recharges;
- (i) there is now a corporate control, accounting and recording framework for grants into the Council that is embedded through finance into each directorate. The grant register has been updated. Guidance notes have been circulated to budget managers on how to process, manage and record grant funding;
- (j) two dashboards are in use by the Finance Team to cover budget management and spending controls, the latter of which provides insight into spending activities and profiles across specified subjective codes designated as non-essential spend. More dashboards for specific financial activities will be implemented;
- (k) an action plan to address weaknesses within the recording and budget monitoring processes within the Adult Social Care (ASC) budget has been created. An Oversight Board monitors the ASC's progress against the plan;
- (l) integrating Transformation Programme finances into mainstream financial control and reporting processes has already enabled the Council to have an enhanced grip on the programme and its implications for the Medium-Term Financial Plan (MTFP). The Transformation Programme is now in its second year of delivery, with MTFP gross savings of £15.671m to be delivered in 2023/24 in addition to 2022/23 gross savings of £1.765m;
- (m) the management of staffing establishments is a fundamental management control for the Council. Having robust mechanisms that facilitate the provision

of effective and accurate establishment data for reporting at a statutory and organisational level is of paramount importance;

- (n) an Establishment Control project has been established and led by the Director of HR and EDI. The project is a key activity in supporting the delivery of the HR Improvement Plan and aligns with the FIP;
- (o) Price Waterhouse Cooper (PwC) have been commissioned to assess the design and operation of the establishment control across all directorates within the Council;
- (p) there is a continued imperative to ensure the council maintains a credible medium term financial strategy that addresses IAB instructions. To this end, the Director of Finance and the Corporate Director of Finance and Resources, in consultation with the Corporate Leadership Team (CLT), have formulated and presented the 2024/25 Budget Strategy approach and MTFP to the Executive Board in July 2023;
- (q) as part of the FIP, it has been important to reconsider the capacity for both finance and budget holders in preparing the in-year financial monitoring reports. In line with the recently agreed timetable, the first bi-monthly forecasting report has been presented to the Executive Board in June 2023;
- (r) the CLT receives regular updates regarding the FIP, particularly on key controls, financial processes and timetables;
- (s) a remediation project has been scoped and EY (Ernst & Young) commissioned to deliver a twelve-week focused controls remediation response. The project commenced on 12 June 2023 and is currently on schedule. There are ten areas of work which are in scope within three key themes (see Table 5.2.1 of the report). 86% of actions have been identified and 3% have been identified and implemented;

During the discussion and in response to questions from the Committee, the following points were raised:

- (t) the outturn figures for 2022/23 were validated as part of the process followed. The outturn figures are provisional, but will be audited;
- (u) there are challenges around forecasting in the ASC environment. These include the recording of changes to committed social care spending. Variations in inflationary pressures will impact the ASC budget and spending. Any variations in the outturn from provisional figures will be relatively small, but there will still be a large budget gap similar to the forecast;
- (v) all of the thirty-seven actions in the remediation project are priorities for creating a basic control environment;
- (w) budget savings is a part of the day-to-day business;

- (x) there are regular meetings with EY regarding the remediation project and some actions that are indicated 'red' in the report can be updated to 'amber' as those actions have been identified by EY since the publication of the report;
- (y) there is currently no clear framework about why the Council does internal recharges, hence the need for a framework about where and why internal recharges should take place, so that there is a good understanding of impact, and recharges are only undertaken when and where it is necessary to do so;
- (z) a monitoring 'health check' will identify the progress of the controls being implemented. EY will develop a process for how this health check will work. Any extension of the time for the FIP would need to be based on the monitoring;
- (aa) these actions are quick fixes. Permanent actions need to be development as part of the next stage of the process;
- (bb) enforcement of compliance to the financial processes needs to be monitored;
- (cc) some of the systematic changes identified in the FIP have already been implemented such as the journal updates;
- (dd) the Committee was assured at the last meeting in June that no money has been misspent or has been incorrectly reallocated;
- (ee) the start of year figures are still in a state of flux. Work is ongoing to establish how accurate these figures are;
- (ff) identifying internal drivers of fluctuations within budgeting and forecasting is a corporate priority and it is considered in the FIP and the control environment.

Resolved to note the report.

23 External Audit Update

Shabana Kausar, Director of Finance, met with Grant Thornton LLP prior to the Committee meeting. Grant Thornton stated that a report on the financial statements for 2019/20 may be ready to present to the Committee on 24 November 2023.

Resolved to note the update.

24 Treasury Management 2022/23 Annual Report

Shabana Kausar, Director of Finance, delivered the report into the Council's treasury management for the 2022/23 financial year. The following points were highlighted:

- (a) the Council's debt levels are going down;
- (b) the Council complies with its prudential indicators for 2022/23 which were set in March;

- (c) there are no concerns regarding the level of capital receipts, nor with Housing Revenue Account (HRA) borrowing;
- (d) the Voluntary Debt Reduction policy is being adhered to;

During the discussion and in response to questions from the Committee, the following points were raised:

- (e) future reports will include a consolidation of the debt statements and an appendix about the returns where debt supports property investment;
- (f) the voluntary debt reduction is where the debt level is being reduced;
- (g) the debt target has not shifted, but it will be reviewed. An examination of the risk and benefits into whether the debt target should change will be undertaken before a decision is made to shift the debt target;
- (h) it is difficult to compare supported and unsupported debt with other local authorities, however options will be explored with the Treasury Team and advisors;
- (i) an explanation of the amount of investment shown in Table 4 as 'overseas' will be provided to the Committee by the Treasury Team;
- (j) a Member stated that the Council's district heating saves £5m per year in gate fees for waste disposal.

Resolved to:

- (1) examine the levels of supported or unsupported debt levels of competitor local authorities;**
- (2) ask the Treasury Team to provide clarification on the Council's overseas investments;**
- (3) note the report.**

25 Annual Investment Strategy 2023/24 Revision

Shabana Kausar, Director of Finance, delivered the report which considered where the Council will invest its cash balances across different counterparties and financial instruments. The following points were highlighted:

- (a) the Treasury Management Strategy was approved by Full Council on 6 March 2023. As part of this, the Annual Investment Strategy (AIS) sets the operational and strategic parameters for how treasury management activity will take place during the current financial year;
- (b) the strategy has been altered to increase counterparty limits, which allows the Council to benefit from interest earned with high quality counterparties where it can;

- (c) the AIS also clarifies that for the UK banks split into ringfenced and non-ringfenced banks, each entity will be treated separately for determining counterparty limits;
- (d) there is also a change to the interest earned by the HRA on its share of cash balances which will now be the average interest rate earned for the year on the Council's investments instead of the three-month Treasury bill rate. This has the effect of HRA and General Fund balances benefitting from the actual investment returns achieved by the Council;

During the discussion and in response to questions from the Committee, the following points were raised:

- (e) a separate risk assessment on the revisions to the AIS has been completed. External treasury and market experts provide guidance into this strategy.

Resolved to:

(1) note the revisions to the Annual Investment Strategy for 2023/24, attached as Appendix 1, and, in particular:

- **the increase to counterparty limits;**
- **other technical changes;**

(2) request details of a risk assessment on overseas investments.

26 Improvement and Assurance Board Governance Instructions Update

Malcolm Townroe, Director of Legal and Governance, James Rhodes, Head of Analysis and Insight, and Debbie Bowring, Corporate Risk and Assurance Manager, delivered the report which updated the Committee on the progress made in implementing the IAB's instructions relating to Governance. The following points were highlighted:

- (a) the following six instructions were set by the IAB relating to the Governance workstream:
 - operate an efficient and effective decision-making process;
 - applying the Council's Member/Officer Protocol;
 - regularising good communication and engagement with stakeholders;
 - consolidate best practice in governance relating to partnership working;
 - finalise the implementation of the restructured commissioning and procurement system;
 - delivering a robust and rigorous risk management system;
- (b) the IAB's instructions on the Council's decision-making processes, the Member/Officer Protocol and the commissioning and procurement systems have been implemented;

- (c) an evaluation of all Council stakeholders has fed into the communications strategy. There is an appetite for a regular newsletter to stakeholders about the Council's improvement strategy;
- (d) a Terms of Reference, best practice guidance and a register relating to Strategic Partnerships have been developed;
- (e) in terms of risk management, there are regular updates of quarterly risk registers, the most recent being reported to Audit Committee on 31 March 2023. There will be annual reports regarding risk management, with examples of mitigating risk, a training programme for Audit Committee, Executive Councillors and all colleagues. NHS Clinical Commissioning Groups and other public sector bodies are risk assessed;
- (f) all of the following actions outlined were included in the governance workstream report to the IAB;

During the discussion and in response to questions from the Committee, the following points were raised:

- (g) the Council is aware that they score well in terms of people being informed and being involved with their local authority compared with others. There is an improvement in engagement with partners.

Resolved to note the work undertaken in respect of the six IAB instructions regarding Governance.

27 Audit Committee Work Programme

The External Audit Report for the draft 2019/20 accounts will likely be presented to the Committee on 24 November 2023.

A Member suggested that an item or discussion on procurements and how the Real Living Wage would filter down through suppliers.

The Committee noted the Work Programme.

28 Recommendation Tracker

Following from the June meeting, it was requested that two example business cases from the sale of assets be provided to the Committee.

The Committee noted the Recommendation Tracker.

(At 12:25, the Committee agreed to a 5 minute comfort break. The meeting started again at 12:30pm).

29 Exclusion of the Public

The Committee decided to exclude the public from the meeting during consideration of the remaining agenda items in accordance with Section 100A(4) of the Local

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Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.

30 Exempt Minutes

The exempt minutes of the meeting held on 30 June 2023 were confirmed as an accurate record and signed by the Chair.

31 Recommendation Tracker - Exempt Items

The Committee noted the exempt items on the Recommendation Tracker.

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Audit Committee – 29 September 2023

Title of paper:	Statement of Accounts Progress Update	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director of Finance and Resources and Section 151 Officer Shabana Kausar, Director of Finance and Deputy S151 Officer	Wards affected: All
Report author(s) and contact details:	Shabana Kausar, Director of Finance and Deputy S151 Officer	
Other colleagues who have provided input:	Jean Stevenson, Interim Finance Team Leader – Technical Finance	
Does this report contain any information that is exempt from publication? No		
Recommendation(s):		
1.	To note the current position with the Statement of Accounts for the years 2019/20 through to 2022/23	

1. Reasons for recommendations

- 1.1 As the Audit Committee is responsible for approving the audited accounts, this report looks to provide a formal update on the progress the Council is making with its statement of accounts relating to 2019/20 to 2022/23.

2. Background (including outcomes of consultation)

- 2.1 As previously reported, most recently to the July meeting of the Committee, the Council experienced delays with the audit of its 2019/20 accounts due to issues with property valuations for specialist assets and with subsidiary company figures required for group accounts. It currently has three sets of accounts that should have already been published with audit opinions. The Improvement and Assurance Board (IAB) has issued a directive that the outstanding issues with these accounts should be resolved by 30 September 2023.
- 2.2 The Council's 2018/19 Statement of Accounts were approved by the Audit Committee on 26 March 2021 for which Grant Thornton issued their audit opinion on the same day enabling the accounts to be formally published. These accounts were due to be published by 30 September 2019 but were delayed due to a conclusion being reached with regards to the value for money reported at the same meeting.
- 2.3 Grant Thornton originally commenced audit work on 2019/20's accounts in 2020 after work on the 2018/19 Statements concluded, but they decided to withdraw in early 2021 to allow the Council to amend the draft for a number of emerging issues including the need to obtain valuations for specialist assets and to finalise figures for a former subsidiary company which was in administration.

3. Accounts Progress

- 3.1 The Council have recruited additional temporary staffing resources to support the Technical Finance team with the production of accounts, with the additional team members joining through June 2023. Revisions were made to the 2019/20 accounts to incorporate the revised valuation information for specialist assets, to amend group accounts, to adjust for issues with the Housing Revenue Account and to address other issues identified during the audit.
- 3.2 Appendix 1 provides a detail progress against each year whilst the table below provides a summary overview of both the expected position to end of September 2023 and current position at the end of August 2023 in resolving audit queries with regards to accounting years 2019/20 to 2022/23.

Table1: Expected Progress of Resolving Audit Queries to end of September 2023

Financial Year	Audit Queries	Progress as at 31 August 2023	Expected Progress to end of September 2023
2019/20	All requests received to end of April have been responded to by the Council. The Council is actively responding to new requests received in August but requires input from the external valuations' specialist. Revised draft accounts submitted to Grant Thornton on 5 July 2023 incorporating all identified changes at that time.	99%	100%
2020/21	Audit not yet commenced. Revised draft accounts in production. Was expected to be completed by mid-August 2023, but now expected to be completed by early/mid-September.	85%	100%
2021/22	Audit not yet commenced. Draft accounts for publication were expected to be ready by 30 September 2023 but are now anticipated to be ready in early/mid October.	25%	60%
2022/23	Audit not yet commenced. Draft accounts are expected to be ready by mid-December 2023.	0%	0%

3.3 Additional Audit queries since submission of 2019/20 Draft Accounts on 5 July 2023

- 3.3.1 Due to NHS audit work and other commitments, Grant Thornton were unavailable to resource the Council's 2019/20 audit work until mid-August 2023. Upon their review of the updated 2019/20 draft accounts (which reflected resolution of all outstanding queries by the Council), new queries were raised. These new queries primarily required response from the Council's external property valuers. Where the answers

can be provided directly by the Finance Team, prompt responses have so far been actioned.

3.3.2 Due to incorrect floor areas used in calculating the originally values for some of the specialist assets, a prior period adjustment to the 2018/19 Property, Plant and Equipment (PPE) valuations has been agreed with Grant Thornton towards the end of August 2023. The incorrect data provided for the valuation is due to combination of poor in-house record keeping and staff turnaround in property services. In addition to the incorrect data, the audit queries raised also found the quality of work with regards to the third-party valuer was also a contributing factor.

3.3.3 The calculations have now been reviewed and revised as necessary for 66 assets as at 1 April 2018 and 31 March 2019 and as the new adjustment impact the balance sheet a third balance sheet will be required to be added to the 2019/20 statement reflecting the revision to the 2018/19 opening balances. These had previously been reviewed by Grant Thornton and corrected for 31 March 2020 values.

3.4 2019/20 Additional Audit Queries Impact on Timetable

3.4.1 Combination of work to the prior period adjustment and dealing with additional queries being raised by Grant Thornton has impacted on the progress being made over the last three weeks of August and into September. The volume of additional queries and clarification questions have been greater than anticipated. This has compromised the team's ability and impacted delivery of activities against the timetable which was aiming to produce a draft Statement of Accounts for 2021/22 by 30 September 2023. In addition, it is not yet known whether the outstanding queries with the external valuer may result in further changes to the 2019/20 figures for PPE, advice from Grant Thornton is that there is a possibility of similar queries leading to amendments at other clients.

3.5 Public Inspection Requirements

3.5.1 Periods of public inspection are a legal requirement. The accounting records have to be open to members of the public for a period of 30 working days under the Accounts and Audit Regulations. This period will still need to be observed for all outstanding years except for 2019/20 which was open from 1 September 2020 to 12 October 2020 inclusive.

3.6 Risk Assessment

3.6.1 The Finance team have been working diligently to meet the direction from the IAB to resolve all known issues for 2019/20, 2020/21 and 2021/22 accounts by 30 September 2023. Following the additional queries received from Grant Thornton in August, there is now a real risk that the finance team will not be able to produce draft accounts for 2021/22 by end of September 2023, therefore not meeting the direction completely. The non-delivery of the direction is not due to the finance team not being able to resolve audit queries but due to the fact that new queries are emerging as Grant Thornton review the revised set of 2019/20 accounts and responses to their earlier queries.

3.6.2 As set out above good progress towards meeting the objective has been made with ledgers for 2019/20 and 2020/21 now updated except for entries for the prior period adjustment which are being quickly resolved. The draft accounts document for 2019/20 was delivered to Grant Thornton in July and is now being further revised for the prior

period adjustment. The update to the draft accounts document for 2020/21 is approaching completion.

3.6.3 The next step will be to resolve issues in the 2021/22 general ledger and process final journal entries and produce draft accounts document which may not be in a format ready for publication until early/mid October.

4. Finance colleague comments (including implications and value for money/VAT)

4.1 The scale fees paid to the External Auditor are set by Public Sector Audit Appointments and are as follows:

	£
2019-20	132,531
2020-21	132,531
2021-22	141,531
2022-23	141,531

4.2 In addition, Grant Thornton indicated in their Audit Plan for 2019-20 brought before the Audit Committee at their meeting on 28 February 2020 that there would be additional fees of £27,350 to be paid. Recent discussions between the Council, Public Sector Audit Appointments and Grant Thornton have resulted in the additional fees being increased to £92,350 to reflect the issues encountered through the audit.

5. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

5.1 None.

6. Published documents referred to in this report

6.1 None.

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Accounts Progress as at end of August 2023

Year	Accounts Publication		Ledger	As Previously Reported in July 2023		Actual position as at 31 August 2023	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2019/20	30 November 2020	Draft published 28 August 2020 <i>Public inspection completed</i>	All required entries input by 30 June 2023, but further entries being processed for prior period adjustment following new audit queries/work.	Audit Queries Status: All requests received to end of April have been responded to by the Council.	100%	Audit Queries Status: All requests received to end of April were all responded by the Council and updated accounts submitted on 5 July 2023. The Council is actively responding to new requests received in August which require input from the external valuations' specialist.	99% (further changes being finalised so adjusted down from 100%)
				Accounts Progress: Resolved all queries and produced draft statement of accounts		Accounts Progress: Further changes are now being made because of a second Prior Period Adjustment being required by Grant Thornton for PPE.	
				Draft Accounts Submission: Revised Draft Accounts prepared and submitted to Grant Thornton on 5 July 2023 incorporating all identified changes required		Draft Accounts Submission: Revised draft accounts submitted to Grant Thornton on 5 July 2023 incorporating all identified changes at that time. An updated set of statement of accounts required to be completed following resolution of new Audit queries received in August 2023.	

¹ per Accounts & Audit Regulations

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Year	Accounts Publication		Ledger	As Previously Reported in July 2023		Actual position as at 31 August 2023	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2020/21	30 November 2021	Unsigned draft published 30 July 2021 <i>Public inspection not yet opened</i>	Ledger entries were completed by mid-August 2023 but need to be reviewed in light of PPA adjustments in previous year.	Audit Queries Status: Audit not yet commenced but impact of queries from 2019/20 being reflected in 2020/21 accounts	60%	Audit Queries Status: Audit not yet commenced.	85%
				Accounts Progress: Revised draft accounts in production and expected to be completed by mid-August 2023		Accounts Progress: Revised draft accounts in production. Was expected to be completed by mid-August 2023, but now expected to be completed by early/mid-September 2023.	
				Draft Accounts Submission: Expected to be produced by mid-August 2023.		Draft Accounts Submission: Expected to be produced by mid/late September 2023	
2021/22	30 September 2022	No draft yet produced <i>(was due 30 July 2022)</i>	Ledger entries were to be made by end of August 2023, but Fixed Asset entries not yet input due to additional audit queries resulting in further work required on 2019/20. Now expected to be completed by mid-September 2023.	Audit Queries Status: Audit not yet commenced	5%	Audit Queries Status: Audit not yet commenced.	25%
				Accounts Progress: Draft accounts are expected to be ready by 30 September 2023		Accounts Progress: Draft accounts for publication were expected to be ready by 30 September 2023 but are now anticipated to be ready in early October 2023 due to new audit queries received in August 2023 in relation to 2019/20.	
				Draft Accounts Submission: TBC		Draft Accounts Submission: Expected to be produced by early/mid October 2023.	

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Year	Accounts Publication		Ledger	As Previously Reported in July 2023		Actual position as at 31 August 2023	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2022/23	30 September 2023	No draft yet produced <i>(was due 30 May 2023)</i>	Initial close of ledger complete, accounting entries to be processed in Autumn 2023	Audit Queries Status: Audit not yet commenced Accounts Progress: Draft accounts are expected to be ready by mid-December 2023 Draft Accounts Submission: TBC	0%	Audit Queries Status: Audit not yet commenced. Accounts Progress: Draft accounts are expected to be ready by mid-December 2023. Draft Accounts Submission: Draft accounts are expected to be ready by mid-December 2023.	0%

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Audit Committee – 29 September 2023

Title of paper:	Finance Improvement Plan Update	
Corporate Director(s) / Director(s):	Ross Brown – Corporate Director of Finance and Resources (S151 Officer)	Wards affected: All
Author:	Shabana Kausar - Director of Finance and Deputy S151 Officer	
Other Colleagues who have provided input:	<ul style="list-style-type: none"> • Finance Team • Audit and Risk Team 	
Does this report contain any information that is exempt from publication?		
No		
Recommendation(s):		
1.	To note the progress to date on the Finance Improvement Plan and remediation controls project	

1. Reasons for recommendations

- 1.1 The purpose of this report is to provide the Audit Committee with an update on the progress made against the Council’s Finance Improvement Plan since the last reported position to the committee in July 2023.
- 1.2 The report incorporates an extract of activities undertaken to end of August 2023 and planned activities to the end of October 2023.
- 1.3 The report also provides an update to the committee on the progress of the control’s remediation project.

2. Background

- 2.1 The Financial Improvement Plan (FIP) is a high-level plan established under the following 8 improvement themes:
 - 1) Strengthening financial leadership.
 - 2) Improving the approach to managing and governing the capital programme.
 - 3) Enhancing financial systems to meet user needs.
 - 4) A well designed and robust system of internal financial control.
 - 5) Embedding professional accounting practice.
 - 6) Capacity building and training.
 - 7) Enhancing financial strategies.
 - 8) Understanding and effectively managing its finances (social care).
- 2.2 The FIP has been mapped to the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code to establish how the financial control environment develops through the life of the FIP, with the outcomes from the FIP deliverables providing the professional standards expected of a council.

- 2.3 It should be noted that the FIP is both dynamic and a comprehensive document that continues to reflect actions to address emerging risks and issues identified i.e., establishment control, spending controls and financial control assessment review and controls remediation.
- 2.4 Improvements to the Council's financial governance, financial management and control and reporting framework are at the heart of the Council's finance improvement agenda and are a high corporate priority for the Council. The organisation is starting from a very low base albeit it is starting to make demonstrable improvements that will have a positive and lasting impact on improving control and stewardship of its finances. However, it continues to face a number of fundamental challenges as it seeks to achieve wholesale improvement within a reasonable but ambitious timeframe. Given that financial management underpins the delivery of all services and enabling functions, the organisation is mindful of the fact that in establishing strong and robust financial management arrangements will require cross-cutting and deep-rooted cultural changes for all service areas.

3. Finance Improvement Plan (FIP) Overview

- 3.1 The FIP continues to deliver the planned financial improvement within the agreed eight themes, taking advantage of available opportunities to implement improvements where possible in live business processes, whilst planning future improvements for implementation at the earliest opportunity, subject to available resources and system functionality and development constraints.
- 3.2 Appendix 1a provides an insight into the specific improvements delivered since the last update, whilst Appendix 2 provides key activities planned to be undertaken to end of October 2023. Also included in Appendix 1b is previously reported completed activities.
- 3.3 The finance improvement plan continues to be ongoing, and progress made to since the last update in July include the following activities and required substantial capacity and effort across the Finance team and Service departments.
- Finalising the statutory accounts for 2019/20 – 2021/22 (paragraph 3.8).
 - Internal recharges and reallocations of policy (paragraph 3.9).
 - Financial accountabilities' framework (Paragraph 3.10).
 - Establishment Control (paragraph 3.11)
 - Financial Improvement Plan actions mapped to the EY remediation control project
- 3.4 Below is an update on the key improvement areas noted above, illustrating how the earlier actions taken to date are being embedded and/or further developed across finance and into the wider organisation, where needed and the significant and positive change this is bringing about in how the Council is effectively managing its finances.

3.5 Staffing capacity and retention remains a key risk for the service not just for delivering the FIP activities but also managing key business as usual (BAU) activities such as the budget process. This is being reviewed continuously with further options being explored with regards to reviewing current interim resources and current business and organisational need alongside potential need for additional resource.

3.6 **Finalising the statutory accounts for 2019/20 – 2021/22**

3.6.1 The Council now has its draft 2019/20 Statutory Accounts ready for external audit certification and will have draft set of accounts for 2020/21 and 2021/22 ready for audit by September in line with the IAB instructions. A separate report on the progress is being presented to Audit Committee at the same meeting.

3.6.2 The Finance team have been working diligently to meet the direction from the IAB to resolve all known issues for 2019/20, 2020/21 and 2021/22 accounts by 30 September 2023. Following the additional queries received from Grant Thornton in August, there is now a real risk that the finance team will not be able to produce draft accounts for 2021/22 by end of September 2023, therefore not meeting the direction completely. The non-delivery of the direction is not due to the finance team not being able to resolve audit queries but due to the fact that new queries are emerging as Grant Thornton review the revised set of 2019/20 accounts and responses to their earlier queries.

3.6.3 The table below summarises the progress to date.

Table 1: Statutory Accounts progress

Financial Year	Summary	Progress as at 31 August 2023	Expected Progress to end of September 2023
2019/20	Ledger	99%	100%
	All required entries input by 30 June 2023, but further entries being processed for prior period adjustment.		
	Draft Accounts		
	Revised draft accounts submitted to Grant Thornton on 5 July 2023 incorporating all identified changes at that time. Further changes are now being made because of the Prior Period Adjustment being required by Grant Thornton for PPE.		
	Audit Queries		
	All requests received to end of April have been responded to by the Council. The Council is actively responding to new requests received in August but requires input from the external valuations specialist.		

Financial Year	Summary	Progress as at 31 August 2023	Expected Progress to end of September 2023
2020/21	Ledger	85%	100%
	Ledger entries were completed by mid-August, but need to be reviewed in light of PPA in previous year		
	Draft Accounts		
	Revised draft accounts in production. Was expected to be completed by mid-August 2023, but now expected to be completed by early September		
	Audit Queries		
	Audit not yet commenced		
2021/22	Ledger	25%	60%
	Ledger entries were to be made by end of August 2023, but Fixed Asset entries not yet input due to additional work on 2019/20 and are now expected by mid-September		
	Draft Accounts		
	Draft accounts for publication were expected to be ready by 30 September 2023, but are now anticipated to be ready in early October		
	Audit Queries		
	Audit not yet commenced		

3.7 Internal Recharges and Reallocation Policy

- 3.7.1 Following the fundamental deep dive analysis to of all recharging activity, a new, holistic control framework for managing, accounting for and reporting recharges and reallocation has been developed.
- 3.7.2 A draft recharge framework document containing guidance on definition of a recharge, reallocation and apportionment has been produced.
- 3.7.3 A master document has also been produced to ensure that each recharge or reallocation has a clear rationale, includes overheads only where appropriate, is agreed by both parties and correctly coded
- 3.7.4 Internal recharges are also being examined under the Controls Remediation project and a draft recharges policy developed for the Director Of Finance's review and sign off.

3.8 Financial Accountabilities' Framework

- 3.8.1 A council wide Financial Accountabilities Framework has been drafted as a guide to the key roles and responsibilities that support excellent financial management at Nottingham City Council (NCC). The purpose of the

framework is to help officers in understanding their roles and how they support others.

3.8.2 The Framework does not seek to replace the Council’s Financial Regulations. The Council’s Constitution and Financial Regulations are the detailed description of the way the Council operates in relation to financial management and financial administration.

3.8.3 The Framework is based on the widely used RACI methodology (Responsible, Accountable, Consulted, Informed) that is especially useful in clarifying roles and responsibilities in cross-organisational processes, and has been adapted to better suit NCC working pattern.

3.8.4 The table below defines the methodology terms.

Table 2: RACI Methodology terms

Methodology Terms	Definition
Accountable	The person who is expected to justify actions taken or decisions made to deliver the completed task or activity. This person will “sign off” on a piece of work or process.
Responsible	The person who performs or takes the lead on an activity. This is the key “doing” role, and the person who is responsible will either do the task or activity themselves, or delegate it to someone else within their team. If delegated, the person retains the responsibility and must ensure that it has been completed satisfactorily.
Consulted	The person that must be consulted on the activity in order for there to be a successful outcome. This is a proactive role that offers support, advice and insight to contribute to the activity.
Informed	The person that needs to know of the decision or action.

3.8.5 The RACI methodology will be adopted and designed to maximise its simplicity and useability in the context of NCC.

3.9 Establishment Control

3.9.1 As previously reported, an Establishment Control project chaired by the Director of HR and EDI has been established. The project is a key activity in supporting delivery of the HR improvement Plan and aligns to the FIP.

3.9.2 PwC LLP were commissioned for 12-weeks period to support the Council to get to a single version of the truth in relation to their staffing baseline. This is critical to understand the true baseline position for transformation. This work focuses on three key areas:

- A reconciliation of the establishment baseline across all Council service areas to get a single version of the truth.
- Simplifying and communicating processes that are associated with changes to establishment to enable changes to happen in a more timely and accurate manner.
- Developing and rolling out a simple Power BI dashboard to support Budget Holders with establishment reporting and monitoring

3.9.3 PWC LLP work to date has been primarily focused on aligning existing data sources. Key activities have been:

- Reconciling the different data sources from HR, Finance and the Budget Managers to highlight discrepancies between these data sources.
- Meeting with Budget Managers to discuss any issues and document their view of establishment.
- Creating an action log that sets out required actions / decisions from HR and / or finance.
- Receiving confirmation from Budget Managers that their existing establishments have been captured correctly.

3.9.4 The finance team and HR team are working collaboratively with the PWC LLP team to ensure the 12-week plan is on track to be completed by end of September 2023. The objectives to the end of September are:

- Complete the data reconciliation work.
- Document and share key processes in relation to recommended changes to their current establishment.
- Production of a Power BI dashboard that will be shared with Budget Holders on a monthly basis for them to review and confirm that data held is accurate.

4. Financial Oversight and Governance

4.1 Financial Resilience and Sustainability

4.1.1 There is a continued imperative to ensure the council maintains a credible medium term financial strategy that addresses IAB instructions with regard to demonstrating Best Value. Consequently, the successful development and delivery of the forthcoming MTFP process is critical. To this end the Director of Finance working with the Corporate Director of Finance and Resources and in consultation with CLT have formulated and presented 2024/25 Budget Strategy approach & MTFP to the Executive Board in July 2023.

4.1.2 As part of the FIP it has been important to reconsider the capacity for both finance and budget holders in preparing the in-year financial monitoring reports. In line with the recently agreed timetable the first bi-monthly forecasting report has been presented to the Executive Board in June 2023.

4.2 CLT Oversight and Governance

4.2.1 Alongside the specific areas of improvement in the control environment domain, CLT continues to seek routine oversight on key control and financial process and timetables. Papers received and actioned upon advice of the Councils S151 Officer include:

- Establishment control (see paragraph 3.9)
- Financial controls remediation (see section 5)
- 2023/24 Period 2 financial monitoring in accordance with the management timetable (as reported to Executive Board in June 2023)
- Release of spending control workbooks and dashboard (including user guidance) for completion by Directors for collation and reporting into CLT

4.2.2 Taken together, these pieces of work are all focused on improving the council's financial resilience and sustainability. When fully delivered, the Council will undoubtedly see a positive shift in the control (grip) it has over its finances and how they are routinely managed. This will undoubtedly provide sufficient and positive assurance that the Council has robust and "adequate" financial management arrangements.

5. Financial Controls Remediation Project

5.1 Background

5.1.1 As reported to Audit Committee in June and July 2023, a remediation project has been scoped and EY (Ernst & Young) commissioned to deliver a 12-week focused controls remediation response. The project commenced 12 June 2023 and is currently on track.

5.1.2 Phase 1 of the remediation work will ensure the Council has the essential basics in place, although it is anticipated further investment in systems will be required to provide the most effective control environment where the system will deliver record actions and the supporting evidence required for each financial transaction.

5.1.3 As set out in the Financial Controls Assessment report to Audit Committee meeting in July 2023, to mitigate the risks caused by the weakened control environment, immediate interventions are required. The first step involves the rapid assessment and remediation of ten specific control issue areas.

5.1.4 The following principles have been adopted to ensure there is synergy with the transformative focus being delivered within the FIP and empower officers from the Council to take ownership of control improvements going forward:

- Ensuring that the objectives and targets for both process design and key control design are validated against the FIP, to ensure work is additive and duplication avoided.

- Identifying Business Process Owners, and key Finance roles responsible for implementing and monitoring controls, strengthening job role and functions developed through the FIP programme.
- That a collaborative approach is adopted with the FIP programme leads, and regular touchpoints to ensure shared awareness and amplification of the respective work programmes within Finance, and with the service.

5.1.5 The approach is to work through the steps identified below:

- Step 1 – Rapid intervention on identified issues within areas in scope
- Step 2 – NCC and Group Wide Controls Health Check
- Step 3 – Implement newly scoped controls across the group
- Step 4 – Establishing Grip Report

5.2 Project Overview

5.2.1 The table below sets out the ten areas in scope of the remediation project grouped into three themes.

Table 4: Controls in Scope for Remediation Project

Core Financial Process	Organisation Wide Process	Financial Systems
1. Grant Receive to Record	5. Procurement Process	8. System Reporting
2. Purchase to Pay	6. Service Recharges	9. Segregation of Certain Financial Activities
3. Record to Report	7. HR and Expenses Process	10. Systems Access
4. Goods Receipting		

5.2.2 Weekly project checkpoint meetings with EY are being held with additional meetings held with the Corporate Director Finance and Resources to provide progress and seek decisions at relevant milestones to ensure the control environment is improved at pace. Subject to any additional findings identified through Phase 1 of the remediations work, the improvements to the control environment are expected to provide the assurances required by the S151 officer to discharge their statutory responsibilities.

5.3 Progress Update

5.3.1 To end of August 2023 all of the 39 remediation activities identified had agreed controls in place. 38% have been fully implemented at the end of this period (3% as reported in July 2023) with 62% in process of being implemented over September. Table below provides a summary of the progress against each control theme.

Table 5: Remediation Controls Progress

Remediation Control Themes and specific areas		Controls Agreed and Implemented	Controls Agreed, Designed and in process of implementation	Total
Core Financial Process	1. Grant Receive to Record	1	2	3
	2. Purchase to Pay	1	3	4
	3. Record to Report	2	6	8
	4. Goods Receipting	2	2	4
Organisation Wide Process	5. Procurement Process	3	2	5
	6. Service Recharges	1	2	3
	7. HR and Expenses Process	2	1	3
Financial Systems	8. System Reporting	1	3	4
	9. Segregation of Certain Financial Activities	1	2	3
	10. Systems Access	1	1	2
Total	No	15	24	39
	%	38%	62%	100%

5.3.2 EY and council staff are continuing to prioritise tasks for implementation, reflecting capacity with a view to having these implemented during September 2023.

5.3.3 Work has also been underway between EY and the finance team to map the identified remediation control project outcomes to FIP deliverables. Some areas are challenging to implement interim measures for because they require a significant overhaul of systems for the Council to meet statutory requirements. However, it is important these are identified and closed in the next phase of the remediation works.

6. Financial Implications

6.1 The Local Government Act 1972, requires the Council to make arrangements for the proper administration of their financial affairs and shall secure one of their officers with the responsibility for the administration of those affairs.

6.2 The S151 officer has a Financial Improvement Plan in place which has been refreshed to demonstrate how CIPFA's Excellence in Finance model will be implemented over the lifetime of the plan, giving the council the assurance, it requires in relation to this statutory duty.

6.3 It is important to note that the FIP is an evolving document and will be continuously updated and expanded to reflect outcome of particular pieces of work such as the remediation control project, establishment control, which may require additional resources.

7. Legal Comments

7.1 There are no legal implications to be noted at this stage.

8. Commercial and Procurement Comments

8.1 There are no implications with regards to procurement contained within this report.

9. HR and EDI Considerations:

9.1 There are no implications with regards to HR and EDI contained within this report.

10. Risk Management Considerations

10.1 As set out in the report above staffing capacity and retention remains a key risk for the service in not just delivering the FIP activities but also managing key business as usual (BAU) activities such as the budget process and budget monitoring. This is being reviewed continuously and activities and deliverables being reviewed and reprioritised accordingly.

11. Published documents referred to in compiling this report

- Audit Committee 28 September 2023 - Statement of Accounts Progress Update
- Audit Committee 28 July 2023 – Finance Improvement Plan Update
- Audit Committee 28 July 2023 - Statement of Accounts Progress Update
- Audit Committee 30 June 2023 - Financial Controls Assessment
- Executive Board 18 July 2023 – Period 2 2023/24 Budget Monitoring
- Executive Board 18 July 2023 – Budget Strategy and MTFP Refresh 2024/25 – 2027/28

Appendix 1a - Activities Completed since last report to end of August 2023

FIP Theme 1: Strengthening Financial Leadership	
Actions Taken	Impact on Control Environment
Developed a new template and appendices for in year and outturn capital reporting that provides more insightful information enabling all relevant stakeholders to fully understand the programme, the progress in delivering it relative to expectations and any significant emerging issues and risks and how these are being mitigated or managed.	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making
Savings delivery tracker developed into financial reporting and rolled out to services	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making
Developed a detailed timetable and workflow for in year monitoring and reporting of the capital programme that provides sufficient time to facilitate effective consideration of each Directorates programme by DMTs including the provision of an escalation loop to enhance senior management's early awareness of any emerging issues/risks.	To manage the expectations and deadlines for financial reporting
Roll out the agreed budget monitoring timetable	To strengthen financial leadership and manage expectations and deadlines for financial reporting.
Soft consultation with Staff and Trade Unions on Finance Target Operating model	To provide the finance leadership and the service with skilled and experienced staff to undertake and deliver key functions and roles for the department.
Successful phas1 of recruitment of interim to essential finance posts within the current structure	To provide the finance leadership and the service with skilled and experienced staff to undertake and deliver key functions and roles for the department.

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FIP Theme 2 - Improving the approach to managing and governing the capital programme	
Actions Taken	Impact on Control Environment
Review of the current operating processes within Oracle Fusion to identify process improvement opportunities now completed. The review covered General Ledger, Projects, OTL and PBCS	Improve the functionality of the finance system to provide effective controls, streamlined and improved reporting and user experience for all those that use the financial data and information.

Appendix 1a - Activities Completed since last report to end of August 2023

FIP Theme 2 - Improving the approach to managing and governing the capital programme	
Actions Taken	Impact on Control Environment
Carried out a quarterly review of unsecured/secured capital receipts as part of the medium-term financial plan (MTFP) process and aligned to capital in year reporting.	The medium-term financial plan is consistent and integrated into relevant service plans and its capital strategy and can be demonstrated by the in year reporting cycle
Developed new template and appendices for in year and outturn capital reporting that provides more insightful information enabling all relevant stakeholders to fully understand the programme (what is being delivered), the progress in delivering it relative to expectations (on time and to budget) and any significant emerging issues & risks and how these are being mitigated/managed.	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making

FIP Theme 3 - Enhancing financial systems to meet user needs	
Actions Taken	Impact on Control Environment
PCI DSS Compliance assessment carried out by the submission of Self-Assessment Questionnaires, annually in July by the Financial Systems Team. SAQs are sent to Sysnet Global Solutions	<ul style="list-style-type: none"> • Completion of annual PCI compliance check, implementing any recommendations made. • Enhancing financial systems to meet user needs
<ul style="list-style-type: none"> • Multiple dashboards developed for Procurement, Accounts Receivables, Budget Manager (Rebuilt Data Model), Spending Control, Outturn Review, Journal Dashboards for 2022/23 & 2023/24 - new analytics will be included to monitor how many Journals are processed within £20k and £250k. • Spending Control and Outturn review dashboards rolled out. • A new Payroll Dashboard is in the process of being developed 	Establish a unified Financial Systems Reporting Strategy and toolkit based on Microsoft Power BI that looks to provide: an insightful, intuitive and intelligent approach to data analysis; "one version of the truth"; capability to meet the multi-dimensional financial and management information needs of different stakeholders; and a proactive, agile and responsive resource to design and meet changing reporting needs.

FIP Theme 5 - Embedding Professional Accounting Practice	
Actions Taken	Impact on Control Environment
Roll out of the Grants Register format produced by PwC and pre-populated by the Technical Finance Team. Grant Register moved to business as usual.	To support a clean audit opinion

Appendix 1a - Activities Completed since last report to end of August 2023

FIP Theme 7 – Enhancing Financial Strategies	
Actions Taken	Impact on Control Environment
MTFP reconciled to the transformation savings monitoring report, savings tracker and original business case's to baseline the savings	Align the MTFP with the work being carried out by the Transformation Office in establishing a monthly Implementation Review meeting to bring together performance on all council change activity.
Reviewed the assumptions within the original Business cases and current status of projects to assess savings targets and confirm alignment to MTFP.	Align the MTFP with the work being carried out by the Transformation Office in establishing a monthly Implementation Review meeting to bring together performance on all council change activity.
Carried out an early development and refresh of the approach to setting the 2024/25 Budget and rolling forward the Council's MTFP. Established and communicated the new approach to managing the budget and MTFP process	A robust and timely approach to managing finances and understanding the prospects for long term financial sustainability
Reviewed reserves to identify level and planned use of reserves. Introduction of a bi-annual review of reserves.	Outcome of bi-annual reserves reviews are reported to leadership team who are able to make informed decisions on use of reserves.

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 1: Strengthening Financial Leadership	
Actions Taken to end of June 2023	Impact on Control Environment
A new 'draft' MTFP revised framework and refreshed financial planning assumptions is formulated for initial discussions with key stakeholders including CLT prior to its finalisation and agreement with Leadership in July. Will take cognisance of key emerging messages arising from the ongoing transformation programme and 5 priority BV Reviews	Early indication of financial resilience and interventions required to ensure a balanced budget is delivered. Early opportunity to align resources to priorities and policy development and bring forward early choices for savings
Revised financial reporting cycle agreed with CLT. Period 2 draft monitoring and forecasting report circulated to CLT for discussion prior to its finalisation and agreement with the Leadership in July	Early intervention and prevention to identify the scale of the in-year financial challenge aligned to early adoption of phased spending control measures
Establishment controls – commission with PWC agreed. 12 week project plan led by HR/Finance Directors. Additional project resource secured from the Change Academy. Weekly stand up meetings to maintain pace over the course of the project.	One version of the truth – 4 data sets to transition to the HCM Fusion module facilitating greater insight to decision making. Enhanced internal control over payroll submissions and control account balances
Spending controls 2023/24– Processes for implementing pay and non-pay measures agreed with CLT. For non-pay Director Workbooks provided for completion and BI Dashboard built to aid monitoring	Identify one-off savings for supporting the Council's financial resilience. Leadership oversight of impact and outcomes achieved by the controls through monthly reporting
Proof of concept BI Dashboards now built with appropriate data security controls. Plan being developed to roll out dashboards to finance teams and Directors over the next period.	Accessible self-serve financial information to facilitate better resource management and engagement across the council
Completion of bespoke 10 week training programme for finance leads on Power BI dashboard development. Built in data security aligned to information governance policy	Dashboards will significantly enhance management insight to identify emerging financial risks/issues and or control and compliance and process issues to be addressed
Fit for the Future – Fusion Financials implementation review identified significant system reconfiguration required to enhance on system working and compliance. Ongoing work completed includes redesigning the use made of the fusion Projects and OTL Modules for managing Projects (Capital), review of PBCS Module started. FFTF LCC refund of £2m paid.	Enabler to better improve system configuration, controls and functionality enhancing use, compliance and insight through enhanced reporting eg Power BI .

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 2 - Improving the approach to managing and governing the capital programme	
Actions Taken to end of June 2023	Impact on Control Environment
Capital programme – Project managers reviewed budgets, profiling and forecasting for each scheme prior to reporting in period 2. This has identified the need to bring into the programme, £78m of energy hub grants that the Government Department is now allowing authorities to carry over into 2023/24.	Development of forecast accuracy and profiling across all years. Review and alignment of programme to match funding available
Completion of an initial 'Straw – man' review of the Transformational programme and its financing.	Assurance of spend classification management and financial reporting between revenue and capital
Fusion Projects and OTL Module – review of system capability and consultation with end users completed. NCC future business design document shared with Mastek (the Managed Service Provider) to cost the change requests.	Enhance, regularise and standardise use of system-based processes for capital projects including capital recharges of staff time and other overheads
Base Budget Assumptions supporting the capital programme / assets in use or under construction have been reviewed aligned to the MTFP refresh and Period 2 reporting.	Verifying prudence of underlying financial assumptions supporting capital schemes
New reporting template for 2023/24 developed for roll out with Period 2 reporting into the RECS DMT (pilot approach).	Greater management oversight of capital schemes at DMTs
Review of capital recharges concluded and reported into the Director of Finance as part of the wider recharges and cost reallocation project.	Assurance on spend classification for management and financial reporting

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FIP Theme 3 - Enhancing financial systems to meet user needs	
Actions Taken to end of June 2023	Impact on Control Environment
Review of Fusion configuration of the PBCS Module for revenue and capital planning and forecasting is underway. Insight gained from LCC / best practice, and alignment to both the Projects/OTL Module review outcomes and the Establishment Control work so as to facilitate payroll data workflow	Utilisation of system rather than excel based systems and spend linked to project milestones

Appendix 1b - Activities Completed to end of June 2023

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FIP Theme 4 - A well designed and robust system of internal financial control	
Actions Taken	Impact on Control Environment
Review of all NCC / EMSS control account and Bank reconciliations completed – adoption of standardised templates and process to demonstrate separation of duties, audit trail and proactive action to clear unreconciled items	Improved working papers and management oversight of reconciliations
EMSS payroll control account review complete - legacy creditor (net) balance issues to be cleared to enable formal monthly reconciliations to be prepared / reviewed to the satisfaction of the Director of Finance	Balance sheet reconciliations on a regular basis across all areas
Payroll costing – finance are undertaking significant payroll correction journal activities throughout the year that is impacting on resource availability and forecasting accuracy. A root-cause review is underway involving Finance, HR and EMSS	Improve 'first-time' data accuracy, reduce demand-failure, and minimise the risk of salary overpayments
Establishment controls – 12 week project plan designed and agreed and PWC support commissioned to build on their pilot work in RECS Directorate	One version of the establishment/payroll truth to enhance forecasting, reduce demand failure (see above) and mitigate the risk of salary overpayments happening

FIP Theme 5 - Embedding Professional Accounting Practice	
Actions Taken to end of June 2023	Impact on Control Environment
Draft register in place subject to final touch-point QA checks to be completed early July.	Key deliverable identified with the EY report in progress although full process map to be developed and full reconciliation to the ledger and collation of grant conditions
Recharges – capital recharges review completed and reported to the DoF. Main project ongoing expected completion end of July	Audit assurance standards improved Greater visibility of recharges vs cost reallocations, with 2023/24 recharges paused until revised policy approved
Journals – revised Journal authorisation workflow process in place and working, additional system-based controls in testing and due for implementation within a couple of weeks. Journal BI dashboard developed to provide insight into activity at each authorisation level.	Audit assurance standards improved. Management controls enhanced

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 6 - Capacity Building and training	
Actions Taken to end of June 2023	Impact on Control Environment
Interim resources secured to cover vacancies and staff 'churn' and create capacity to deliver FIP and manage backlog of accounts closure in responding to the IAB instruction	Increased financial skills and capacity to oversee BAU activity, deliver the FIP activities and address the statutory accounts backlog
PwC commissioned to deliver in conjunction with HR/Finance the establishment control pilot and rollout across the council	One Version of the Truth for HR standing and payroll data enabling more accurate and complete financial data for monitoring / forecasting
EY – management override of controls remediation review commissioned	Increased understanding and assessment of the financial systems control environment, processes and actions to remediate any weaknesses

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FIP Theme 7 – Enhancing Financial Strategies	
Actions Taken to end of June 2023	Impact on Control Environment
Transformation Strawman argument put forward to the CDF&R , Director of Transformation and DoF for consideration and agreement by CLT	Enhanced financial insight, awareness, understanding of governance and risks facing the transformation programme aligned to the MTFP refresh
Formulation of revised MTFP framework and provision of Period 2 monitoring drafted and discussed with CLT prior to finalisation and agreement with Leadership in July.	Early indication of financial resilience and interventions required to ensure a balanced budget is delivered. Opportunity to align resources to priorities and policy development
Spending control measures agreed by CLT and how measures are to be implemented, managed, and reported. For non-pay spend, Director Workbooks and user guidance provided and completed ready for review by CLT in early July. BI Spending Control dashboard built to provide granular insight into spending activities and patterns.	Leadership oversight of impact and outcomes achieved by the controls. Monthly reporting.

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 8 - Adult Social Care Managing Finances	
Actions Taken to end of June 2023	Impact on Control Environment
Finalisation of the Budget Review (at individual code level) for 22/23 and 23/24 complete.	Improved budget holder accountability, budgets are now up to date with all high level rebase adjustments removed.
Oracle coding structure and hierarchy revised and updated budgets approved and in place at P3	Supports improved budget holder accountability, more accurate in year forecasting and development of medium term forecasts linking budget, activity and cost data.
Monitoring process updated to replace single line forecasting with detailed forecasts at code level.	Improved accountability and system reporting with removal of “off ledger” spreadsheet workarounds to support one version of the truth within Oracle.
4 year reconciliation of care systems (ContrOCC) to Oracle completed (care commitments vs actual values paid). Approach agreed with Grant Thornton and prior year accrual adjustments being made.	Provides clarity re prior year accruals brought forward and a robust basis for monthly reconciliation of care system commitments to ledger.
Initial Oversight Board Meeting agreed series of workshops to be held to map current data and process issues linked to ContrOCC and interfaces with Oracle and provide key actions to be progressed. First workshop held with Finance and further service workshops.	Oversight Board will drive the production of an appropriately resourced and jointly managed action plan to deliver data and system improvements and clarify future roles and responsibilities with regard to systems ownership and controls.

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
A1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	A1.2	Accountability Agreement is in place clearly articulating management expectations of good financial management	Draft Accountability Agreements for Corporate Directors	Apr-23	Oct-23	In Progress
		A1.3	Accountability Agreement is in place clearly articulating management expectations of good financial management	Issue Accountability Agreement to Corporate Directors	May-23	Oct-23	Not Started
		A1.8	Financial implications for decisions support effective decision making across leadership and members having regard for value and money and understanding the impact of decisions. In turn this allows for effective scrutiny.	Timetable issued to ensure that relevant officers provide implications on reports timely and within deadlines	Jun-23	Oct-23	Not Started
Page 39 A2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	A2.11	The authority has in place effective contract management arrangements in place that are proportional to the value and significance of the contract	Conduct monthly reviews to ensure continuous improvement / Value for Money, taking corrective action as necessary to drive improvement	Apr-23	Ongoing	In Progress
A3	Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved	A3.2	The authority undertakes a programme of best value reviews designed to assess the extent to which its principle services are operating effectively and making recommendations for improvement	SFBPs to attend relevant BV Squads on a weekly basis	Apr-23	Oct-23	In Progress
B4	Is the finance team suitably resourced and fit for purpose?	B4.10	The finance TOM has been implemented and demonstrates an effective and efficient finance function in its core service delivery and supporting delivery of the authority's service and corporate plan	Fill vacancies and stabilise the service, whilst implementing Finance TOM	Ongoing	Ongoing - BAU	In Progress
C2	Does the authority have in place a clear framework for	C2.4	Improved accuracy of the establishment with minimal variances between HR/Payroll and Finance supporting	Carryout a full review of the current establishment to identify	May-23	Oct-23	In Progress

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
	governance and internal control?		improved financial forecasting and budget setting	one version of the truth in HCM Fusion			
		C2.5	Improve robustness of the internal financial control framework	Implement and make the necessary establishment changes identified from the review	Apr-23	Oct-23	In Progress
		C2.6	Improve robustness of the internal financial control framework	Establish a formal set of procedures and processes for HR to maintain data integrity including periodic establishment reconciliation checks	Apr-23	Oct-23	In Progress
C3	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	C3.1	The leadership team has effective arrangements for assurance, internal audit and internal accountability in place measured through effective management of implementing agreed audit recommendations	Internal Audit programme of works 2023/24 + two year rolling programme prepared and approved by Audit Committee. (Audit recommendations already included in FIP 1.9)	Apr-23	Ongoing - BAU	In Progress
E1	Does the authority have in place an effective framework of financial accountability?	E1.2	The authority has in place an effective framework of financial accountability evidenced by an understanding of roles and responsibilities for partnerships / contractual arrangements	Review and establish a relevant charging framework and associated methodology for specific services such as the HRA	Apr-23	Oct-23	In Progress
		E1.7	The authority operates financial information systems that enable the consistent production of comprehensive, accrual-based and up to date data that fully meets the users' needs	Review of Establishment Control arrangements to reconcile staff numbers and funding sources to Fusion - HCM and establish an effective arrangement for managing this going forward.	Apr-23	Oct-23	In Progress
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	E2.17	Oversight Board will drive the production of an appropriately resources and jointly managed action plan to deliver data and system improvements and clarify future	Development of a detailed Action Plan that identifies the key process / control improvements to be progressed.	Jan-23	Sep-23	In Progress

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
			roles and responsibilities with regard to systems ownership and controls.				
F1	Has the authority undertaken a financial resilience assessment?	F1.3	To put in place the foundations for a financial resilience assessment	Provide budget holders with regular reports on their performance against their budget allocations, identify any significant variations from the agreed budget, and take prompt action to address them. Link to new monitoring timetable	May-23	Sep-23	In Progress
H1	Has the authority prepared a suitable capital strategy?	H1.2	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Carry out a review of Fusion Projects Module Set Up / Configuration to identify the functionality and set up gaps that are preventing PMs using it to manage the financials for each project	Apr-23	Oct-23	In Progress
		H1.3	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Consider, with relevant stakeholders, the cost-benefits of using Projects Module to manage Project financials and determine a standardised way forward	Jun-23	Oct-23	In Progress
N5	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	N5.1	The leadership and stakeholders (users) are satisfied with the timeliness and accuracy of financial information provided	As a stakeholder, discuss and agree the content of the audit plan 2023/24	Apr-23	Sep-23	In Progress
O1	Has the authority identified the elements of its balance sheet	O1.1	Robust internal control framework for managing the payroll system	Payroll Control workstream - Implement and embed control account reconciliations	Apr-23	Oct-23	In Progress

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
	that are most critical to its financial sustainability?	O1.4	Robust internal control	Payroll Control workstream - Review and implement payroll submission controls	Apr-23	Oct-23	In Progress
		O1.5	Robust internal control	Payroll Control workstream - Audit brief	May	Oct-23	In Progress
		O1.6	Robust internal control	Payroll Control workstream	May-23	Oct-23	In Progress
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom	P3.1	A clean audit opinion	Journal Control improvements	Apr-23	Sep-23	In Progress
		P3.2	A clean audit opinion	Control of recharging processes improvement	Apr-23	Oct-23	In Progress
		P3.3	A clean audit opinion	Journal Control improvements	May-23	Sep-23	In Progress
		P3.4	A clean audit opinion	Journal Control improvements	May-23	Sep-23	In Progress
		P3.5	A clean audit opinion	Completing the outstanding accounts for 2019/20	Apr-23	Sep-23	In Progress
		P3.6	A clean audit opinion	Completing the outstanding accounts for 2019/20 to 2021/22 To be updated to show split action	Apr-23	Sep-23	In Progress
Q1	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Q1.1	Accurate, timely and accessible financial dashboards that meet business need of all stakeholders	Develop an initial suite of prototype finance dashboards for demonstration these being: AR, Revenue Budget, AP, Journal management, others TBD once resource training complete) .	Apr-23	Sep-23	In Progress
Q1		Q1.2	There is a demonstratable robust internal financial control framework that meets CFO and audit expectations	Develop an initial suite of prototype finance dashboards for demonstration these being: AR, Revenue Budget, AP, Journal management, others TBD once resource training complete) .	Apr-23	Sep-23	In Progress

Audit Committee – 29 September 2023

Title of paper:	Internal Audit Progress Update Q2 2023/24	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director of Finance & Resources	Wards affected: All
Report author(s) and contact details:	Simon Parsons John Slater Audit Manager Group Assurance & Audit Governance Manager	
Other colleagues who have provided input:	None	
Does this report contain any information that is exempt from publication?		
No		
Recommendation(s):		
1.	Note the outturn in respect of the 2022/23 Internal Audit Plan	
2.	To note the progress reported in respect of high priority recommendations and determine any focus for intervention if considered necessary.	
3.	To note the areas marked as Limited Assurance and determine, if necessary, any intervention required.	
4.	To approve the 2023/24 Internal Audit Plan and note the progress to date	

1 Reasons for recommendations

- 1.1 This report provides objective assurance that Nottingham City Council (NCC) activities meet their objectives. It brings together:
- a summary of final Internal Audit reports issued since the last update and all reports in the period from 2021/22 to date
 - the final position with regards to the 2022/23 Internal Audit Plan
 - tracking of completion of high priority recommendations by the service areas concerned
 - a review of external assurance activity and progress against resulting action plans during 2022/23
 - sets out the 2023/24 Internal Audit Plan and the current position
- 1.2 The report enables Audit Committee to gain assurances and determine the focus for any interventions necessary.

2 Background

- 2.1 Internal Audit carries out a programme of audits each year including key financial systems, IT, and governance. This can include project or service audits or themed audits across the Council. In reporting its conclusions for these audits Internal Audit will recommend any actions it considers necessary to meet key objectives for the system, and aims to agree an action plan with the audit client

2022/23 Audit Plan

The submission of the Internal Audit Annual Report for 2022/23 has been delayed due to the absence of the Head of Audit & Risk, who is required to provide an opinion for

the year. The following provides an update in summary form of the work undertaken during the period:

- 2.2 Annex A provides a summary of the final position with the 2022/23 Internal Audit Plan.
- 2.3 The section has experienced some long-term sickness plus staff turnover and recruitment to vacant positions, when approved, has so far proven unsuccessful. The service remains understrength whilst approval to recruit is awaited, this has limited the resources we have been able to apply to provide assurances during 2022/23. We have established that the existing Internal Audit pay grades are uncompetitive with respect to the local government sector and other sectors. This year the section hopes to restructure and whilst the team have many skills and significant levels of experience we have identified areas for development as we move forward and we will need to agree competitive grades for all roles to ensure resilience.
- 2.4 During the year we have undertaken work in respect of the key financial systems, which includes work undertaken as auditors for East Midlands Shared Services, which NCC can draw some assurances from. The results of these audits are summarised in the table below:

System	Level of Assurance	DoT
Main Accounting	Moderate	↓
Payroll / HR (EMSS)	Limited	↔
Payroll (NCC)	No Assurance	↓
Accounts Payable (EMSS)	Significant	↑
Accounts Payable (NCC)	Limited	↓
Accounts Receivable (EMSS)	Moderate	↓
Accounts Receivable (NCC)	Limited	↓
Bank Reconciliation	Moderate	↓
Council Tax	Moderate	↔
Business Rates	Limited	↔
Housing Benefits	Moderate	↑
Treasury Management	Moderate	↓

The results of our work in 2022/23 do not indicate significant improvement when compared with the previous year.

- 2.5 This year Payroll/HR remains an area of particular concern. Our previous assessment of the arrangements within EMSS as 'Limited' is again repeated this year but along with a 'No Assurance' assessment in respect of NCC's operation of the controls.
- 2.6 Annex B is a summary of the audits concluded since our last update report to the Audit Committee. Annex B2 summarises audits concluded since 2021/22 with the most recent outcome shown where there have been multiple reviews.
- 2.7 Annex C is executive summaries for audits identified in Annex B.
- 2.8 Annex D is tracked high priority recommendations reported in 2020/21, 2021/22 and Quarter 1- 3 2022/23 to 27 January 2023
- 2.10 Audit Committee's attention is required to ensure that improvement is achieved in a timely manner, and to identify where further support or direction is needed. In many

instances the areas identified for improvement will underpin the ability to improve across the Council.

- 2.11 Included within the summary in Annex B are two 'No Assurance' reports; the NCC HR/Payroll report as mentioned in 2.5 above along with a report on Appointeeship. These two reports are included on the agenda for the September meeting which will include an update from the responsible senior managers in each case.

External and Other Assurance Providers

- 2.12 In the early part of 2023, EY (Ernst & Young) commenced a Financial Controls Assessment for Nottingham City Council with a focus on reviewing the extent and effectiveness of financial controls within six designated areas of financial activity. This work identified significant weaknesses with NCC's control environment specific to the six areas in scope. Common themes across this sample included an ineffective audit trail and limited preventative and detective controls, culminating in a materially weakened control environment with limited means of NCC being able to enact the financial stewardship that it is obligated to. This was further compounded through issues identified across NCC's culture and its engagement with the need for effective compliance. A programme of work is underway to address the identified weaknesses/non-compliance.
- 2.13 We have reviewed information from external providers of assurance during 2022/23 and identified further requirements in order to be able to assess the assurance concerns identified. These are found within Annex E
- 2.14 We rely upon the assurance provided by external audit and where appropriate follow up any issues identified. We continue to rely on the external assurance commissioned by the Chief Executive and Chief Finance Officer.
- 2.15 Internal Audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Public Sector Internal Audit Standards sets out the role of the Audit Committee in relation to Internal Audit and includes to receive reports from Internal Audit on significant risk exposures and control issues.
- 2.16 The Accounts & Audit Regulations 2015 Part 2 sets out that:
- 5.— (1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Progress on 2023/24 Internal Audit Plan

- 2.17 Annex F is a summary of the position against the Internal Audit Plan for 2023/24.
- 2.18 Table 1 shows that actual days achieved but we note that the available days will be impacted by some long-term sickness and an inability to recruit to vacant posts.

TABLE 1: ACTUAL v PLANNED AUDIT DAYS		
Total Planned Days	Actual to date	Comments
2464	536	Final outturn at Q4 will be impacted by staff shortages and sickness

2.19 Table 2 shows that in the year to date, acceptance of audit recommendations is above the target of 95% for all recommendations and is meeting the 100% target for high recommendations.

TABLE 2: RECOMMENDATIONS ACCEPTED		
	To Date	
	All	High
Total new recommendations made	73	41
Rejected	0	0
Total recommendations accepted	73	41
% accepted	100%	100%

3 Background papers other than published works or those disclosing exempt or confidential information

3.1 None

4 Published documents referred to in compiling this report

4.1 Accounts and Audit Regulations 2015

4.2 Audit Plan 2022/23

4.3 Public Sector Internal Audit Standards (2017 update)

4.4 Internal Audit Standards Advisory Board (IASAB) - Conformance with the PSIAS during the coronavirus pandemic

4.5 CIPFA Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies (November 2020)

Annex A – 2022/23 Internal Audit Plan Outturn

Audit Title	Planned Days	Actual Days
Key / Significant NCC Systems	205	87
EMSS Key Systems	190	113
Governance	165	136
Risk Management	30	11
Organisation / Culture & Ethics	80	77
Compliance / Challenge/Assurance	212	106
Ring Fenced Grants / Income / Expenditure	115	168
Procurement	45	30
ICT and Information Governance	102	51
Proactive Counter Fraud	160	199
Responsive Fraud Referrals	50	32
Housing Tenancies	100	117
Exemptions/Discounts	200	256
Identification of Liability	50	72
Corporate Fraud Strategy	30	14
Companies / Other Bodies	14	29
Consultancy, Advice and Support	285	355
Development, Redesign & Quality	165	209
Total Days	2198	2062

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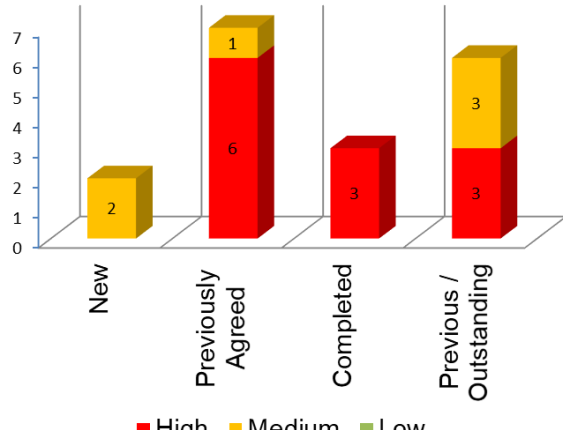
Annex B – Summary of Audits concluded and reported since last update

Department	Division	Activity	Level of Assurance	DoT	High	Medium	Low
Finance & Resources	Finance	NCC Accounts Payable 2022-23	Limited Assurance	↔	4	10	-
	Finance	Main Accounting 2022-23	Moderate Assurance	↓	1	-	-
	Finance	Bank Reconciliation 2022-23	Moderate Assurance	↓	-	1	-
	Finance	NCC Accounts Receivable 2022-23	Limited Assurance	↓	7	8	1
	Finance	Biodiversity Net Gain 2022-23	Grant claim	-	-	-	-
	Finance	Supporting Families 2022-23	Grant claim	-	-	-	-
	HR & EDI	HR & Payroll 2022-23	No Assurance	↓	8	7	3
	Customer Services	Business Rates 2022-23	Limited Assurance	↔	4	11	7
	Customer Services	Council Tax 2022-23	Moderate Assurance	↔	-	9	4
	Customer Services	Housing Benefits 2022-23	Moderate Assurance	↑	6	3	-
Finance & Resources Total					30	49	15
Communities, Environment and Resident Services	Resident Services	Woodthorpe Plant Shop 2022/23	Moderate Assurance	-	4	1	1
	Communities	Women's Aid Grant Payments	Moderate Assurance	-	-	1	-
	Environment & Sustainability	OR06 Waste and Energy Infrastructure	Moderate Assurance	-	3	2	-
Communities, Environment and Resident Services Total					7	4	1
People	Adult Social Care & Health	Appointeeship 2022-23	No Assurance	↓	8	3	-
Peoples Total					8	3	-
NCC Total					45	56	16


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Annex C – Audit Executive Summaries – Final Reports issued since last update

Housing Benefits 2022/23

Directorate: Finance & Resources Division: Customer Services Previous review: 2021/22	Overall Opinion: Moderate Assurance	Direction of Travel: Improving 																				
<p><u>Scope and Approach:</u> This review considered the following aspects of the Benefits service:</p> <ul style="list-style-type: none"> • Subsidy Outturn, workload balance and quality control • Reconciliations and payments process • Parameter control process • Review of previous recommendations. 																						
<p>High Priority Recommendations</p> <p>2021-22 R2 Confirm and report the regulatory outcomes and impacts of the period where no contract was in place (Nov2021-Mar2023).</p> <p>2021-22 R3 Determine future resource and structure of the team and implement a sustainable resource level as soon as possible.</p> <p>2017-18 R3 Ensure that an additional NCC Benefits Team member has training to upload Atlas files to improve resilience for this key activity.</p>	<p>Summary of recommendations by priority</p>  <table border="1"> <caption>Data for Summary of recommendations by priority</caption> <thead> <tr> <th>Category</th> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>New</td> <td>0</td> <td>2</td> <td>0</td> </tr> <tr> <td>Previously Agreed</td> <td>6</td> <td>1</td> <td>0</td> </tr> <tr> <td>Completed</td> <td>3</td> <td>0</td> <td>0</td> </tr> <tr> <td>Previous / Outstanding</td> <td>3</td> <td>3</td> <td>0</td> </tr> </tbody> </table>		Category	High	Medium	Low	New	0	2	0	Previously Agreed	6	1	0	Completed	3	0	0	Previous / Outstanding	3	3	0
Category	High	Medium	Low																			
New	0	2	0																			
Previously Agreed	6	1	0																			
Completed	3	0	0																			
Previous / Outstanding	3	3	0																			

Council Tax 2022/23

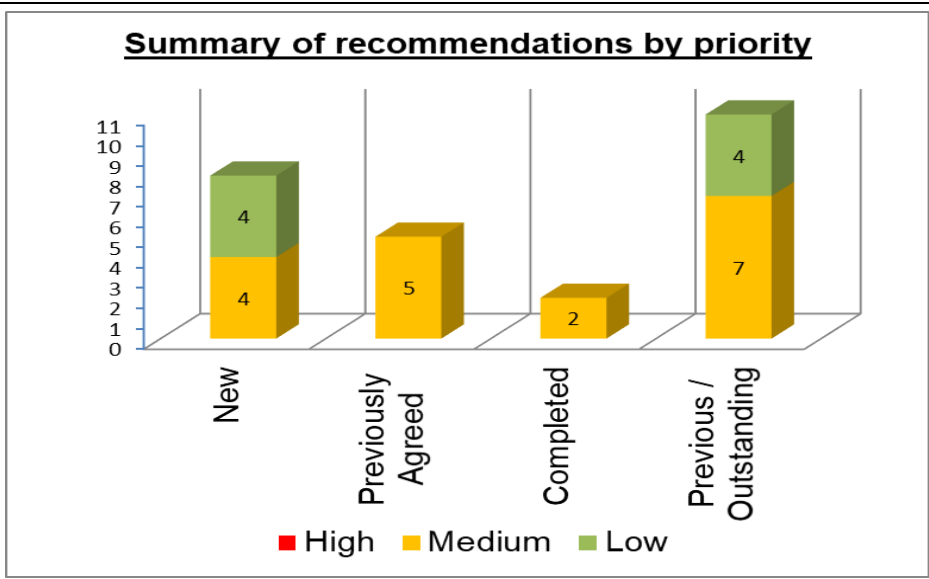
Directorate: Finance & Resources Division: Customer Services Previous review: August 2021 (2020/21) (Due to the impact of Covid legislation, no review was undertaken 2021/22)	Overall Opinion: Moderate Assurance	Direction of Travel: No Change 
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Scope and Approach: This review considered the following aspects:

- ❖ The previous year's close-down process (including write-offs),
- ❖ Transfer of balances between old & new year
- ❖ Opening debit for the current year.
- ❖ Review the timetable for reviewing discounts and exemptions.
- ❖ Review of in year write-offs
- ❖ Reconciliation of CTax to cash receipting and to the ledger
- ❖ NRB contract management


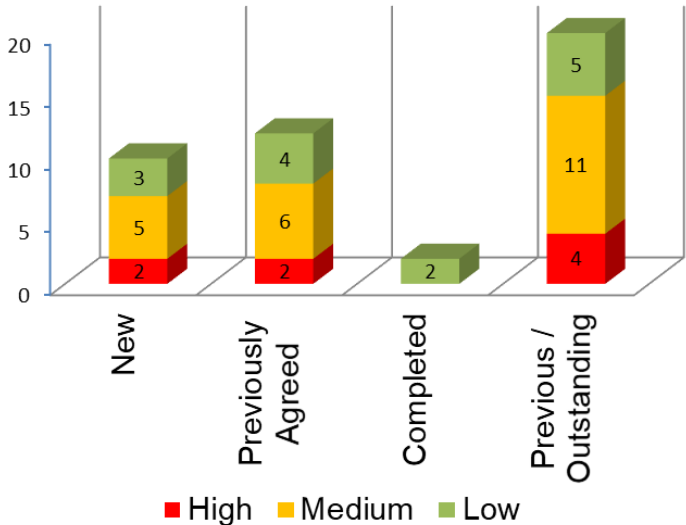
High Priority Recommendations

None



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Business Rates 2022/23

<p>Directorate: Finance & Resources Division: Customer Services Previous review: August 2021 (2020/21) (Due to the impact of Covid legislation, no review was undertaken 2021/22)</p>	<p>Overall Opinion: Limited Assurance</p>	<p>Direction of Travel: No Change </p>																				
<p>Scope and Approach: This review considered the following aspects:</p> <ul style="list-style-type: none"> ❖ The previous year's close-down process (including write-offs), ❖ Transfer of balances between old & new year ❖ Opening debit for the current year. ❖ The timetable for reviewing discounts and exemptions. ❖ Cases identified by the Corporate Counter Fraud Team [CCFT] ❖ Review of in year write-offs ❖ Reconciliation of cash receipting to the ledger 																						
<p>High Priority Recommendations</p> <p>2022-23 R2 – Reviews of Charity, Small Business [SBRR] reliefs and Empty Property exemptions should be programmed and carried out by the Business Rates Team. Progress should be regularly reviewed by senior management</p> <p>2022-23 R6 – Recovery action should be re-instated</p> <p>2019-20 R1 – The Business Rates Team should be adequately resourced.</p> <p>2019-20 R2 – An approved policy should be introduced which should be used to determine all discretionary relief awards. All awards of reliefs should be supported by suitable documents.</p>	<p>Summary of recommendations by priority</p>  <table border="1"> <caption>Data for Summary of recommendations by priority</caption> <thead> <tr> <th>Category</th> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>New</td> <td>2</td> <td>3</td> <td>3</td> </tr> <tr> <td>Previously Agreed</td> <td>2</td> <td>4</td> <td>4</td> </tr> <tr> <td>Completed</td> <td>0</td> <td>0</td> <td>2</td> </tr> <tr> <td>Previous / Outstanding</td> <td>4</td> <td>7</td> <td>5</td> </tr> </tbody> </table>		Category	High	Medium	Low	New	2	3	3	Previously Agreed	2	4	4	Completed	0	0	2	Previous / Outstanding	4	7	5
Category	High	Medium	Low																			
New	2	3	3																			
Previously Agreed	2	4	4																			
Completed	0	0	2																			
Previous / Outstanding	4	7	5																			

NCC Accounts Receivable 2022/23

Directorate: Finance & Resources Division: Finance Previous review: 2021/22	Overall Opinion: Limited Assurance	Direction of Travel: Deteriorates 
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Scope and Approach: This review considered the following aspects of Accounts Receivable:

- An overview of debt across the council
- An assessment of the council's debt management strategy / governance of debt collection activity
- An assessment of the council's contract / performance management of EMSS
- A focus on debt collection within specific business areas (highlighted via exploratory data analysis)

High Priority Recommendations

2021/22 R2 – Financial Regulations should be amended and the Debt Management Strategy identified / created.

2021/22 R3 – The Management Agreement [with EMSS] should be re-visited with focus on the performance of EMSS

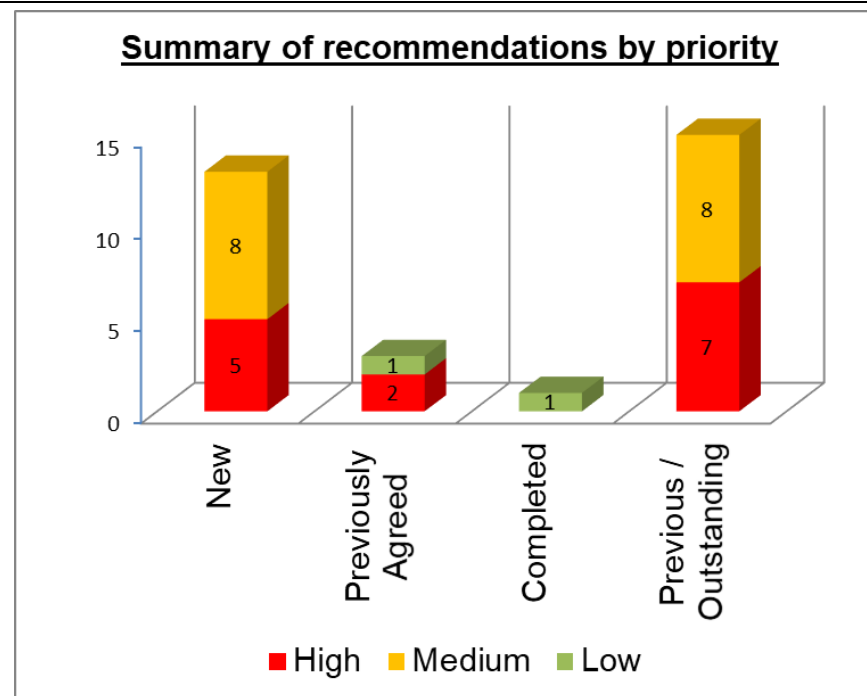
2022/23 R1 – A corporate write-off policy should be written to ensure a consistent and timely approach to debt write-off across the organisation.

2022/23 R3 – A mechanism should be developed to ensure a prudent bad debt provision is applied consistently to debt deemed unlikely to be recovered. The provision should be applied to the cost centre for the debt.


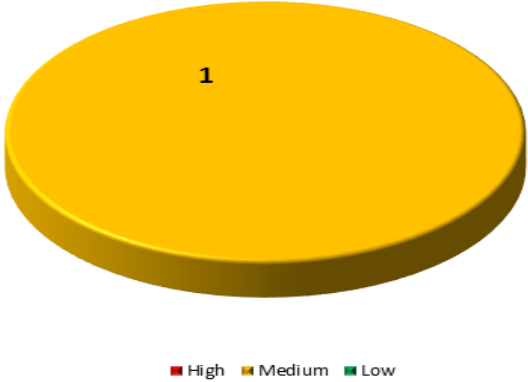
2022/23 R4 - Finance should review the role of Finance Business Partners to ensure they play an active role helping the organisation to monitor performance and challenge / troubleshoot high value unpaid invoices.

2022/23 R9 - HR & EDI should instruct EMSS ESC to follow policy and procedures. HR & EDI must seek assurance all salary overpayments with current employees are being deducted from payroll and all salary overpayments with ex-employees are raised as an invoice to allow collection activity to take place.


2022/23 R10 - Finance should instruct the organisation to review all invoices in dispute or marked by EMSS as income collection exhausted. Review of high value invoices in dispute or marked as collection activity exhausted should be included within the role of Finance Business Partners.



Bank Reconciliation 2022/23

Directorate: Finance and Resources Division: Finance Previous review: 2021/22	Overall Opinion: Moderate Assurance	Direction of Travel: Deteriorates 								
<p><u>Scope and Approach:</u></p> <p>The scope of the audit covered the Council's four main bank accounts as follows:</p> <ul style="list-style-type: none">• NCC General Account• NCC BACS Creditor (Fusion BACS)• NCC Fusion Creditor Chq• NCC Direct Bank Cred (NCC GDBC)										
<p>High Priority Recommendations</p> <p>No high priority recommendations</p> <p>Page 55</p>	<p><u>Summary of the recommendations by priority</u></p>  <table border="1"><thead><tr><th>Priority</th><th>Count</th></tr></thead><tbody><tr><td>High</td><td>0</td></tr><tr><td>Medium</td><td>1</td></tr><tr><td>Low</td><td>0</td></tr></tbody></table>		Priority	Count	High	0	Medium	1	Low	0
Priority	Count									
High	0									
Medium	1									
Low	0									

NCC Accounts Payable 2022/23

Directorate Finance & Resources Division Finance Previous review: July 2022	Overall Opinion: Limited Assurance	Direction of Travel: No change 
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Scope and Approach: This review considered the key requirements as set out in Financial Regulations and Corporate Procurement Rules, with a focus on the following:

- Payments made that are not supported by an order / retrospective orders being raised
- Requisitions and orders being artificially split to avoid appropriate levels of approval
- Compliance with the Council's payment terms
- The late payment process
- Follow-up of One-Time Payments report

High Priority Recommendations

2022-23 – R7 Early Settlement Discounts should be established with each supplier and a centralised system established to manage and monitor the process.

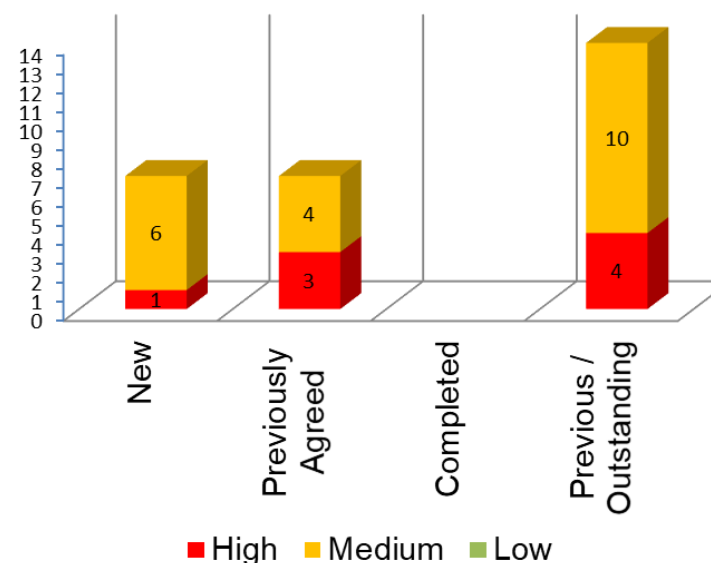
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Briefing note R3 We recommend due to the weaknesses in controls and inherent higher risk of fraud, Grant Payments should no longer be processed through the OTP system.


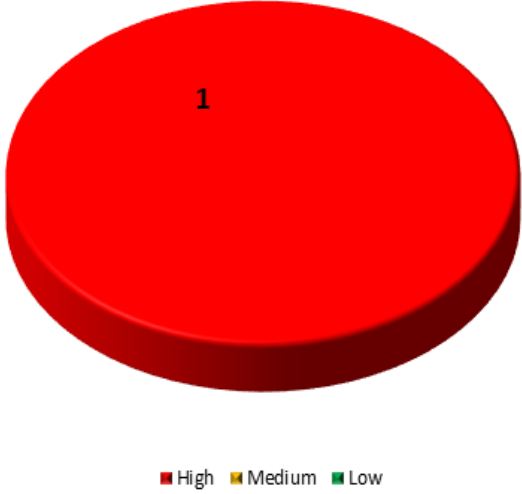
Briefing note R4 Finance must ensure adequate checks are being undertaken.

Briefing note R7 We recommend this is investigated, unique transaction identifiers within the Finance MasterLog should be included within the OTP payment transaction records stored on Oracle Fusion. This will improve reconciliation of payments and the management information obtainable from the system.

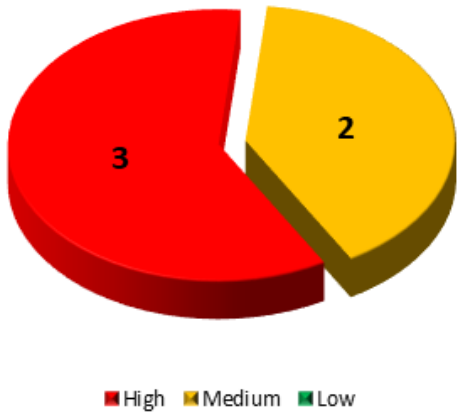
Summary of recommendations by priority




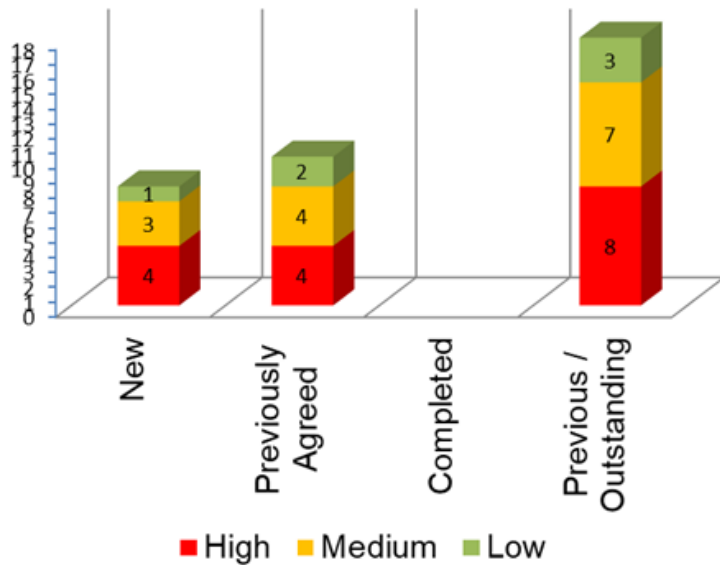
Main Accounting 2022/23

Directorate: Finance and Resources Division: Finance Previous review: 2021/22	Overall Opinion: Moderate	Direction of Travel: Deteriorates 								
<p><u>Scope and Approach:</u> This review considered the following aspects of main accounting:</p> <ul style="list-style-type: none">❖ Carry forward and brought forward balances are reconciled.❖ Ledger and interface integrity monitoring takes place❖ Suspense and holding accounts are in place, regularly reviewed and cleared❖ Reconciliations are undertaken timely❖ Journals are supported by adequate documentation										
<p>High Priority Recommendations</p> <p>2022-23 R1 - A process for the authorisation of journals should be implemented as soon as practical.</p>	<p style="text-align: center;"><u>Summary of the recommendations by priority</u></p>  <table border="1"><thead><tr><th>Priority</th><th>Count</th></tr></thead><tbody><tr><td>High</td><td>1</td></tr><tr><td>Medium</td><td>0</td></tr><tr><td>Low</td><td>0</td></tr></tbody></table>		Priority	Count	High	1	Medium	0	Low	0
Priority	Count									
High	1									
Medium	0									
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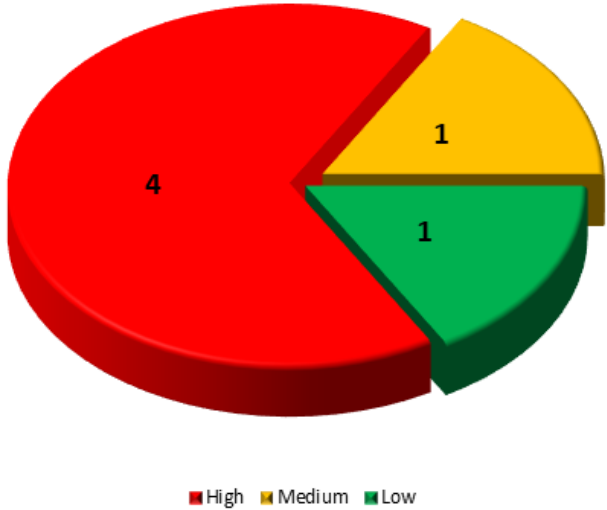
OR06 Waste and Energy Infrastructure

Directorate: Growth & City Development Division: Carbon Reduction Sustainability & Energy Services Previous review: N/A	Overall Opinion: Moderate Assurance	Direction of Travel: N/a								
<p><u>Scope and Approach:</u> Risk OR06 - Deteriorating assets may lead to the failure of the waste and energy infrastructure</p> <ul style="list-style-type: none">• Review of the mitigating actions to identify if appropriate• Review of some actions to establish if being undertaken• Establish those mitigating actions that remain outstanding• Review of reporting arrangements										
<p>High Priority Recommendations</p> <p>R1 Negotiations and agreeing terms on a new contract to allow the production of heat and steam should be concluded as soon as possible.</p> <p>R2 a. A survey of the private wire network should be undertaken to ensure that the level of maintenance and replacement of parts required is known.</p> <p>R2 b. Any outstanding maintenance works deemed necessary should be completed in accordance with the schedule.</p>	<p><u>Summary of the recommendations by priority</u></p>  <table border="1"><thead><tr><th>Priority</th><th>Count</th></tr></thead><tbody><tr><td>High</td><td>3</td></tr><tr><td>Medium</td><td>2</td></tr><tr><td>Low</td><td>0</td></tr></tbody></table>		Priority	Count	High	3	Medium	2	Low	0
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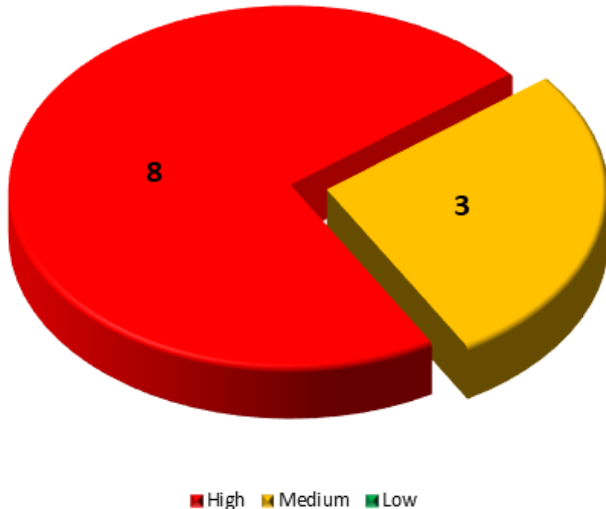
NCC HR & Payroll 2022-23

Finance & Resources HR & EDI Division Previous review: 2020-21	Overall Opinion: No Assurance	Direction of Travel: Deteriorates 																				
<p><u>Scope and Approach:</u> This review considered the following aspects:</p> <ul style="list-style-type: none"> • Additional responsibility element end date review • Progression of grade following probation and other employment changes • New Transfer of Undertakings (Protection of Employment) • Omission of Line Manager details on Oracle Fusion 																						
<p>High Priority Recommendations (continued overleaf)</p> <p>2022 / 23 R1 - Meetings of the Pay and Governance Board should be reinstated at the earliest opportunity</p> <p>2022 / 23 R3 - HR & EDI should reinstate regular payment monitoring outlined in the Special Payments Guidance (part of the Pay Policy).</p> <p>2022 / 23 R5 - HR & EDI should work with EMSS and others to investigate and determine the cause of the failure of systems to increase pay. In the interim an exception report should be developed to highlight employees who may have not received a pay progression increase.</p> <p>2022 / 23 R6 - HR & EDI should investigate all remaining employees (364) identified as possibly being underpaid due to the failure of automated systems.</p> <p>Briefing Note Recommendations 5th August 2022</p> <p>2022 / 23 R1 - We recommend HR & EDI develop process requirements for management of the employment establishment clearly setting out roles and responsibilities. We have obtained a policy from Westminster City Council which could be used as an example to develop for our use.</p> <p>2022 / 23 R3 - We recommend HR & EDI communicate requirements to all Line Managers detailing their responsibilities to complete establishment control checklists contained within Oracle Fusion such as New Starters Checklist, Probation Details and Leavers Checklist. Such communication should form part of the process requirements recommended above.</p> <p>2022 / 23 R5 - An annual establishment check should be carried out including verification of establishment by managers.</p> <p>2022 / 23 R6 - Data relevant to establishment control should be reconciled periodically and any issues investigated and corrections made. This will involve as a minimum: a. HRT7 (HR & EDI); b. Oracle Fusion Hierarchy (HR & EDI); c. Budget (Finance); d. Active Directory (IT).</p>	<p>Summary of recommendations by priority</p>  <table border="1"> <caption>Data for Summary of recommendations by priority</caption> <thead> <tr> <th>Category</th> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>New</td> <td>4</td> <td>3</td> <td>1</td> </tr> <tr> <td>Previously Agreed</td> <td>4</td> <td>4</td> <td>2</td> </tr> <tr> <td>Completed</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Previous / Outstanding</td> <td>8</td> <td>7</td> <td>3</td> </tr> </tbody> </table>		Category	High	Medium	Low	New	4	3	1	Previously Agreed	4	4	2	Completed	0	0	0	Previous / Outstanding	8	7	3
Category	High	Medium	Low																			
New	4	3	1																			
Previously Agreed	4	4	2																			
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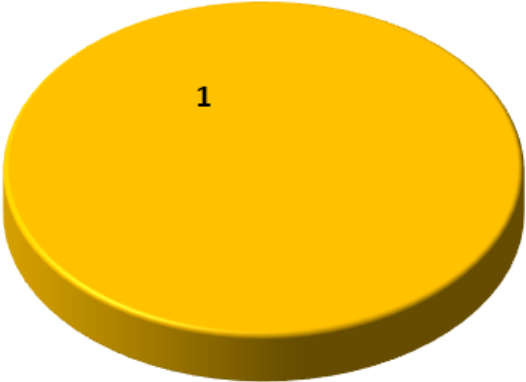
Woodthorpe Plant Shop 2022/23

Directorate: Communities, Environment and Resident Services Division: Resident Services Previous review: N/A	Overall Opinion: Moderate Assurance	Direction of Travel: N/A Not previously reviewed								
<p><u>Scope and Approach:</u> This review considered the following aspects:</p> <ul style="list-style-type: none">Trading, governance, income collection, marketing										
<p>High Priority Recommendations</p> <p>R1 - The governance structure should be strengthened to provide further accountability and transparency and to ensure that adequate monitoring takes place. Routine reporting should include evidencing the primary or dominant purpose of the shop and nursery</p> <p>R4 - All staff handling card payments should undertake the required e-learning training annually as a mandatory requirement</p> <p>R5 - The Business Development Manager should familiarise herself with the PCI DSS NCC Policy and ensure staff awareness and compliance.</p> <p>R6 - Full records should be maintained of surplus plants generated and if possible, the plants should be entered onto the stock control system.</p>	<p><u>Summary of the recommendations by priority</u></p>  <table border="1"><thead><tr><th>Priority</th><th>Count</th></tr></thead><tbody><tr><td>High</td><td>4</td></tr><tr><td>Medium</td><td>1</td></tr><tr><td>Low</td><td>1</td></tr></tbody></table>		Priority	Count	High	4	Medium	1	Low	1
Priority	Count									
High	4									
Medium	1									
Low	1									

Appointeeship 2022-23

Directorate Finance and Resources Division Customer Services Previous review: N/A	Overall Opinion: No Assurance	Direction of Travel: Deteriorates 								
<p><u>Scope and Approach:</u> In response to a request from the Director of Adult Social Care we have reviewed the way in which Appointeeships are managed with particular emphasis on:</p> <ul style="list-style-type: none"> • Confirming the balances held • A high-level review of system and controls • Identify key risks & next steps 										
<p>High Priority Recommendations</p> <p>2022-23 R1 BF57 approvals should be obtained in all cases in order that the Council can demonstrate that it is acting as instructed by the DWP. A record of the receipt of this notification should be recorded onto the FPM.</p> <p>2022-23 R2 These funds do not belong to the City Council and as such should be recorded separately within the client's money account. Each appointee should have their own bank account into which all income and expenditure should be recorded.</p> <p>2022-23 R3 There should be a full review of NCC's usage of the Financial Protection module with OCC to ensure that best practice is being followed and working practices are aligned with the intended use of the system.</p> <p>2022-23 R4 Once R3 above has been completed the training needs of colleagues should be assessed and where appropriate training provided.</p> <p>2022-23 R5 Steps should be taken to ensure that there is a comprehensive record of all activity undertaken on behalf of a client.</p> <p>2022-23 R6 Appointees with negative balances within the Financial Protection Module should have their cases reviewed as a matter of priority to ensure that their financial needs are being met.</p> <p>2022-23 R7 An urgent review of the appointee account balances should be undertaken to ensure that there is adequate funding to meet financial needs.</p> <p>2022-23 R8 A full review of all the accounts within the Financial Protection Module with the aim of reducing those balances held and closing any accounts that are no longer required.</p>	<p style="text-align: center;"><u>Summary of the recommendations by priority</u></p>  <table border="1"> <caption>Summary of the recommendations by priority</caption> <thead> <tr> <th>Priority</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>8</td> </tr> <tr> <td>Medium</td> <td>3</td> </tr> <tr> <td>Low</td> <td>0</td> </tr> </tbody> </table>		Priority	Count	High	8	Medium	3	Low	0
Priority	Count									
High	8									
Medium	3									
Low	0									

Women's Aid Grant Payments

Directorate: Communities Environment & Resident Division: Communities Previous review: N/A	Overall Opinion: Moderate Assurance	Direction of Travel: N/A Not previously reviewed								
<u>Scope and Approach:</u> This review considered the circumstances surrounding payments to Juno Women's Aid										
High Priority Recommendations None	<p style="text-align: center;"><u>Summary of the recommendations by priority</u></p>  <table border="1"><thead><tr><th>Priority</th><th>Count</th></tr></thead><tbody><tr><td>High</td><td>0</td></tr><tr><td>Medium</td><td>1</td></tr><tr><td>Low</td><td>0</td></tr></tbody></table>		Priority	Count	High	0	Medium	1	Low	0
Priority	Count									
High	0									
Medium	1									
Low	0									

Annex D – Tracking of High Priority Recommendations Issued in 2020/21-2023/24 to 5 Sep 2023

Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend	
						Complete	Not Yet Due	Overdue	Complete	Overdue		
NCC Corporate	HR & EDI	Gifts & Hospitality	Limited Assurance	↔	2	1	0	1		1	↔	
	Legal & Governance	Decision Making	Limited Assurance	-	3	2		1		1	↔	
NCC Corporate Total					5	3	0	2	0	2		
Finance & Resources	HR & EDI	Disciplinary Process follow up 2021-22	Limited Assurance	↑	2			2	2	0	↑	
		NCC Payroll & HR 2022-23	No Assurance	↓	8			8		8		
		Overtime Pay Policy Compliance 2021-22	Moderate Assurance	↔	0							
		Sickness Management 2022-23	Limited Assurance	↔	3			3		1	↔	
	HR & EDI Total					13	0	0	13	2	11	
	Information Technology	Cloud based applications (Software as a Service)	Moderate Assurance	-	1*	1			0		0	↑
		IT - Service Desk	Significant Assurance	-	0							
		Hardware Asset Management 2021-22	Limited Assurance	↔	3	2			1		1	↔
		Physical & Environmental Controls 2022-23	Limited Assurance	↔	9	4			5		5	↑

* Note: 3 high priority recommendations from Cloud based applications included in ICT Procurement

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Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend	
						Complete	Not Yet Due	Overdue	Complete	Overdue		
Finance & Resources	Information Technology	IT Change Management - Follow-up 2021-22	Significant Assurance	↔	0							
		IT Security 2020-21	Limited Assurance	↔	6	5		1		1	↔	
	Information Technology Total					19	12	0	7	0	7	
	Legal & Governance	Councillor Declarations 2021-22	Moderate Assurance	-	0							
		Data Management	Significant Assurance	↑	0							
	Legal & Governance Total					0	0	0	0	0	0	
	Commercial Procurement & Contract Management	IR35 Compliance	Moderate Assurance	↔	1	1		0		0	↔	
		ICT Procurement 2021-22	Limited Assurance	↔	3			3		3	↔	
		Contract Management follow up 2021-22	Limited Assurance	↔	5			5		5	↔	
		Procurement Dispensations 2021-22	Limited Assurance	↔	3	3		0		0	↑	
Commercial Procurement & Contract Management Total					12	4	0	8	0	8		

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Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend
						Complete	Not Yet Due	Overdue	Complete	Overdue	
Finance & Resources	Finance	Bank Reconciliation 2022-23	Moderate Assurance	↓	0						↓
		Budgetary Control 2021-22	Limited Assurance	↓	2			2		2	↔
		Capital Programme 2021-22	Limited Assurance	↓	9	3		6		6	↔
		NCC Accounts Payable 2022-23	Limited Assurance	↓	4		1	3		3	↓
		NCC Accounts Receivable 2022-23	Limited Assurance	↓	7			7		7	↓
		Main Accounting 2022-23	Moderate Assurance	↓	1			1		1	↓
		Treasury Management 2021-22	Significant Assurance	↔	0						
		PCI Compliance - Follow-up	Limited Assurance	↓	4	1		3		3	↔
		Procurement Card Usage 2022-23	Limited Assurance	-	3			3		3	↓
		Civica - Income Management - application review	Significant Assurance	-	1			1		1	↔
		Integration & Better Care Fund - DFG 21-22	Grant claim	-							

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Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend
						Complete	Not Yet Due	Overdue	Complete	Overdue	
Finance & Resources Finance & Resources	Finance	Cultural Recovery Fund	Grant claim	-							
		Contain Outbreak Management Fund Surge Funding 20-21	Grant claim	-							
		Derby & Nottingham Future Transport Zone 2021-22	Grant claim	-							
		Green Homes Grant LA Delivery Phase 1B	Grant claim	-							
		Green Homes Grant LA Delivery Phase 2	Grant claim	-							
		LA Bus Subsidy Grant 2021-22	Grant claim	-							
		Local Transport Capital Grant 2021-22	Grant claim	-							
		Biodiversity Net Gain 2022-23	Grant claim	-							
		Supporting Families 2022-23	Grant claim (quarterly)	-							

Annex D – Tracking of High Priority Recommendations Issued in 2020/21-2023/24 to 5 Sep 2023

Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend
						Complete	Not Yet Due	Overdue	Complete	Overdue	
		Universal Drug Treatment Grant 2021-22	Grant claim	-							
Finance & Resources	Finance Total				31	4	1	26	0	26	
	Customer Services	Housing Benefits 2022-23	Moderate Assurance	↑	6	3		3		3	↑
		Council Tax 2022-23	Moderate Assurance	↔	0						↔
		Business Rates 2022-23	Limited Assurance	↔	2			2		2	↔
	Customer Services Total					8	3	0	5	0	5
Finance & Resources Total					83	23	1	59	2	57	
Chief Executive	Analysis & Insight	NCC Performance Management 2019-20	Moderate Assurance	↔	1	1		0			
		Caldicott Governance 2022/23	Limited Assurance	-	6	1		5		5	↔
	Communications & Marketing	Use of Social Media - Follow-up	Significant Assurance	-	0						
Chief Executive Total					7	2	0	5	0	5	
Growth & City Development	Housing	Housing Rents 2021-22	Limited Assurance	↓	7	3		4		4	↑
	Housing Total				7	3	0	4	0	4	
	Economic Development & Property	Broadmarsh Car Park & Bus Station Handover	Limited Assurance	-	3	3		0			
		OR05 Redevelopment of Broadmarsh	Significant Assurance	-	1	1		0			

Annex D – Tracking of High Priority Recommendations Issued in 2020/21-2023/24 to 5 Sep 2023

Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend	
						Complete	Not Yet Due	Overdue	Complete	Overdue		
		Shopping Centre										
Growth & City Development Growth & City Development	Economic Development & Property	Corporate Property Maintenance	Significant Assurance	↔	1			1	1	0	↔	
		Asset Rationalisation 2021-22	Significant Assurance	-	0							
		Covid - Job Retention Scheme (Furlough)	Significant Assurance	-	0							
	Economic Development & Property Total					5	4	0	1	1	0	
	Planning and Transport	Public Transport follow up	Limited Assurance	↔	0							
		Public Transport Smart Ticketing Procurement follow up	Limited Assurance	↔	3	3		0				
		Traffic & Safety Capital Projects 2020-21 Follow-up	Limited Assurance	↔	6	4		2		2	↑	
		Transforming Cities Fund Tranche 2 2021-22	Moderate Assurance	↓	4			4	4	0	↑	
	Planning and Transport Total					13	7	0	6	4	2	
	Growth & City Development Total					25	14	0	15	5	6	

Annex D – Tracking of High Priority Recommendations Issued in 2020/21-2023/24 to 5 Sep 2023

Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend
						Complete	Not Yet Due	Overdue	Complete	Overdue	
People	Adult Social Care & Health	Deputyship 2021-22	Moderate Assurance	↑	0						
		Appointeeship 2022-23	No Assurance	↓	8		1	7	1	6	↑
People	Adult Social Care & Health	ECINS - Follow-up 2021-22	Moderate Assurance	↑	0						
	Adult Social Care & Health Total				8	0	1	7	1	6	
	Children's Integrated Services	Supporting Families 2021-22	Significant Assurance	↔	0						
		Fostering, Adoption and External Placements Follow Up	Moderate Assurance	↑	2			2	2	0	↔
	Children's Integrated Services Total				2	0	0	2	2	0	
	Education	Nottingham Schools Trust follow up 2020-21	Limited Assurance	↑	4	2		2		2	↔
	Education Total				4	2	0	2	0	2	
People Total					14	2	1	11	3	8	
Communities Environment & Resident Services	Environment & Sustainability	NCC Carbon Neutral Commitment	Limited Assurance	-	6	1		5	2	3	↑
		OR06 Waste and Energy Infrastructure	Moderate Assurance	-	3						
	Environment & Sustainability Total				6	1	0	5	2	3	

Annex D – Tracking of High Priority Recommendations Issued in 2020/21-2023/24 to 5 Sep 2023

Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend	
						Complete	Not Yet Due	Overdue	Complete	Overdue		
	Communities	Women's Aid Grant Payments	Moderate Assurance	↑	0			0				
		Selective Landlord Licensing Follow-up 2020-21	Moderate Assurance	↑	4	4		0				
	Communities Total				4	4	0	0	0	0		
Communities Environment & Resident Services	Resident Services	Fleet Management follow up	Significant Assurance	↑	5	5		0				
		Woodthorpe Plant Shop 2022/23	Moderate Assurance	-	4			4		4		
		Governance & Use of Telematics	Significant Assurance	-	0							
		Vehicle Utilisation 2021-22	Limited Assurance	-	2			2		2	↔	
		Parks, Open Spaces Contracting	Moderate Assurance	-	0							
		Resident Services Total					11	5	0	6	0	6
	Sports, Culture & Tourism	Theatre Royal & Concert Hall Follow-up 2021-22	Limited Assurance	↑	9	4		5		5	↔	
	Sports, Culture & Tourism Total					9	4	0	5	0	5	

Annex D – Tracking of High Priority Recommendations Issued in 2020/21-2023/24 to 5 Sep 2023

Department	Division	Activity	Level of Assurance	DoT	High	Audit Assessed			Management Assessed		Trend
						Complete	Not Yet Due	Overdue	Complete	Overdue	
Communities Environment & Resident Services Total					30	14	0	16	2	14	
NCC Total					152	53	2	97	12	85	

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External Assurances

Annex E

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
<p>LGA & NCSC</p>	<p>National: NCSC cyber security guidance and alerts</p> <ul style="list-style-type: none"> • LGA highlights NCSC alerts • NCSC guidance to mitigate cyber attacks and cyber defence tools. NCSC provide guidance, tools and alerts online including guidance on steps to take when cyber threat is high. 	<p>Mandatory IT Security training has been implemented across the Council for all staff using computers. Training compliance for the Council is reported quarterly to the Information Compliance Assurance Board.</p> <p>The Annual Information Governance and Compliance Assurance Report was presented to Audit Committee on 31 Mar 2023.</p> <p>Internal Audit continue to provide a range of IT audits throughout the year including assessments concerning cyber security.</p>
<p>LGA</p>	<p>Nottingham City Council Corporate Parenting Peer Diagnostic April 2022</p> <p>Peer interviews and a board observation took place in January 2022.</p> <p>Areas for consideration included:</p> <ul style="list-style-type: none"> • Lack of articulated single coherent aspiration or vision • Corporate Parenting Board meets in public, which is quite unusual and can be problematic. • Improvements made in silos for children in care and care leavers. Corporate Parenting Board could act as the bridge. • The Corporate Parenting Board mode of operation could be enhanced. • Partners attend but are unsure of their role, membership is unclear. • Meetings dominated by lengthy reports and presentations from officers. Needs better balance with discussions. • Adopting a variety of means to hear the voices of children 	<p>This was reported to Corporate Parenting Board in May 2022</p> <p>The Board proposed to hold development sessions to</p> <ul style="list-style-type: none"> • Level understanding of corporate parenting • Listening effectively to children’s voices & work programme • Council & senior managers – being effective corporate parents <p>A further training session is due to be held in November facilitated by LGA.</p> <p>Work has been completed in reviewing the existing governance arrangements. This has resulted in The Corporate Parenting Board being changed to a private meeting to facilitate greater discussion in line with the outcome of the Peer diagnostic. Additionally membership has been reviewed and widened with Senior leaders now invited and key wider partners.</p> <p>From 2023-24 meetings are facilitated by People’s directorate as the Board is a non-statutory meeting, so does not require Governance team’s expertise. Corporate Parenting Board will no longer meet in public or publish minutes. It will change its name to Corporate Parenting Panel . The inaugural meeting of the</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
		<p>Corporate Parenting Panel is the 14th September. At this meeting the new governance arrangements will be discussed and agreed with members of the panel, a new vision for this work created, Children's and Young People's pledges agreed and a thematic forward plan proposed.</p> <p>The City Council agreed (Jan23) to treat all people with care experience as having a protected characteristic. The Chief Executive was to write to partner organisations to publicise this policy. This responds to a recommendation in the Independent Review of Children's Social Care's final report (May22)</p>
Grant Thornton	<p>Nottingham:</p> <p>Financial Statements Audits – In February 2023 the Council's external auditors Grant Thornton provided an update in respect of their financial statements audit stating 8 significant weaknesses in respect of 2019/20 and subsequent financial statements:</p> <ul style="list-style-type: none"> • financial sustainability, • company governance and • delays in finalisation of annual accounts • failure to secure improvements in Children's Services • significant inconsistencies between budget and the final outturn in 2021-22 • unlawful transfer from the Housing Revenue Account to the General Fund • lack of management capacity due to recruitment and retention issues, particularly in corporate and key services • Council not able to demonstrate Best Value through procurement, including non-compliance and identified retrospective approvals. 	<p>The issues are covered by Improvement & Assurance Board directions. A plan to finalise all delayed financial statements audits by March 2024 is in place.</p> <p>Audit Committee will continue to monitor progress on completion of financial statements audits, the finance improvement plan, the IAB directions and the corporate improvement plan (Together for Nottingham).</p> <p>During 2022-23 the extent of unlawful transfers from HRA to General Fund was clarified and the HRA was reimbursed. Further work was undertaken to identify potential management override of controls across other systems and EY were commissioned to provide an assessment of financial controls. This has resulted in a Finance Improvement Plan which is progressing during 2023-24.</p> <p>Internal Audit have reported limited assurance on the control environment for the years 2018-19 to present and will continue to assess the quality of financial controls in key systems and other audits and report any weaknesses or gaps to management for their attention. This activity will align to the FIP.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
Grant Thornton	<p>Nottingham:</p> <p>Selective Licensing Scheme – GT responded to an objection to the 2019/20 accounts in respect of the Council’s Selective Licensing Scheme. Although the objection did not meet the threshold for formal consideration by external auditors, GT continued the review on the basis that others may also object and reported to the Audit Committee on its findings which were summarised as:</p> <p>“Overall, while implementation of Selective Licensing has not gone smoothly, partly because of the significant impact of Covid-19, we do not consider that any formal audit action is needed at this stage: officers have clearly identified lessons from the first scheme which are being addressed in the proposals for second, and indeed it is likely that further benefit will be felt from the first scheme in its remaining year now that a higher level of inspections can be carried out.”</p>	<p>Internal Audit have reviewed the scheme several times during its life and have identified improvements which have overwhelmingly been acted upon.</p> <p>The scheme was for a fixed period of 5 years. A new scheme has now been agreed by the Secretary of State.</p> <p>No further assurance required, however Internal Audit will consider reviewing the new scheme as part of the risk based audit plan.</p>
KPMG	<p>External Audit of Housing Benefit subsidy – A backlog of incomplete Housing Benefit subsidy claim audits arose from 2017 due to the extension of testing arising out of found error in the claims. This resulted in withheld subsidy during 2019-20. NRB and now NCC have been working with KPMG and DWP to enable the audits to be completed and learning to be implemented in claim processing to force down error in subsidy claims.</p>	<p>A process and activities to eliminate the backlog in completion of external audits of Housing Benefit subsidy claims by March 2024 has been agreed between NCC, KPMG and DWP. Claim audits from 2021-22 onwards will be completed over the period to March 2024.</p> <p>Internal Audit have continued to review the outturn of subsidy audits and the associated systems as part of our internal audits of Housing Benefits and make recommendations for improvements where appropriate. IA will continue to review this area as a key part of the annual internal audit of this service to provide assurance that improvements are maintained.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
<p>CQC – Setting Inspection Reports</p>	<p>Nottingham:</p> <p>CQC Inspections in 2022-23</p> <p>19 Barkla Close – Rated Good by CQC. First inspection under Section 60 of the Health and Social Care Act 2008. Based on the CQC review of safe, effective, caring, responsive and well-led the service was able to demonstrate how they were meeting some of the underpinning principles of right support, right care, right culture.</p> <p>CQC Inspections in previous years</p> <p>5 services inspected – all rated Good at last inspection except Cherry Trees Resource Centre rated Outstanding – CQC reviewed information about the following services in July 2023 and decided it did not need to reinspect at that point.</p> <ul style="list-style-type: none"> Cherry Trees Resource Centre The Oaks Residential Home Nottingham Home Care Short Breaks Services - Link Work and Sitting <p>The Shared Lives service was registered on 31st May 2022 and has not yet been inspected</p>	<p>No further assurance required</p>
<p>CQC – Adult Social Care:</p>	<p>National:</p> <p>CQC Business Plan 2023-2026</p> <p>The plan notes CQC’s transformation activity focused on being an insight-driven regulator. Key focus points are better listening, safety culture, tackling health inequalities and updated regulatory activities and priorities.</p>	<p>Teams in ASC and Commissioning have preparing for CQC assessment of Adult Social Care, so that NCC can ensure CQC have the opportunity to understand what works well in meeting our duties under the Care Act for citizens and what we are working to improve in Nottingham.</p> <p>A draft self-assessment was produced by the project team and submitted to the East Midlands ADASS group. This supports</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<p>As part of this approach local authority Adult Social Care services are going to be reviewed and assessed by the Care Quality Commission, in a similar way that Ofsted inspects Children's Services, to determine how they are delivering their Care Act functions. Nottingham is one of 5 pilot sites. There will be up to 20 baseline assessments in 23/24</p> <p>Previous state of care reports have highlighted workforce capacity issues with the potential to significantly impact the ability of providers to continue to provide care.</p>	<p>preparation for the introduction of the CQC Inspection and Assurance framework to be implemented from April 2023.</p> <p>The Care Quality Commission pilot assessment of Adult Social Care started on 31st July.</p> <p>The service continues to offer Social Work degree apprenticeships to support its requirement for qualified Social Workers.</p> <p>ASC transformation continues including automated performance reporting, a provider to deliver OT reviews, options for more independent living, increased independence for older people, strengths based care and support assessments, and an expanded Shared Lives project.</p>
CQC	<p>Integrated Care System Nottingham & Nottinghamshire ICB</p> <p>CQC completed an inspection of Nottingham & Nottinghamshire ICB in August 2023. We will review the report when it is available to identify any assurances and areas for improvement.</p>	To be considered when the report is available
Competition and Markets Authority	<p>Children's social care market study - March 2022 Children's Placements</p> <p>National:</p> <p>The CMA launched its study in response to concerns raised (Children's Commissioner report in 2020)</p> <ul style="list-style-type: none"> • LAs too often unable to access appropriate placements 	<p>CIS have previously confirmed attention to the theme of children's placements in relation to the Children's Commissioner report.</p> <p>The Children's Placements Manager confirmed that Placement stability is considered and referenced throughout all placement specifications and highlighted as a success criteria/desired outcome for all external contracts</p> <p>CIS have responded to the CMA Children's Social Care Market</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<ul style="list-style-type: none"> Prices paid place significant strain on LA budgets and limit funding of other important activities <p>The CMA found significant problems with the functioning of the placement market, particularly in England and Wales.</p> <ul style="list-style-type: none"> lack of placements of the right kind, in the right places, means that children do not consistently get access to care and accommodation that meets their needs the largest private providers of placements make materially higher profits, and charge materially higher prices, than expected if this market were functioning effectively some of the largest private providers carry very high levels of debt, creating a risk that disorderly failure of highly-leveraged firms disrupt the placements of children in care. <p>Recommendations fall in 3 categories, in England for LAs these are:</p> <p>Commissioning</p> <ul style="list-style-type: none"> Larger scale market engagement – this is to be developed through the government setting up sub-national bodies with each LA participating in one. Duty of LAs to understand and be able to report on when a placement does not fit need (sufficiency). National support for purchaser engagement with the market – LAs duties to include providing relevant data for forecasting activity to the engagement body and on sufficiency. Support for increases in LA foster care – targeted funding for innovative projects by LAs, or groups of LAs, aimed at recruiting and retaining more foster carers to reduce 	<p>Study. CIS have identified work strands to improve commissioning practice, detailed within the CiC Placements Commissioning and Sufficiency Strategy – and have worked closely with the County and with Health partners to achieve more collaborative commissioning to support improved outcomes for this group.</p> <p>Expansion of the Fostering Service was one of the reviews commissioned as part of People Directorate transformation within theme 7 of NCC Together for Nottingham plan. Improvement of recruitment processes for foster carers is an identified action in the Children’s Social Care Service Redesign, and Executive Board approved procurement of a delivery partner in February 2022.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<p>reliance on private placements, subject to careful evaluation to support future policy.</p> <p>Market Barriers / Capacity</p> <ul style="list-style-type: none"> (all UK government recommendations regarding regulation, planning and sector review) <p>Provider Failure</p> <ul style="list-style-type: none"> (all UK government recommendations regarding oversight regime and managed exit) 	
<p>HM Inspectorate of Probation: Inspection of youth offending services</p>	<p>Youth Offending Inspection Nottingham:</p> <p>Youth Justice Service (YJS) Inspection</p> <p>Nottingham Youth Offending Service was subject to a full three week joint inspection in November and December 2019. This inspection is part of a four-year programme with ratings across three broad areas:</p> <ol style="list-style-type: none"> the arrangements for organisational delivery of the service; the quality of work done with children and young people sentenced by the courts; and the quality of out-of-court disposal work. <p>Overall, Nottingham City YJS is rated as 'Requires improvement' as reported 19 Mar2020.</p> <p>The following recommendation were made to the Youth Justice Service Management Board:</p> <ol style="list-style-type: none"> review the out-of-court disposal process, making sure that cases are presented on time, and that decisions are consistent, based on an assessment of the child or young person, and are agreed by a multi-agency panel 	<p>A Nottingham City Youth Justice Service Improvement Plan has been developed. This is monitored by the Youth Justice Management Board which includes the Nottingham Youth Justice Service, Nottingham City Council, the National Probation Service, Nottinghamshire Police and Nottinghamshire Healthcare NHS Foundation Trust. The improvement plan has seven key objectives each with actions that are RAG rated and updates regarding progress.</p> <p>Progress on the plan is reported to the Youth Justice Management Board quarterly with actions being logged in the Operational Delivery plan, with a completion date of March 2024. Alongside a continuous audit process, the Board is undertaking a review and evaluation process in September 2023 to measure progress against the inspection criteria.</p> <p>The Children & Young People Scrutiny Committee was due to review improvements in November 2022 then rescheduled for March 2023, however this has been dropped from the programme without a future review date being set</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<p>2. ensure the partnership reviews the number of very young children known to the YJS, and that policies and practices do not result in children entering the criminal justice system unnecessarily</p> <p>3. develop victim and restorative justice processes to ensure full consideration of the wishes and needs of victims, and opportunities for restorative justice are applied in every relevant case.</p> <p>The Youth Justice Service heads of service should:</p> <p>4. improve staff's access to clinical supervision and reconsider the use of mandatory interventions while promoting a trauma-informed practice approach to working with children and young people</p> <p>5. seek the views of children and young people, their parents/carers and other stakeholders, so that they can inform future service delivery</p> <p>6. review the quality assurance processes and improve the effectiveness of management oversight in all cases.</p>	<p>In the absence of Children's & Young People Scrutiny Committee review we will consider carrying out a short audit to understand assurances in relation to the HMIP inspection improvement plan.</p> <p>The Service underwent a Peer Review in November 2019 resulting in additional activities on the Operational Delivery Plan.</p> <p>1. The Service is still working to countywide guidance on Out of Court Disposals awaiting the publication of national Youth Justice Board guidance. There is no national standard of what 'good' looks like, but the Service is confident with its quality assurance mechanisms, panel process and scrutiny panels as confirmed by the Peer Review.</p> <p>2. The Service works with the University of Nottingham and Violence Reduction Partnership on both short-, and long-term research into First Time Entrants.</p> <p>3. The Service has identified the need to recruit to two new roles, a Victim and Restorative Justice Practitioner and a Referral and Reparation Co-ordinator to meet the needs of victims within Nottingham. At time of writing the roles were awaiting spending approval having been agreed by the Board as necessary.</p> <p>4. The Service no longer delivers mandatory interventions but are assured of this process through the report quality assurance mechanisms and ongoing supervisory processes.</p> <p>Staff access to clinical supervision as part of being a trauma informed service will only be resolved by considerable cost to the service and through a robust commissioning process. The Service is working with the Violence Reduction Partnership to complete a</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
		<p>Trauma Informed Readiness assessment that will highlight further areas of development in this subject matter.</p> <p>6. The Management team state they undertake regular audits as part of their quality assurance process. Through the use of benchmarking exercises and meetings they are assured of a high standard of management oversight. The new Case Management Recording system aids the management team in providing new data analysis and through greater partnership working with Analysis and Insight they are prepared to be fully compliant with the new KPIs of the YJB.</p>
<p>HM Inspectorate of Probation</p>	<p>HMIP The experiences of black and mixed heritage boys in the youth justice system Oct2021</p> <p>In this thematic report HMIP found that many of the boys concerned had experienced multiple adverse childhood experiences and had high levels of need. It set out recommendations including numbers 8-18 for local authorities. 4 of these remain partly met at Nottingham City Council as follows.</p> <p>Local authorities should:</p> <p>10. ensure that black and mixed heritage boys are receiving their legal entitlement to education, including alternative provision when this is deemed necessary, and that the placements are suitable to meet their needs.</p> <p>YOS partnership boards should:</p> <p>12. ensure that all board members contribute data from their individual services that identifies areas of disproportionality and the action being taken to address them, and that this data is used to develop a joint strategic needs assessment</p> <p>YOS managers should:</p> <p>14. establish effective processes for gaining feedback from black and mixed heritage boys on the services they receive and use this</p>	<p>In our review last year we ascertained that there was reasonable assurance that recommendations 8,9,11,13 & 15-17 were met through existing or updated action.</p> <p>Youth Justice Service (YJS) has set out the approach to responding to the remaining gaps in relation to the other 4 recommendations as follows including an updated response to 18:</p> <p>10 The LA utilise the Fair Access (FAP) and School Attendance Order process (SAO) to ensure children are in receipt of a suitable education. Ethnicity is not identified through the school admissions process however the LA has a clear statutory responsibility to ensure all children are in receipt of a suitable full-time education. Alternative Provision (AP) access and suitability is the responsibility of the commissioner and the LA only rarely directly commissions alternative provision.</p> <p>The LA currently do not have the mechanisms or resources to ensure that all black and mixed heritage boys across the city are receiving their legal entitlement to education and if in AP are in a suitable placement as we do not hold the information and access to school data systems. Work is underway to improve data sharing and access that may enable clearer reporting at a city, academy trust, school, and pupil level.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<p>feedback to assess, review and improve the quality and suitability of service provision</p> <p>18. offer suitable and appropriate support and intervention to the parents and/or carers of black and mixed heritage boys and regularly review the uptake and suitability of this provision.</p>	<p>Specifically, with black and mixed heritage boys in the YJS, key points of contact with all city schools and academies have been established as YJS single points of contact (SPOC) to support any concerns or issues relating to educational provision or placements. The LA's Complex Placement Coordinator and Head of Access to Learning along with the Education Welfare Service are available to support, provide advice to YJS colleagues or to manage any escalations with regards to lack of education in line with legal entitlement.</p> <p>12 All partners within the partnership regularly share data across a range of demographics, including race and ethnicity at a strategic level. The partnership needs to make improvements on sharing of this data at an operational level to reduce duplication and enable improved service design.</p> <p>14 While we haven't specifically targeted Black and Mixed Heritage boys in the recent feedback exercise that has been undertaken, we have increased our use of service user feedback and engagement surveys with specific regard to the induction experienced by all children on open YJS interventions. We now have an established feedback process that is currently being used to gather responses from children and will be used to review and improve the quality and suitability of service provision. This process can now be targeted thematically and towards specific demographics of service user.</p> <p>18 This is a significant gap in service delivery, there are no specific programmes offered by the YJS and the YJS does not have a parenting service. Staff access parenting support available through the Children's Integrated Services. YJS staff take a whole family approach to ensure that parents and carers are fully involved in their child's intervention and support.</p> <p>The Service has created a Diversity and Identity Action Plan. This plan sets out the Service's aims to have a better understanding of the child's lived experiences, to support the child in their development and achieve, and to ensure the workforce is trained and skilled to address the issues that children bring to the service.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
Ofsted	<p>Nottingham</p> <p>Ofsted and the DfE have continued to work closely regarding improvements with Nottingham following its Ofsted focused visit of February 2020.</p> <p>An Inspection of Nottingham City local authority children’s services took place in July 2022 and the report was published in September 2022. Inspectors rated Services for children who need help and protection as inadequate because there are serious failures, leaving children at continued risk of harm when they are first presented as in need of support.</p> <p>Inspectors stated that the following areas need improvement:</p> <ul style="list-style-type: none"> • Effectiveness and timeliness of responses to children’s needs when first presented to the multi-agency safeguarding hub (MASH). • Management oversight and direction of front-line work and the local authority designated officer (LADO). • Social work capacity, so that social workers and first-line managers can respond effectively to children in need of help and protection, and that children in care have greater consistency of social worker. • Placement sufficiency for children in care and those with complex needs. • The service response to care leavers aged 21 and over. • The service response to young people who are aged 16 and 17 who present as homeless. • The quality and timeliness of return home interviews. 	<p>All of Nottingham City Council Local Authority Children’s homes are understood to have achieved an Ofsted Inspection result of either Good or Outstanding.</p> <p>An Action Plan to address the areas for improvement identified in the Inspection of Nottingham City local authority children’s services was created with the Children at the Heart Improvement Board including key partners established to drive its delivery. The action plan was agreed with Ofsted and includes support from LGA, DfE and Essex County Council (as a Partner in Practice since May 2020 to support improvement). 34 improvement actions were reported complete by 30Mar2023</p> <p>In their April 2023 monitoring visit report, inspectors acknowledged that improvements were being made in Children’s Services. In particular, they found:</p> <ul style="list-style-type: none"> • children are being seen more quickly than previously but there is further improvement to be made in this area • 16/17 yr olds at risk of homelessness receive a better service <p>A further visit took place in July 2023 and the monitoring visit letter has been published at the end of August 2023. The letter indicates areas of strength including identifying the right areas for improvement and development, which helps focus senior leaders’ work to strengthen practice and learning. Stability of the workforce and the quality of supervision and management oversight are high on senior leaders’ agenda and Ofsted confirm that they are appropriate priorities as part of the transformation programme. The letter pointed out areas of continuing concern including continuity of social worker allocation, consistency of quality of recording in some children’s records, a limited information about children’s views in some children’s records, and sometimes a lack of</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<ul style="list-style-type: none"> • Oversight of children missing from education and those who are electively home educated. <p>Care Leavers</p> <p>A new Ofsted framework has been in place from April 2023 for determining a judgment on adequacy of local authority arrangements for Care Leavers.</p> <p>Children’s Homes Inspections have been completed in previous years with all homes rated either Good or Outstanding</p>	<p>information about children’s presentation and their home environment. It also noted that there is a temporary investment in additional agency social workers and that senior leaders know that improvements need to be sustainable.</p> <p>During the improvement journey since the 2020 report, assurances have been provided to CLT, Leadership Group, Executive Panel, Executive Board, Audit Committee and the Children’s and Young People Scrutiny Committee.</p> <p>Transformation plans pointed to areas where improvement opportunities existed through</p> <ul style="list-style-type: none"> • Earlier intervention to prevent children in need and child protection plans • Managing the length of these plans • Revised focus on early intervention • Rebalancing some care provided from residential to foster care • Enabling more children to leave care earlier <p>In addition planned transformation scope included helping families stay together, reducing bottlenecks and improving processes. Implementation of transformations from Design and Trial phases were due to start in Spring 2023 and flow through to Winter 2023/24 with a focus on sustaining improvements towards the end of the period.</p> <p>The Corporate Parenting Board receives quarterly performance tracking reports in respect of work with Children in Care and Children Leaving Care.</p> <p>Children’s Partnership Board is to receive further updates on progress related to the Ofsted (Sep23, Mar24)</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
		The Council set out a new app based local offer for Care Leavers in June 2023 which was designed to meet the requirements in the Ofsted framework.
Ofsted and Care Quality Commission	<p>Nottingham: SEND Local Area Review</p> <p>The inspection did not identify any significant weaknesses in Nottingham City's SEND provision that would require the inspectorates to issue a Written Statement of Action.</p> <p>The report included strengths and areas for improvement. Areas for improvement are listed below.</p> <p>Identifying needs</p> <ul style="list-style-type: none"> • Strategy for early identification not communicated well enough • The system to identify and meet needs is not well-enough understood by all parents. • Strategy to transfer from children's services into adult services not yet in place. Support needs improvement. • Too long a wait for assessments to identify possible autism spectrum disorder • Some parents are resorting to paying for private assessments and therapies due to assessment waiting times <p>Meeting needs</p> <ul style="list-style-type: none"> • Lack of consistent quality assurance process for EHC plans. 	<p>SEND</p> <p>Nottingham City LA has a statutory responsibility to ensure that there is sufficient, high quality provision available locally to meet the needs of learners with SEND.</p> <p>Actions in respect of the report's findings were reported to the Children and Young People Scrutiny Committee in January 2022. Among these were:</p> <ul style="list-style-type: none"> • Aligning future SEND plans and the Joint Strategic Needs Assessment with findings • Developing a local communications strategy • Commissioning a 3 bed unit for the most complex children and families experiencing crisis <p>The November 2021 meeting had heard about action to improve inclusion. The Minister for Children and Families wrote to colleagues at NCC congratulating them on the findings in the NCC Ofsted and CQC SEND inspection report. A further review of progress in relation to SEND was scheduled for March 2023 Childrens & Young People Scrutiny Committee, however the Committee is now scheduled to look at SEND and how the Service has responded to issues identified in Local Area Review, with a particular focus on communications, engagement and co-production with parents and families at its meeting in September 2023.</p> <p>The Children's Partnership Board received a report on learning from the SEND report in March 2022.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<ul style="list-style-type: none"> • Health and social care contributions to EHC plans are often lacking in detail. Some descriptions of educational needs are overly complex. • Most parents do not know where to find the extensive published information available for parents. • Until very recently, that professionals accessing the electronic records were not alerted to a child or young person's additional needs, due to lack of template or icon. • There are significant recruitment difficulties within some therapy teams. • The BEMH pathway is not communicated well enough to parents. <p>Improving outcomes</p> <ul style="list-style-type: none"> • There are limited social and recreational opportunities in the community that children and young people with SEND can access. • Recent improvements to the management of resources and funding for CAMHS has yet to make a difference long SEND waiting times • The short-break offer does not currently meet the range of diverse needs and disabilities of children and young people and their families. • The health services available to adults with SEND are not equivalent in quality to those available to children and young people with SEND. • Educational outcomes for children and young people with SEND in Nottingham are improving but are still too low. 	<p>A SEND Green Paper was issued for consultation in March 2022 and closed in July 2022, proposing to:</p> <ul style="list-style-type: none"> • establish a new national SEND and alternative provision system setting nationally consistent standards for how needs are identified and met at every stage of a child's journey across education, health and care • streamline the redress process to make it easier to resolve disputes earlier, including through mandatory mediation, whilst retaining the tribunal for the most challenging cases <p>The proposals have the potential to change the processes for identifying young person's needs (currently through the Education, Health and Care Plan), and the mediation aspect of this service. In late 2022 the government intends to publish a national SEND delivery plan, responding to the consultation with how proposals will be implemented.</p> <p>In March 2023 NCC decided to use a portion of the remaining Contain Outbreak Management Fund over a 3 year period to support return to Business As Usual. This is in compliance with grant criteria to mitigate health outcome and health inequality impact of COVID on Children in Care and with Special Education Needs such as increased need for care and complexity of care arising from COVID and the distortion of care placement markets arising from COVID.</p> <p>In the absence of Children's & Young People Scrutiny Committee review we will consider carrying out a short audit to understand assurances in relation to the SEND review and changes to SEND processes resulting from government proposals.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<ul style="list-style-type: none"> Information to understand area leaders' strategy Leaders have not ensured that key information for parents is widely disseminated and fully accessible. 	
National Association of Virtual School Heads	<p>Nottingham:</p> <p>Virtual School Peer review challenge (March 2021)</p> <p>The peer review recognised strengths and made the following recommendations</p> <ul style="list-style-type: none"> Ensure arrangement for Post 16 young people and Early Years in your care are as strong as all other cohorts. Ensure there is a balance between compliance and quality of PEPs as you move through this transition period. Both areas require improvement. With the planned reduction in DSG support for the Virtual School team in future years – Explore the most effective ways to maintain staffing levels for the benefit of children in your care <p>The challenge also invited consideration of</p> <ul style="list-style-type: none"> use of data to inform practice (at case work level) and the interventions provided by the Virtual School. consider allocating SENCO responsibility how the Virtual School might support those placed outside of areas requires clarification so that children placed out of city receive equitable services. contact for a short period when the young person starts attending school again. transition for care leavers and 18-25 support 	<p>Actions from the peer review were included in the Virtual School's annual School Improvement Plan (SIP) 2021-22</p> <p>The complete 2022-23 SIP has been provided together with that for 2023-24 which shows actions transferred as a result of outcomes of 2022-23 SIP process.</p> <p>The following areas of activity related to the Peer Review were shown as complete or substantially complete in SIPs reviewed.</p> <ul style="list-style-type: none"> Use of data PEP quality assurance framework Education within placement planning distribution of Early Years Pupil Premium funding and the subsequent monitoring of impact <p>The remaining areas in the SIP related to the Peer Review are</p> <ul style="list-style-type: none"> support for children in care placed out of area identifying and celebrating best practice use of PPP Post 16 Early Years <p>The SIP continues to target improvements indicated from each successive year's activity within all the above areas.</p> <p>No further assurance required.</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<ul style="list-style-type: none"> consistent analysis and use of data to track children who are excluded, out of area and without a school place 	
LGA - Early Years Peer Challenge	<p>Nottingham: Local Government Association Peer Challenge Programme October 2019.</p> <p>The Local Government Association's (LGA) Peer Challenge programme came to Nottingham from 15-18 October 2019, focusing on speech, language and communication in the early years of a child's life (0-5). The Peer Challenge is part of a plan for improving social mobility through education programme.</p> <p>The programme found a very strong and well informed political leadership and management who are championing the early years agenda for the city, with a committed workforce across the Council, partners and the private, voluntary and independent childcare sector. Whilst integration was evidenced, there were opportunities for providers and commissioners to further develop this work and the need for a city-wide speech, language and communication strategy to provide greater clarity on pathways for families, appropriate referrals to services and more timely interventions.</p> <p>The following key recommendations were made:</p> <ul style="list-style-type: none"> Develop an area wide 0 – 5 Early Years Strategy with a particular focus on speech, language and communication including a shared outcomes framework and data dashboard and a clear offer from children's centres Co-produce a parenting journey from a child's conception through to school 	<p>The Children and Young People Scrutiny Committee received a progress report in March 2021 from Early Years on an SLC Strategy which is in development. It is expected that joint commissioning of SLC support including therapy will be a key element of the strategy. Colleagues are working with Derby and Leicester to centralise SLC resources for the city and to support parents, carers and professionals to navigate what is available, so that they can help children to develop their SLC skills. Information has been centralised in one place, called the Balanced System pathway, providing clear guidance and support. Data analysis is a key element of the approach to improvement.</p> <p>In September 2021 the Children and Young People Scrutiny Committee received a report on Early Years Entitlements Funding including measures to encourage take up of entitlement, work on the Speech Language and Communication Strategy, and sufficiency of childcare provision.</p> <p>In January 2022 the Schools Forum approved measures to change the funding distribution criteria from April 2022 to ensure settings were supported with SEND needs and fully distribute previous underspends to support heightened Speech Language & Communication needs.</p> <p>A Speech Language & Communication strategy for 0-5 was presented to Health & Wellbeing Board in July 2022. This identified 3 areas where progress was not so good:</p>

External Assurance Provider	Assurance Scope : Concerns	Further Assurance Activity
	<ul style="list-style-type: none"> • Review the Speech and Language Therapy (SALT) offer to include group sessions ('Chatterbox' or 'Home Talk') with the aim of supporting triage, upskilling wider workforce, avoiding unnecessary assessments and providing input whilst awaiting specialist assessment • Review the use of children's centres as venues for childminder groups, voluntary sector, peer led groups, other partners and more universal provision • Accelerate the integrated approach for the 2 ½ year checks – pilot with nurseries and CityCare the joint completion of the check • Increase the take up of 2, 3 and 4 year old funding, working with partner agencies to identify eligible children and parent champions to engage families • Review the approach to identifying and addressing needs of targeted cohorts not reaching GLD through effective data analysis • Consider developing a local authority cohort tracker for the return of summative EYFS data to evidence progress and inform intervention • Ensure that speech, language and communication needs inform Integrated Care System (ICS) long term planning to improve children's outcomes and reduce inequalities • Creation of moderation hubs across the city • Use the documents that were provided for this peer challenge as the basis for a resource for your own workforce 	<ul style="list-style-type: none"> • Commissioning arrangements are not understood by third parties. • Sufficient data-sharing agreements are not in place. • Co-production of achieving statutory requirements as taking an integrated approach takes time, and resources. Resources are depleting, and COVID restrictions have had an impact on the way services are able to operate and deliver their services <p>It proposed the following collective aims for partners</p> <ul style="list-style-type: none"> • Joint commissioners must ensure that commissioning supports the delivery of a whole systems model including universal, targeted and specialist offer delivered seamlessly from a child and family perspective. • Data sharing agreements across agencies in order to ensure that the outcome is achieved of no child or family missing out on support from any part of the system. • Integrated 2 year checks are crucial to providing a robust system of universal identification. • A strategic approach to engagement of families in take up of the 2, 3 and 4 year old offer. • Integration of the 0-5 workforce, with identified baseline training and assessment/understanding of the screening process. <p>Further actions were to be identified along with appropriate measures for success.</p>

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Summary of performance against Internal Audit Plan 2023/24 – Quarter 1

Audit Title	Planned Days	Actuals
Key / Significant NCC Systems	295	7
EMSS Key Systems	180	20
Governance	308*	34
Risk Management	30	
Organisation / Culture & Ethics	70*	1
Compliance / Challenge/Assurance	134*	28
Ring Fenced Grants / Income / Expenditure	170*	39
Procurement	35*	
ICT and Information Governance	144*	5
Proactive Counter Fraud	160	53
Responsive Fraud Referrals	50	3
Housing Tenancies	100	19
Exemptions/Discounts	200	59
Identification of Liability	50	32
Corporate Fraud Strategy	25	
Companies / Other Bodies	14	1
Consultancy, Advice and Support	324	172
Follow Up	40	16
Development, Redesign & Quality	135	47
Total Days	2464*	536

* Achievement dependent on resources

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Audit Committee – 29 September 2023

Title of paper:	Internal Audit Report – No Assurance Reports	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director of Finance & Resources	Wards affected: All
Report author(s) and contact details:	Simon Parsons John Slater Audit Manager Group Assurance & Audit Governance Manager	
Other colleagues who have provided input:	None	
Does this report contain any information that is exempt from publication?		
No		
Recommendation(s):		
1.	Note the findings of the two Internal Audit Reports	
2.	Consider the responses from management regarding action taken to date	

1 Reasons for recommendations

- 1.1 The Public Sector Internal Audit Standards set out the role of the Audit Committee in relation to Internal Audit and the standards include the requirement to receive reports from Internal Audit on significant risk exposures and control issues.
- 1.2 This report has been submitted to make the Committee aware of the ‘No Assurance’ classification attached to two Internal Audit reports, which is the lowest level of assurance in use.

2 Background - Appointeeship

- 2.1 The Adult Residential Services Team (ARS) act as the City Council’s Corporate Appointee in instances where citizens do not have capacity to manage their finances or where the citizen has nominated the Council to manage their finances on their behalf.
- 2.2 ARS will only apply to the Department of Work and Pensions (DWP) to be an appointee at the request of a Social Worker and where the citizen is in receipt of a benefit paid by the DWP. The DWP will review the Council’s application and if deemed to be appropriate will approve the application.
- 2.3 The Director of Adult Health and Social Care requested a review by Internal Audit following concerns regarding the management of citizen’s money by the Adult Residential Services Team, when it was located within Nottingham Revenues & Benefits (NRB).
- 2.4 The concerns included the accumulation of monies in respect of deceased clients over many years; a potential incomplete picture in terms of all bank accounts held by citizens and a potential failure to manage the benefit position for each client.
- 2.5 The Executive Summary in Appendix 2 sets out the key recommendations within the report. Our findings confirmed the initial concerns and our key findings included:

- The current system being used to manage the finances of citizens is not fit for purpose.
- There is a lack of transparency over balances held and the true position for each citizen is not apparent. This impacts on the Council's ability to demonstrate that it is acting in the best interests of each client
- There is no effective monitoring of appointeeship accounts, with the risk that inaccurate information is passed to the DWP
- There is inadequate separation between citizen's monies and NCC funds.
- Confirmation that the City Council has been holding in excess of £1m in respect of deceased persons accounts

3 Background – HR/Payroll

3.1 The annual Internal Audit plan includes an allocation of time to audit the key financial systems, which includes HR/Payroll. The approach to this work would typically include a review of the controls operated by EMSS, on behalf of partners, plus a separate review of the arrangements within Nottingham City Council; the results of this review are commented upon below plus the key recommendations within the report are set out in the attached Executive Summary in Appendix 1.

3.2 This review included specific testing in respect of NCC's management of the process but reflected upon other external reviews and our previously reported concerns. The review highlighted a poor system of internal control and consistent non-compliance with key controls resulting in monetary impact to the organisation, affecting its ability to achieve its objectives. Particular areas of concern included:

- An absence of ownership & accountability within HR & EDI for ensuring organisational compliance with internal controls and critical processes, i.e. no monitoring of compliance and no challenge to non-compliance.
- The Pay and Governance Board, responsible for scrutiny of pay has not met since the Covid Pandemic.
- The council being unable to demonstrate compliance with legislation in relation to Right to Work Checks for employees under Transfer of Undertakings (Protection of Employment).
- The council is both overpaying and underpaying employees in a number of different ways.
- HR & EDI are not applying the Special Payments Guidance consistently, creating an equal pay liability risk. The scrutiny, review and monitoring set forth within the policy has not been undertaken.
- HR & EDI assert line managers are responsible for ensuring pay is correct but Line Managers are often unable to explain why pay decisions have been taken for employees under their responsibility and the storage of documentation to explain decisions about pay is inadequate
- There are a number of data quality / integrity issues affecting the Oracle Fusion HCM system in its use and outcome.

4 Responses to the Audit Reports

- 4.1 Responses for Committee have been prepared by the responsible Directors to summarise the actions taken since the reports were issued in June 2023 and future proposed action (see attached appendices).

5 Background papers other than published works or those disclosing exempt or confidential information


- 5.1 None

6 Published documents referred to in compiling this report

- 6.1 Public Sector Internal Audit Standards (2017 update)

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Appendix 1 – HR/Payroll Internal Audit Report

Finance & Resources HR & EDI Division Previous review: 2020-21	Overall Opinion: No Assurance	Direction of Travel: 
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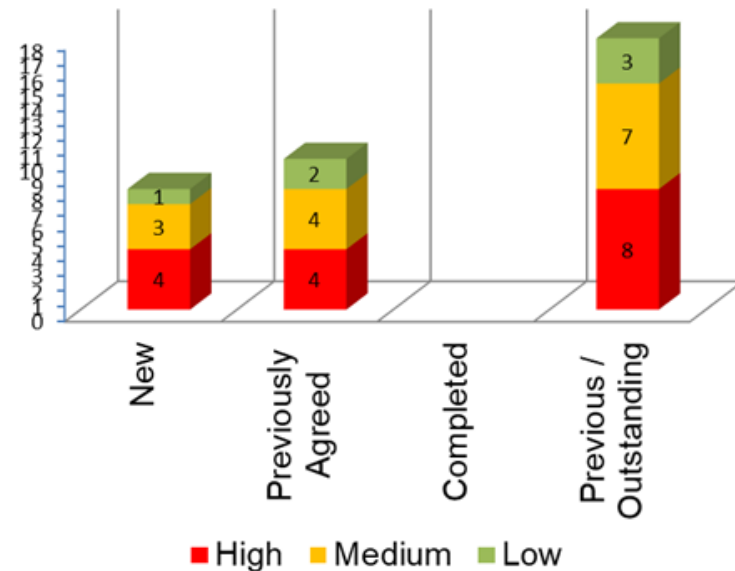
- Scope and Approach: This review considered the following aspects:
- Additional responsibility element end date review
 - Progression of grade following probation and other employment changes
 - New Transfer of Undertakings (Protection of Employment)
 - Omission of Line Manager details on Oracle Fusion

High Priority Recommendations (continued overleaf)

New Recommendations

- 2022 / 23 R1 - Meetings of the Pay and Governance Board should be reinstated at the earliest opportunity
- 2022 / 23 R3 - HR & EDI should reinstate regular payment monitoring outlined in the Special Payments Guidance (part of the Pay Policy).
- 2022 / 23 R5 - HR & EDI should work with EMSS and others to investigate and determine the cause of the failure of systems to increase pay. In the interim an exception report should be developed to highlight employees who may have not received a pay progression increase.
- 2022 / 23 R6 - HR & EDI should investigate all remaining employees (364) identified as possibly being underpaid due to the failure of automated systems.

Summary of recommendations by priority



Appendix 1 – HR/Payroll Internal Audit Report

High Priority Recommendations (continued)

Draft Confidential Briefing Note - Oracle Fusion Data Quality and Establishment Control – issued in draft 5th August 2022


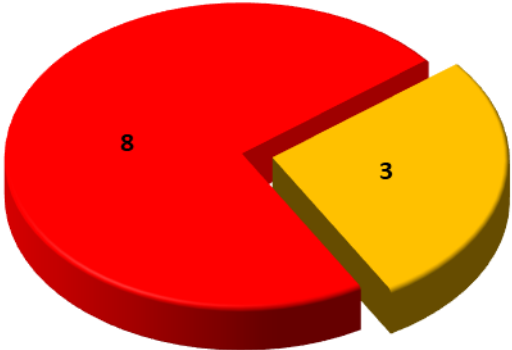
2022 / 23 R1 - We recommend HR & EDI develop process requirements for management of the employment establishment clearly setting out roles and responsibilities. We have obtained a policy from Westminster City Council which could be used as an example to develop for our use.

2022 / 23 R3 - We recommend HR & EDI communicate requirements to all Line Managers detailing their responsibilities to complete establishment control checklists contained within Oracle Fusion such as New Starters Checklist, Probation Details and Leavers Checklist. Such communication should form part of the process requirements recommended above.

2022 / 23 R5 - An annual establishment check should be carried out including verification of establishment by managers.

2022 / 23 R6 - Data relevant to establishment control should be reconciled periodically and any issues investigated and corrections made. This will involve as a minimum: a. HRT7 (HR & EDI); b. Oracle Fusion Hierarchy (HR & EDI); c. Budget (Finance); d. Active Directory (IT).

Appendix 2 – Appointeeship

<p>Directorate Finance and Resources Division Customer Services Previous review:</p>	<p>Overall Opinion: No Assurance</p>	<p>Direction of Travel: This is the first time that this area has been reviewed.</p> 								
<p><u>Scope and Approach:</u> In response to a request from the Director of Adult Social Care we have reviewed the way in which Appointeeships are managed with particular emphasis on:</p> <ul style="list-style-type: none"> • Confirming the balances held • A high-level review of system and controls • Identify key risks & next steps 										
<p>High Priority Recommendations</p> <p>2022-23 R1 BF57 approvals should be obtained in all cases in order that the Council can demonstrate that it is acting as instructed by the DWP. A record of the receipt of this notification should be recorded onto the FPM.</p> <p>2022-23 R2 These funds do not belong to the City Council and as such should be recorded separately within the client's money account. Each appointee should have their own bank account into which all income and expenditure should be recorded.</p> <p>2022-23 R3 There should be a full review of NCC's usage of the Financial Protection module with OCC to ensure that best practice is being followed and working practices are aligned with the intended use of the system.</p> <p>2022-23 R4 Once R3 above has been completed the training needs of colleagues should be assessed and where appropriate training provided.</p> <p>2022-23 R5 Steps should be taken to ensure that there is a comprehensive record of all activity undertaken on behalf of a client.</p> <p>Continued</p> <div data-bbox="1330 703 2047 1294" style="float: right; border: 1px solid black; padding: 10px; margin-top: 20px;"> <p style="text-align: center;"><u>Summary of the recommendations by priority</u></p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Priority</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>8</td> </tr> <tr> <td>Medium</td> <td>3</td> </tr> <tr> <td>Low</td> <td>0</td> </tr> </tbody> </table> </div>			Priority	Count	High	8	Medium	3	Low	0
Priority	Count									
High	8									
Medium	3									
Low	0									

Appendix 2 – Appointeeship

- 2022-23 R6 Appointees with negative balances within the Financial Protection Module should have their cases reviewed as a matter of priority to ensure that their financial needs are being met.
- 2022-23 R7 An urgent review of the appointee account balances should be undertaken to ensure that there is adequate funding to meet financial needs.
- 2022-23 R8 A full review of all the accounts within the Financial Protection Module with the aim of reducing those balances held and closing any accounts that are no longer required.

Appendix 3 - 2023/24 HR Improvement Plan

Transactional HR

Desired Outcome: Cost effective best value delivery of payroll and HR administration function

Success Criteria:

- NCC fully represented in requirements of EMSS HR/ payroll Service
- Reduced EMSS service with budget savings
- Performance meets targets for KPIs and milestones
- Clear Partnership Requirements documented
- Clear, measurable requirements for NCC agreed by Sponsor and HR Lead
- Signed SLA between Service Provider (EMSS) and Partners (LCC and NCC)
- KPIs reported on regular and defined basis and cost benefit/ Best Value demonstrable through these

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Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
EMSSHR 1	Delivered Improvement Plan	January 2023	March 2025	Ceri Morgan
EMSSHR 2	Robust SLA in place for NCC	December 2022	November 2023	Ceri Morgan
EMSSHR 3	Payroll control framework in place (currently being led by NCC Finance as part of the Finance Improvement Plan)- NB	TBC	TBC	HR - Ceri Morgan

EMSSHR 4 (new)	Support Finance Improvement Plan with AR review and Improvements in terms of salary overpayments	July 2023	TBC	HR - Ceri Morgan
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Systems

Desired Outcomes:

1. Establishment control

2. Develop road map for systems improvement Outside of Oracle Fusion - assessment required about future need followed by realistic prioritisation against budget availability

Success Criteria:

- Establishment control, budget, and people, is easily accessible to all stakeholders and reconcilable to both payroll and strategic finance (pay model)
- Clear schedule of all systems used across the Directorate
- Revision of Data Mapping to ensure all captured and reflected
- 1 system is used by both HR Services for the same function (e.g. recruitment, case management, etc)
- Reimplementation of self service for data and reporting across HR and Performance Leads resulting in refocus of HRMI from data generation to data analysis
- Organisational data available to other system owners (AD, Firm step, etc.) and utilised accordingly
- Clear provision for existing and new document management storage
- Clear schedule of all systems used across the Housing Services HR

Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
Sys 1	Implement Establishment Control	May 2022	September 2023	Ceri Morgan

Sys 2	Ensure ORC is delivering on organisational requirements	April 2023	September 2023- NCC March 2024- Housing Services	Ceri Morgan
Sys 3	Review of future system requirements of HR&EDI, not Fusion	July 2023	August 2023	Ceri Morgan
Sys 4	Harmonisation of systems inherited from NCH	May 2023	March 2024	Ceri Morgan
Sys 5 (P3)	Review of HR data set and reporting requirements to support decision making/ performance management	May 2023	September 2023	Ceri Morgan
Sys 6	Replacement of out of support Document Management System	April 2023	TBC	IT
Sys 7	Embedding of Self Service of Oracle Fusion for HR	May 2023	March 2024	Ceri Morgan

Resourcing and Talent Acquisition

Desired Outcomes:

1. Determine most appropriate long-term approach
2. Revise policy framework to support resourcing
3. Develop effective approach to branding as an employer

Success Criteria:

- Measurable impact on recruitment to HtF roles
- New policies and approach agreed and in place
- All managers trained in new processes
- New branding is agreed and in place
- New fit for purpose structure is designed and agreed
-

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Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
Res 1	Establish temporary Resourcing Programme Team	April 2023	August 2023	Kirsty Spencer
Res 2	Revise Policy Framework to support Resourcing	May 2023	March 2024	Kirsty Spencer
Res 3	Develop effective approach to employer branding	July 2023	May 2024	Kirsty Spencer

Res 4	Determine most appropriate long-term approach	June 2023	April 2024	Kirsty Spencer
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Partnering / Directorate Teams

Desired Outcome: Clear service offer with well-defined and agreed roles and responsibilities between managers and HR

Success Criteria:

- Improved processes requiring less administrative work and decreased HR involvement in that work in service areas
- increase collaboration and improved processes relating to shared processes such as establishment control and recruitment
- consistent objectives and outcomes by role
- agreement across directorates on what each role is able to support and progress

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Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
P1	Service Definition (role description – HR, Manager, EMSS,) access points, skills audit	July 2023	February 2024	Chantelle Molloy
P2	Detailed plan for process/policy improvement and associated upskilling of HR colleagues and managers to facilitate efficient/effective self-serve	July 2023	March 2024	Kelly Cracknall
P3 (Sys 5)	Review of HR data set and reporting requirements to support decision making/ performance management	July 2023	September/ October 2023	Marie Read

P4	Casework Improvement – Review of Disciplinary and Grievance Procedures, associated Guidance and supporting documentation	October 22	September/October 2023	Marie Read
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Pay Policy

Desired Outcome: Fit for purpose pay policy that supports the organisations resourcing requirements within the current labour market context

Success Criteria:

- New higher-grade option(s) for senior professional roles
- Benchmarked pay for senior management roles to support recruitment of the best individuals to support the Council’s improvement journey
- Improved rate of pay for overtime increasing services flexibility to provide cover where needed/at short notice without resorting to agency workers/improved retention

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Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
PP1	Implement additional increment for all colleagues	April 2023	October 2023	Daljit Nijran
PP2	Review of approach to Senior Professional/Technical pay grading	April 2023	Oct/Nov 2023	Daljit Nijran/Kirsty Spencer
PP3	Review Senior Management pay benchmarking	April 2023	Oct/Nov 2023	Dalit Nijran/Kirsty Spencer

PP4	Reintroduce Pay Governance Board	June 2023	Sept 2023	Daljit Nijran
PP5	Review overtime rates (remove 5hr waiting period for x1.5 rate)	Oct 2023	Nov 2023	Daljit Nijran
PP6	Review allowances elements and agree a plan of action	Nov 2023	Dec 2023	Daljit Nijran/Ceri Morgan
PP7	Review / Revise pay policy to incorporate all new changes	Jan 2024	March 2024	Daljit Nijran
PP8	Review impact of revised Pay Policy for maintained schools	Jul 2023	March 2024	Daljit Nijran

Workforce Strategy

Desired Outcome: A comprehensive workforce strategy that supports delivery of the Council's improvement journey and builds its reputation as an employer of choice

Success Criteria:

- Agreement by CLT of key themes / principles of Workforce Strategy
- Clear direction of travel re the strategic workforce priorities for NCC
- HR / OD activity aligned to strategic imperatives

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Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
W1	Conduct Stakeholder Engagement	June 2023	July 2023	THB
W2	Develop and present Key initial key strategic principles to CLT	July/August 2023	August 2023	THB
W3	Agree Workforce Strategy and socialise	Sept 2023	November 2023	THB

Learning and Development / OD

Desired Outcome: A strategic OD and L&D function enabled to ensure culture change and a skilled and productive workforce of the future

Success Criteria:				
<ul style="list-style-type: none"> • Clear understanding of all L&D investment in the Council's workforce and process in place to understand the return on that investment • Funded OD team to enable effective long-term strategy to investment in improving the Council's culture • Reduce/remove duplication • 				
Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
L1	Council wide understanding of L&D investment in the workforce	Sept 23	June 24	Titu Hayre-Bennett

	<ul style="list-style-type: none"> • Best Value procurement of L&D activity across the council with professional/expert oversight • Determine the Best Value model of L&D activity across the council via options appraisal • Clarity re Corporate offer and Professional local offer and interface • Understand and determine the best way to commission L and D activity throughout NCC <p>Stakeholder engagement re current offer and model of delivery</p>			
L2	<p>Review current model, including resourcing and investment available for skills development</p> <p>Understanding of council wide investment in L&D activity benchmarked with other organisations</p>	Sept 23	June 24	Titu Hayre-Bennett
L3	<p>OD requirements</p> <ul style="list-style-type: none"> • Review current model, currently underpinned by temporary funding linked to TfN and determine the model for a robust OD function via options appraisal, a model that is able to deeply engage with services for sustainable and embedded culture change <p>Possible options to consider</p>	July 23	January 24	Titu Hayre-Bennett

	<ul style="list-style-type: none"> Option to secure extension/ temporary arrangements from 1 April 24 – 31 Sept 24 (in line with the IAB period) and then secure/implement permanent arrangements. Secure/implement permanent arrangements from 1 April 24. 			
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Occupational Health/Employee Wellbeing/Health and Safety

Desired Outcome: An effective organisational structure that promotes the health and wellbeing of the workforce ensuring appropriate measure are in place to keep them safe at work

<u>Success Criteria:</u>				
<ul style="list-style-type: none"> Successful transfer of H&S to HR & EDI Agreed structure for new team with clear objectives, outcomes and KPI framework 				

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Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
EW1	Determine most appropriate structure/alignment of EW, OH and H&S functions to best meet needs of the organisation	tbc	December 2023	Kirsty Spencer
EW2	Undertake a needs assessment/benchmarking to effectively deliver health and safety and employee wellbeing ensuring full and appropriate utilisation of all relevant resources across the Council	tbc	March 2024	<i>tbc</i>
EW3	Explore and prepare, as appropriate for the withdrawal of provision of OH services to external clients including schools and academies	June 2023	December 2023	Kirsty Spencer

Equality/ Diversity and Inclusion

Desired Outcome: EDI positioned in most appropriate location to secure buy-in and be truly embedded within Council's wider strategic thinking underpinned by the Council's EDI Strategy

Reference	Objectives	Planned Start Date	Planned Completion Date	Lead
EDI1	<p>Determine the most appropriate location for the EDI function between HR and Strategy Policy to:</p> <p>Ensure inclusion is embedded in all learning and OD activity in NCC, create an inclusive leadership mind-set</p> <p>(To enable a robust EDI strategic approach we need to ensure that the EDI function is placed effectively in the organisation. EDI outcomes for citizens need to be effectively performance managed and embedded throughout services with appropriate oversight and engagement with citizens.</p> <p>Workforce Inclusion needs to be a key pillar of our culture programme)</p>	July 2023	October 2023	Titu Hayre-Bennett
EDI2	Finalise new EDI Strategy	2022	October 2023	Titu Hayre-Bennett

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Appendix 4 – HR and Payroll - Detailed response to recommendations

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
R1	Meetings of the Pay and Governance Board should be reinstated at the earliest opportunity	High	Further consideration has been given to ensure there is an effective process to review additional payments such as market supplements. The Pay Governance Board is a narrow group of senior managers that review existing payments on a quarterly basis.	Organisational HR Manager/HR Business Leads	Pay Policy 4 Reintroduce Pay Governance body
R3	HR & EDI should reinstate regular payment monitoring outlined in the Special Payments Guidance (part of the Pay Policy).	High	The pay governance arrangements are being reconfigured to be more effective with each Directorate Leadership Team/Director reviewing the relevant data for their respective areas on a quarterly basis. This process will be led by the HR business lead for each directorate with information provided by the Organisational HR team. To ensure there is oversight of the overall corporate position the Director for HR & EDI and Organisational HR Manager will review the whole information on a quarterly basis reporting any anomalies to the Corporate Director of Finance and Resources (Section 151 Officer) The revised pay governance arrangements will be reflected in the updated Pay Policy.	Q1 & 2 information to be reviewed by DLTs/Director in October Director HR/EDI Organisational HR Manager Q1&2 corporate data to be reviewed October	Partnering 2 Process/Policy Improvement
R2	HR & EDI should review the Special Payments Guidance to ensure the policy is fit for purpose and ensure persons administering the process are	Medium	Ensure HR colleagues are aware of the requirements in relation to current arrangements for Special Payments & able to effectively support managers	HR Business Leads Q2 2023/24	

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
	trained on the policy in order to prevent inconsistent application		The Pay Policy and Special Payments Guide are scheduled to be reviewed and updated once the work described above is concluded and wider revisions to the Pay Policy, that are currently subject to securing a collective TU agreement, are concluded. Guides on how to effectively implement pay policy will be included.	Organisational HR Manager / HR Systems Team Leader/ HR Business Lead CERS Q3/4 2023/24	Pay Policy 4 Reintroduce Pay Governance body Partnering 2 Process/Policy Improvement
R4	HR & EDI should update the NCC Policy Library to include all key policies and strategies	Low	The Council's Statutory Pay Policy Statement is available in the Policy Library each year. In addition, it has been agreed, with Policy and Performance, that the Pay Policy and Special Payments Guidance will also be published in the Policy Library once the revisions have been drafted, consulted and negotiated with the TUs and agreed.	Organisational HR Manager April 2024	Pay Policy 7 Review/Revise Pay Policy to incorporate all new changes
R5	HR & EDI should work with EMSS and others to investigate and determine the cause of the failure of systems to increase pay [for employees] In the interim an exception report should be developed and used to highlight employees who may have not received a pay progression increase.	High	Audit initially identified 374 possible issues and audited 10 of which 3 were confirmed as errors and have now been rectified. The auto progression process is run on a monthly basis, prior to Payroll, by the Sys Admin Team in EMSS. This was first run in May 2022 (there was manual entry by HR & EDI on a monthly basis prior to this) as there had to be 12 months payroll data in the system for this to be automated in this way. Between May and December 2022, reports were scheduled from the system on these changes and were checked manually. All expected progressions were successfully enacted by the system.	HR Systems Team Leader/EMSS/ Internal Audit Resolved	

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
			<p>Further exception reporting is scheduled by payroll, as part of their payroll exception activity.</p> <p>The changes to the NCC Pay Tables, as part of the organisation's response to the IAB Instruction ("Ensure the Council's new pay policy demonstrably assists effective recruitment and retention") means that all grades and grade steps are being amended, from grades B (there is the removal of grade A due to the NJC agreement) to SLMG1. Due to the complex nature of this implementation, manual checks will have to be performed for the following 12 months after the implementation date (01 July 2023, being applied in September 2023) to ensure that the integrity of the preceding progression date (and not the 01 July 2023) date is used for employee progression to the next step. This will be led by HR & EDI, with support from Payroll in EMSS. After the 01 July 2024, auto progression will again be implemented on this date.</p>		
R6	HR & EDI should investigate all remaining employees (364) identified as possibly being underpaid due to the failure of automated systems.	High	<p>There are some issues with the data/report used by audit to identify these errors and the above automated process identified above is operating effectively.</p> <p>The additional increment being paid to all employees in September will allow an additional check to the pay progression of employees</p>	Organisational HR manager / HR Systems Team Leader	Pay Policy 1 Implement Additional Increment for all colleagues
R7	HR & EDI should develop a method to identify employees under TUPE protections.	Medium	All employees that join via TUPE are identified by their separate Pay Table (these are held centrally in HR&EDI).		Partnering 2 Detailed plan for process/policy

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
(R1 '21)	<p>TUPE should also be identified on the Starters & Leavers Report within the 'Action' or 'Reason' column</p> <p>Pre-employment checks completed for all TUPE transfers should be uploaded to the Castle documentation system</p>		<p>All employees that leave via a TUPE process have the Leaving Reason as TUPE out.</p> <p>Full process mapping of entire TUPE process will be conducted, in conjunction with the responsible HRBL, and documented with a master copy held by ER in HR&EDI</p>	<p>HR Business Lead CERS</p> <p>September 2023</p>	<p>improvement and associated upskilling of HR colleagues and managers to facilitate efficient/effective self-serve</p>
R8	<p>HR & EDI should ensure an adequate system is in place to store documentation and evidence about pay and other HR & employment decisions.</p>	Medium	<p>Work is ongoing with IT colleagues to scope an effective document management system replacement.</p> <p>Process mapping/improvement work will ensure there is clarity among HR colleagues and managers about document requirements</p>	<p>IT leading</p> <p>HR systems team leader / HR Business Lead CERS</p> <p>Q4 2022/23</p>	<p>System 7 Embedding of Self-Serve Oracle Fusion</p> <p>Partnering 2 Process Maps</p>
R1 Aug '22	<p>We recommend HR & EDI develop process requirements for management of the employment establishment clearly setting out roles and responsibilities. We have obtained a policy from Westminster City Council</p>	High	<p>The Management of staffing establishments is a fundamental management control for the Council. Having robust mechanisms that facilitate the provision of effective and accurate establishment data for reporting at a statutory and organisational level is of paramount importance. Findings of initial review undertaken by PWC LLP over 6 months to end of last financial year found the need for establishing a single version of the truth through establishment of robust control framework.</p>	<p>Director HR & EDI / Director Finance</p> <p>Q2/3 2022/23</p>	<p>System 1 Establishment Control</p>

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
	which could be used as an example to develop for our use.		<p>Following agreement with CLT an Establishment Control project has been established led by the Director of HR and EDI. The project is a key activity in supporting delivery of the HR improvement Plan and aligns to the FIP. There are 4 mutually exclusive workstreams to this project:</p> <ol style="list-style-type: none"> 1). Rollout a baseline reconciliation of Fusion HCM across all directorates. 2). Implement the data HR hierarchy to provide a single view of the establishment. 3). Implement a monthly process for payroll control and sign off. 4). Develop and roll out an establishment control dashboard for budget holders to review and sign off. 		
R2 Aug '22	As part of the process requirements, we recommend HR & EDI undertake regular data quality reviews of Oracle Fusion employee information. This should be reported to Director HR & EDI, Chief Exec & Corporate Director of Finance & Resources (cc HoIA & DoF to support audit planning and budgeting	Medium	See response to R1 Aug '22		

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
	respectively). Data Quality issues should be resolved by either HR & EDI or the appropriate managers and resolution reported in the subsequent report as above.				
R3 Aug '22	We recommend HR & EDI communicate requirements to all Line Managers detailing their responsibilities to complete establishment control checklists contained within Oracle Fusion such as New Starters Checklist, Probation Details and Leavers Checklist. Such communication should form part of the process requirements recommended above.	High	See response to R1 Aug '22 Support to improve the take up of manager self-serve alongside providing clear simple guidance for processes outside of the Oracle Fusion system are central to the HR improvement programme	Director HR & EDI HR Systems Leader HR Business Lead CERS	System 1 Establishment Control System 7 Self-serve Oracle Fusion Partnering 2 Process / Policy improvement
R4 Aug '22	We recommend HR & EDI undertake a regular monitoring programme for the completion of Oracle Fusion Checklists as part of the process	Medium	See response to R1 Aug '22 Oracle Fusion reporting developments from update 23B onwards will further enhance system capability allowing	HR Systems Team Leader	Systems 1 Establishment Control BAU

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
	requirements recommended above.		for automated reminders to be sent to managers and enable improved exception reporting		
R5 Aug '22	An annual establishment check should be carried out including verification of establishment by managers.	High	See response to R1 Aug '22		
R6 Aug '22	Data relevant to establishment control should be reconciled periodically and any issues investigated and corrections made	High	See response to R1 Aug '22		
R7 Aug '22	We recommend a warning is placed at the top of the HRT7 report to inform individuals that employee assignments may be duplicated and explain how data quality issues should be reported.	Low	Complete		
R8 Aug '22	HR & EDI review capacity within relevant teams including HRMI to ensure adequate resourcing of the areas to be responsible for the issues identified in this report. The review should include the	Low	Capacity within the existing structure will be considered as an overarching issues relating to the HR Improvement Plan.	Director HR & EDI March 2024	

REF	Recommendation	Priority	Management Response	Responsibility and Target Date	HR Improvement Plan Reference
	potential for single points of failure and succession plans.				

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Appendix 5 - Adult Residential Services Audit Briefing Note

January 2023, Sara raised concerns around how Adult Residential Services (ARS), at the time with NRB Ltd, were managing residents' money, particularly the accumulation of monies in respect of deceased clients over many years; a potential incomplete picture in terms of all bank accounts held by citizens and a potential failure to manage the benefit position for each client. The financial data provided by NRB at the time initially indicated:

- 416 deceased cases with a total of over £1m being held by ARS. The oldest recorded estate / date of death being 07/11/2007 with £4,247.
- 246 citizens with funds accumulated within the ARS 'client monies account' This account holds citizen's capital where ARS are not able to send income straight out to the client/care home/family. This account has a credit balance of £1,496,691.

An audit was commissioned to review the way in which Appointeeships are managed with particular emphasis on:

- Confirming the balances held
- A high-level review of system and controls
- Identify key risks & next steps

As a result of the audit a number of recommendations have been made, which are detailed below together with actions

R1	BF57 approvals (DWP notifications) should be obtained in all cases in order that the Council can demonstrate that it is acting as instructed by the DWP. A record of the receipt of this notification should be recorded onto the FPM (Financial Protection Model)	Complete BF57 approvals are being received and scanned into Liquid Logic.
R2	These funds do not belong to the City Council and as such should be recorded separately within the client's money account. Each appointee should	The current system used, ContrOCC does not have the functionality to handle sub accounts. To mitigate this risk, a

	have their own bank account into which all income and expenditure should be recorded	<p>migration from ContrOCC to Caspa is planned and discussions have taken place to plan this project.</p> <p>Audit colleagues have advised of the intent to approach Finance colleagues about the treatment of appointee income, which is not NCC funds; ARS are acting on behalf of the resident and as such should be acting in their best interest. LL will enquire re progress.</p>
R3	There should be a full review of NCC's usage of the Financial Protection module with OCC to ensure that best practice is being followed and working practices are aligned with the intended use of the system.	See above, the existing system does not enable the required functionality.
R4	Once R3 above has been completed the training needs of colleagues should be assessed and where appropriate training provided	This has taken place in respect of the current system and will be part of the migration to Caspa.
R5	Steps should be taken to ensure that there is a comprehensive record of all activity undertaken on behalf of a client	Again, linked to ContrOCC functionality and will be resolved through migration to Caspa
R6	Appointees with negative balances within the Financial Protection Module should have their cases reviewed as a matter of priority to ensure that their financial needs are being met.	<p>There were 8 negative balances identified as part of this audit. These have been reviewed and a full summary of findings was provided to ASC on 11th May 2023. Manual reviews identified no issues.</p> <p>Audit have confirmed that issues have been resolved and accounted for outside of the system.</p>

R7	An urgent review of the appointee account balances should be undertaken to ensure that there is adequate funding to meet financial needs	The service conducted a manual review of balances shown in the financial protection module to ensure adequate funding in place. Again, migration to Caspa will resolve this concern.
R8	A full review of all the accounts within the Financial Protection Module with the aim of reducing those balances held and closing any accounts that are no longer required	The service conducted a review with the software provider who confirmed the system is not configured nor has the functionality to deliver the recommendations. Again, migration to Caspa would resolve this issue as the design is fundamentally different to that of ContrOCC's Financial Protection Module.
R9	"ARS Spare Account within client monies" The purpose of the account should be clarified and if possible, any balance cleared.	The account is historic. The account was created for receiving interest on accounts that had been closed. This was at a time before automation of account closures. There is a small balance on the account which LL and SS agreed could be transferred to the Lord Mayor's Charity, which is Hayward House Hospice.
R10	There should be quarterly regular reviews to ensure that the interests of the appointees are safeguarded	ARS have issued to issues 232 letters to Care Homes requesting information about balance of funds held on behalf of Citizens. To date, 31 responses have been received, any responses not received will be followed up with each recipient of personal allowance or directly with the residential home to challenge and ascertain the balance of any unspent personal allowance. For information, this balance remains below £16000
R11	All the procedures should be reviewed, and version control information be added to each one.	All procedures are now within a review mechanism, copies of revisions can be provided as and when. Whilst ContrOCC is in use, the team are committed to end-to-end testing for each release.

Lucy Lee

Director of Customer Services

21.8.23

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Audit Committee

Annual Report

2022/23

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Foreword by the Chair

I am pleased to provide the Audit Committee's Annual Report for the municipal year 2022/2023. The Council is requested to take note of the work conducted by the Audit Committee in improving and enhancing the governance arrangements throughout the Council.



The report illustrates how the Audit Committee makes a positive contribution to the Council's governance, risk and control environments. These cover all aspects, such as internal control; risk management; internal audit; anti-fraud; external audit; and financial reporting and assurance over improvement programmes.

The Committee is supported by officers through reports and presentations, and the committee make recommendations for officers to take on suggestions to ensure the benefits of this Committee are passed onto our citizens through improvements to the governance, risk and control environment.

I would like to thank Councillor Sajid Mohammed for chairing the Committee during 2022/23, and the Internal Audit and the External Audit teams for their input. I should also like to thank all the officers, and all fellow Committee members who have contributed and supported the work of the Committee throughout the past year. Audit Committee Members have supported and challenged officers to ensure our governance, risk, and control processes are effective, open, and transparent.

Key highlights of the Committee's work in 2022/23 included

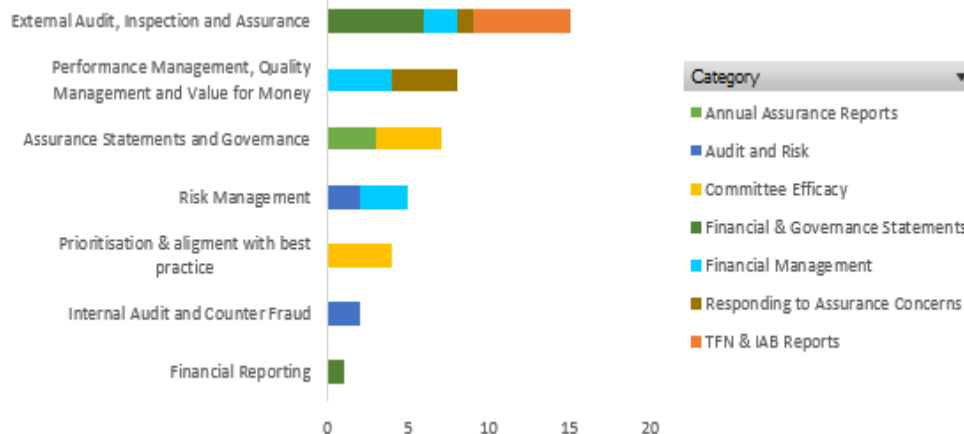
- Reports from theme leads on progress, governance, risk and control in the Together for Nottingham Plan and in Improvement and Assurance Board requirements
- Recognising the issues developing from the S151 Officers S114 report and activity to build improvement in financial controls
- Progress towards production of Financial Statements and in the statutory audit
- Improvement plans and progress resulting from Limited Assurance Internal Audit Reports and external assurance provider reports
- Successful procurement of external audit for 2023/24 to 2027/28 financial statements

For 2023/24, as Audit Committee Chair I look forward to continuing to support the Council by ensuring that the Committee

- continues to recognise issues that require its focus
- prioritises the most significant corporate risks and issues
- seeks to gain assurance and challenge weaknesses in
 - governance,
 - risk management, and
 - control
- improves its efficacy, following best practice, being proactive and forward thinking

Introduction

This report summarises the work performed over the year 2022/2023



There has been a fall in financial reporting activity due to the delay in production and audit of yearly financial statements and an increase in performance management activity which reflects the requirement to review exemptions from Contract Procedure Rules and service responses to Internal Audit reports and committee concerns. The committee has contributed to the effectiveness of the Council by the work it has done including 38 reports as follows:

7

Reports

Assurance Statements and Governance

- Monitoring and approving the Annual Governance Statement and associated activity
- Considering governance, risk and control arrangements for
 - high level financial strategy and reserves
 - governance risks connected to asset realisation
 - governance of capital programme and projects
 - value for money and delivering objectives
 - governance of linked incorporated bodies (and in particular our wholly owned Companies)
- Receiving and making recommendations in respect of Annual Assurance Reports from key corporate specialisms
- Scrutinising non-executive amendments to the Constitution

5

Reports

Risk Management

- Reviewing the mechanisms for the assessment and management of risk and thereby developing the Council's ability to respond to known and emerging risks and considering key risks
- Overseeing the Council's Treasury Management arrangements

8

Reports

Performance Management, Quality Management and Value for Money

- Reviewing assurances provided including in respect of Exemption from Contract Procedure Rules
- Reviewing actions taken by services as a result of Limited Assurance Internal Audit Reports
- Receiving a response to concerns raised by the Committee

15

Reports

External Audit, Inspection and Assurance

- Managing a good working relationship with the external auditor, ensuring appropriate action is taken on its recommendations
- Receiving cross-cutting external inspections and assurance reports, ensuring appropriate action is taken on their recommendations

2
Reports

Internal Audit and Counter Fraud

- Approving arrangements and monitoring performance of Internal Audit and Counter Fraud
- Ensuring internal audit independence and that findings are actioned by managers and consequently help to improve the Council's effectiveness and governance arrangements;

1
Report

Financial Reporting

- Monitoring of, and contribution to, the development of the Council's Statement of Accounts

In addition, the committee maintains prioritisation and alignment to best practice of its work through regular reviews of its work programme by tracking its recommendations.

The Purpose of Audit Committees

The Audit Committee operates in accordance with the "Audit Committees, Practical Guidance for Local Authorities" produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2022. The Guidance suggests the purpose of an Audit Committee as follows:

1. To provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to the Council that those arrangements are effective.
2. The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Terms of Reference

The Council reviewed and updated the Audit Committee's terms of reference in 2021 as required by the Report in the Public Interest. As part of this process, CIPFA was engaged to review these terms of reference and suggest improvements. CIPFA provided the committee with assurance that the terms continued to be appropriate and more extensive than comparator authorities, including detailed functions within them to support compliance with the Public Sector Internal Audit Standards. The Council has delegated some of its non-executive functions to the Audit Committee. These are defined in the committee's terms of reference.

A review of terms of reference is planned this year to confirm to the new CIPFA guidance issued in 2022 is included within its TOR.

Good governance is ultimately the responsibility of those charged with governance, as well as those with leadership roles and statutory responsibilities in the organisation, including the Chief Executive, Corporate Directors, the Chief Financial Officer and the Monitoring Officer. The Audit Committee plays a key role in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and risk management and financial reporting.

The Council exhibits good corporate governance if it undertakes its functions with integrity and in a way that is accountable to the people of Nottingham, transparent, effective and inclusive. My role as the Chair of the Audit Committee is to drive forward improvements to impact on the quality of governance, risk management and internal

control at the Council and identify the contribution made by the committee. This means I must:

- Consider the reports of external audit and inspection agencies;
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors and gain assurance that recommended improvements meet the needs identified and are being delivered to an appropriate timescale;
- Support the committee in reviewing the financial statements, external auditor's opinion and reports to councillors, and monitor management action in response to the issues raised by external audit;
- Support the committee in reviewing the Council's integrated planning and performance framework;
- Support consideration of the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- Lead the committee to be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve;
- Lead approval of Internal Audit's strategy, plan and monitor performance.
- Support Internal Audit and contribute to Peer Review
- Support the review of the summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary;
- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted; and
- Lead the Audit committee in procuring external audit if required.

Committee Aims

In summary, the committee's role is to challenge, assess and gather assurance from within the Council and from external agencies, on the level and quality of the internal control and risk management processes in place to ensure that Council objectives are met. As part of this role it approves Audit Plans, the Statement of Accounts, and Annual Governance Statement and monitors the robustness of performance management systems. The benefits gained from operating an effective committee are that it:

- contributes to the development of an effective control environment including arrangements for management of risk;
- increases stakeholder confidence in the objectivity and fairness of financial and other reporting by promoting transparency and accountability;
- reinforces the importance and independence of internal and external audit and any other similar review process (e.g. providing a view on the AGS) and the implementation of audit recommendations;
- advises on the adequacy of the assurance framework and considers whether assurance is deployed efficiently and effectively to give assurance that Council objectives are met;
- helps the authority to implement the values of ethical governance, including effective arrangements for countering risks of fraud and corruption

Membership

The Audit Committee was made up of 9 non-executive councillors appointed to reflect the political balance of the Council. The members of the committee for the municipal year 2022/2023 were:

Councillor Sajid Mohammed (Chair)
Councillor AJ Matsiko (Vice-Chair)
Councillor Graham Chapman
Councillor Michael Edwards
Councillor Jane Lakey
Councillor Nayab Patel
Councillor Ethan Radford
Councillor Andrew Rule

Work Undertaken

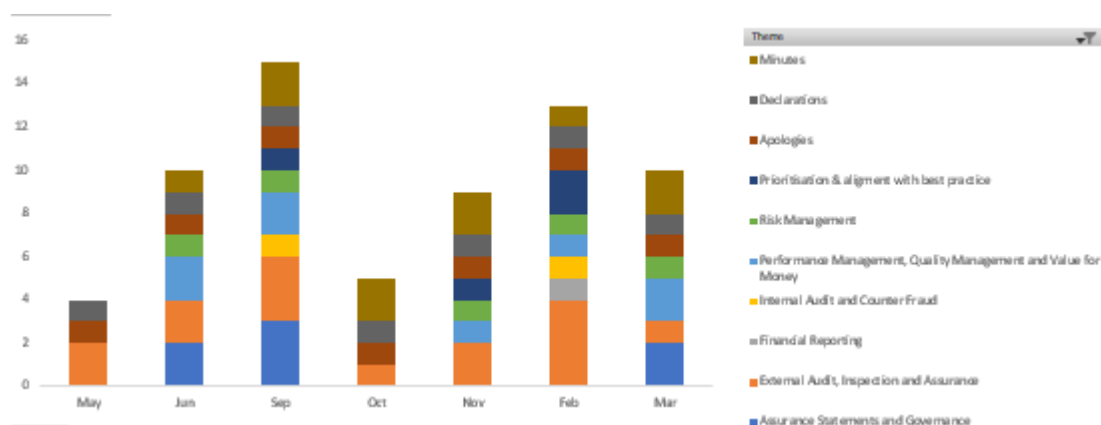
During 2020/21, the Council received two very significant reports which continued to impact the committee's activity during 2022/23:

- The external auditor's Report in the Public Interest.
- The Non-Statutory Review by Max Caller which was commissioned by the Secretary of State.

As a result of these reports a programme of improvement actions was undertaken one strand of which led in 2021/22, followed by further significant reports in 2022/23:

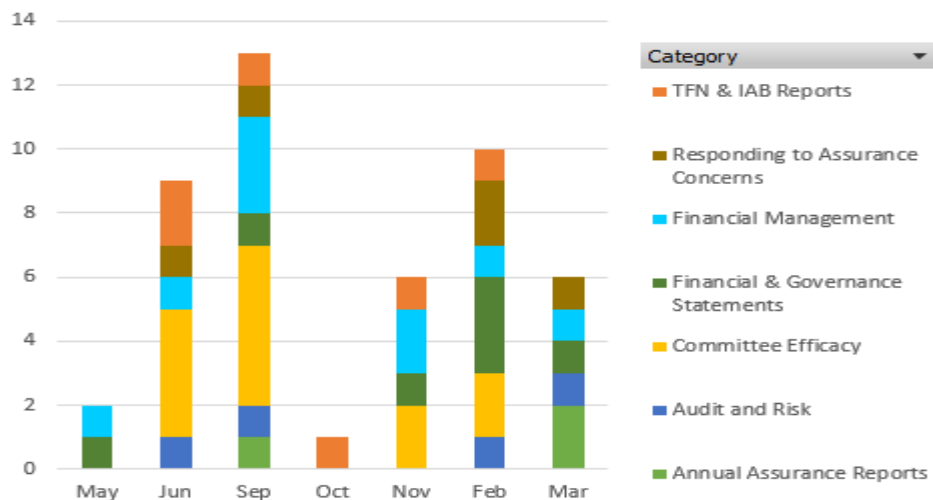
- The Section 114 report by the Chief Financial Officer regarding illegal transactions connected to the Housing Revenue Account
- The External Review of Housing Financial Management
- Improvement & Assurance Board Statement of Requirements and Statutory Directions

The committee has sought to gain assurances across the Council's improvement plan and to understand the outcomes of the Chief Financial Officer's attempts to gain assurance in relation to financial controls. As a result in 2023/24 the committee is receiving progress updates on financial statement audits and completion, and also on the Finance Improvement Plan.



2022/2023 continued to test all Councils with a focus on transformation and good management of the resources available becoming more important. Audit Committee has seen the impact of its activities with several services reporting on activity to respond to concerns raised by Internal Audit or by the Committee. Also there has been

a broader focus in Directorates on compliance with our framework of rules, and on completing actions arising from assurance reports. I expect to see further improvements as 2023 progresses.



The work is reflective of the committee's terms of reference shown at **Appendix A** which is addressed via an annual work programme endorsed by the committee and cross-referenced to the elements of the annual work programme. The analyses above has been derived from the reports and presentations set before the committee in the period, which are shown in **Appendix B**.

Assurance Statements and Governance

The Audit Committee Work Programme shown in **Appendix A** reflects the many subject areas and sources of information that the committee considers in its deliberations about corporate governance. The information assimilated allows members of the committee to understand governance issues and determine their opinion about the overall state of corporate governance in the Council. In addition the Audit Committee had formed informal working groups to help the committee to better understand and consider the following areas:

- Capital
- Companies
- Fraud (Anti-fraud, anti-bribery, and anti-corruption)
- Risk & Assurance

Having gained this understanding, in future these groups will focus only on specific tasks.

Reports on the following areas were considered by the committee during the year:

- The Together for Nottingham Plan and the directions issued by the Improvement and Assurance Board including
 - Companies Governance
 - MTFs and Council Plan
 - Asset Management
- Emerging Financial Issues
 - Housing Financial Management
 - HRA and other emerging risks
- Statements of Accounts
 - External Audit Reports including Value for Money report
 - External Audit and CFO updates and statement progress monitoring

- Accounting Policies
 - Appointment of External Auditor for 2023/24 to 2027/28
- Financial Management
 - Control over Procurement Exemptions
 - Treasury Management
- Annual Assurance Reports
 - Information Compliance and Information Security
 - Health and safety within the council
 - Complaints & Local Government Ombudsman Annual Letter
- Responding to assurance concerns
 - Contract Management and Procurement
 - ICT Procurement
 - Selective Licensing Scheme (external auditor report)
 - Corporate Recruitment Challenges
 - Business Rates
- Risk Management and Corporate Risk and Assurance Register
- Internal Audit
- Role of the Audit Committee, Annual Work Programme & Performance

The Committee considered these reports and made resolutions in respect of each as set out in Appendix C.

Looking Forward

The Audit Committee will amongst other activities

- review the terms of reference
- seek to strengthen its membership with the appointment of additional external independent member(s)
- self-assess its knowledge and skills via CIPFA Self Assessments
- continue to seek assurance on the implementation of the Improvement and Assurance Board directions and Together for Nottingham Plan including theme milestones and outcomes
- monitor progress in bringing the Council's external audits up to date and ensuring future external audit cycles progress smoothly and on time
- monitor progress on the Financial Improvement Programme
- seek assurance that a corporate assurance framework is owned and managed by the executive and senior management, is fit for purpose and incorporates mapped controls with regular monitoring and appropriate escalation
- seek assurance that the ethical governance framework for councillors and officers is effective
- have oversight of the Corporate Risk Register and associated management assurance frameworks including examination of key risks as needed
- provide challenge to the executive and senior officers to encourage implementation of improvements and delivering best value

Independence

The key criterion in assessing the independence of the committee is that its members are non-executives and their conduct on the committee is independent of political allegiances. Councillors have sought advice from legal and governance officers to achieve this requirement, and have made declarations or have left the

meeting where a conflict of interest was apparent, as is appropriate. We accept the observations of the external auditor about the conflicts of interest that arise when councillors act as directors on council owned companies. The Council's Constitution now precludes Directors of any of the Council's Group of companies being a member of the Audit Committee. The Audit Committee terms of reference now allow for 2 independent members. The opposition member has an open invite to join any chair of audit briefings and any pre-meetings the committee holds.

Training & Development

Training has been provided to committee members during the year on:

- the Role of the Audit Committee and its members (CIPFA – March 2021)
- Constitution eLearning (available October 2021;)
- Risk management (Zurich – March 2021; July 2023)
- Treasury Management (Link Asset Management – December 2021; July 2023)

In addition committee members have been able to understand key areas of the authority's risk and control environment better through the working groups.

Conclusion

In assessing compliance with the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022, for the financial year 2022/23, I have considered

- the available guidance in Appendices E & F of the CIPFA guidance on audit committees (attached as Appendix D & E to this report),
- the terms of reference and duties of the Audit Committee (Appendix A), and
- the work undertaken over the period since the last annual report (shown in Appendices B & C).

My view on compliance with the Position Statement is that overall, the committee has carried out its role effectively during 2022/23. The audit committee does comply with minor areas of improvements to be addressed and evidenced during this municipal year. The committee has and will continue to proactively seek assurances over the key indicators. Whilst the total number of reports show a slight decrease from 45 down to 38, this demonstrates the committee giving more focus to the corporate priorities. The committee will remain focused yet agile in its work programming; as the corporate pressures and priorities evolve, so will the focus of the committee to seek the assurances it requires. The audit committee is independent and will challenge the executive members where necessary. The recommendations arising from the committee are taken seriously and the recommendation tracker will be a vital tool of the committee going forwards. The committee has the desire to self-reflect and improve its effectiveness during 2023/24.

To support this aim the Audit Committee will benefit from the appointment of an Audit & Scrutiny Officer in the Governance Team, and will set out an audit committee improvement plan

Appendix A - Analysis of Audit Committee Work Programme

Description	Report	Meeting			
Purposes:					
a. The Audit Committee is a key component of Nottingham City Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.	Annual Audit Committee Report			SEP	
b. Provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment.	External Audit reports, Annual Audit Committee Report, Annual Governance Statement (AGS) reports	MAY		SEP	
		NOV	FEB	MAR	
c. Provide independent review of the Council's governance, risk management and control frameworks.	AGS, Risk Management & External Audit reports	MAY	JUN	SEP	
		NOV		MAR	
d. Oversee the financial reporting and annual governance processes.	Budget, Statement of Accounts, Accounting Policies & AGS reports	MAY		SEP	
		NOV	FEB	MAR	
e. Oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.	Annual IA Plan and updates & EA Updates	MAY		SEP	
		NOV	FEB	MAR	
f. Consider assurance of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment including emphasis on: <ul style="list-style-type: none"> Governance risks around high level financial strategy and reserves Governance risks connected to asset realisation Governance of Capital Programme and projects Value for Money and Delivering Objectives Governance of linked incorporated bodies Excel	Budget, Statement of Accounts, EA Updates, IAB, OFSTED, Ombudsman, Companies, Assurance & Corporate Risk reports and presentations	MAY	JUN	SEP	OCT
		NOV	FEB	MAR	

Description	Report	Meeting			
g. Oversee proposed and actual changes to the Council's policies and procedures pertaining to governance.	Audit Committee Terms of Reference, Public Interest Report, IAB, Companies Governance, Non-Statutory Review and Recovery & Improvement Plan, Interim AGS & Governance Updates connected to Action Plans	MAY	JUN	SEP	OCT
		NOV	FEB		
Objectives:					
Governance, Risk & Control					
a. Review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.	AGS reports	There were no AGS reports published during 2022/23 as no financial statements were drafted or finalised during the year. Multiple AGS reports should be brought in 2023/24			
b. Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.	AGS				
c. Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.	Annual Audit Letter & VfM Report		FEB		
d. Consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.	Assurance Reports (H&S, ITG, Complaints, HR)			SEP	
				MAR	
e. Receive and consider the results of reports from external inspectors, Ombudsman and similar bodies and from statutory officers.	Budget, Annual summary of External Assurances, IAB, OFSTED, Complaints & LG Ombudsman,	MAY		SEP	OCT
			FEB		

Description	Report	Meeting			
f. Monitor the effective development and operation of risk management in the Council.	Risk Management Reports, Brexit, Covid-19 & Emergency Planning		JUN		
g. Monitor progress in addressing risk-related issues reported to the committee.	IAB, Ofsted, Budget, Risk Management Updates, External Audit updates, Corporate Action Plans, Companies & Brexit	MAY	JUN	SEP	NOV
h. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.	IA Progress Updates & Service presentations, Companies reports	MAY	JUL	SEP	OCT
i. Review the assessment of fraud risks and potential harm to the Council from fraud and corruption.	Annual IA Report & Annual Audit Letter			SEP	
j. Monitor the counter fraud strategy, actions and resources.	Annual IA Report & progress update			SEP	
k. Review the governance and assurance arrangements for significant partnerships or collaborations, including the Partnership Governance Framework, annual health checks and the Register of Significant Partnerships.	Audit Committee Terms of Reference	NOV	JUN		
l. Commission work from internal and external audit.	Not applicable in 2022/23				
m. Consider arrangements for and the merits of operating quality assurance and performance management processes.	Customer Experience, EMSS, Council Plan and Corporate Performance Assurance		FEB	SEP	
n. Consider the exercise of officers' statutory responsibilities and of functions delegated to officers.	e.g. S114A & S5A reports	MAY		SEP	

Description	Report	Meeting			
o. Effectively scrutinise, review and monitor treasury management strategies and policies in accordance with guidance issued to local authorities, and make appropriate recommendations to the responsible body.	TM 2019/20 Annual Report, TM Strategy and Capital Strategy, TM Half-Yearly update			SEP	
p. Consider any appeals made by an employee against decisions made by the Appointments and Conditions of Service Committee relating to a grievance made against the Chief Executive. Members involved in considering these will not be able to participate in any further consideration of the matter at other committees.	[Audit Committee will be advised by officers if/when it is required to carry out this role]	NOV	FEB		
Financial Reporting					
q. Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.	Statement of Accounts				None completed in 2022/23
r. Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.	Audit Findings Report, Auditor's Report to members of NCC (both with Statement of Accounts), Public Interest Report				None completed in 2022/23
s. Approve the Council's Statement of Accounts and associated governance and accounting policy documents	Accounting Policies, Statement of Accounts, external audit outcome and Public Interest reports & Annual Governance reports				
			FEB		
External Audit					
t. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.	Annual Audit Letter				Not applicable for reports and updates in 2022/23

Description	Report	Meeting			
u. Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.	Annual Audit Letter, VFM report, Selective Licensing report				
v. Consider specific reports as agreed with the external auditor.	Public Interest Report	Not applicable in 2021/22			
w. Comment on the scope and depth of external audit work and to ensure it gives value for money.	EA reports	MAY		SEP	
x. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.	Annual Audit Committee Report	NOV	FEB	MAR	
				SEP	
Internal Audit					
y. Undertake the duties of the Board mandated by PSIAS as identified in Appendix 2.	PSIAS duties are listed below			SEP	
z. Consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services, and the head of internal audit's annual report.	IA Progress Reports		FEB	MAR	
aa. Consider summaries of specific internal audit reports as requested.	Annual IA Report, IT Procurement, Business Rates Planned Improvements		JUN	SEP	
PSIAS Duty of the Board					
1000 Approve the Internal Audit Charter	Annual IA Report			SEP	
1110 Approve the risk-based internal audit plan, including internal audit's resource requirements, including any significant changes, the approach to using other sources of assurance and any work required to place reliance upon those other sources.	Annual IA Report			SEP	

Description	Report	Meeting			
1110 Approve decisions relating to the appointment and removal of the Chief Audit Executive	[If required the S151 Officer will provide a report]	Not applicable in 2022/23			
1110 Receive an annual confirmation from the Chief Audit Executive with regard to the organisational independence of the internal audit activity	Annual IA Report			SEP	
1110 Make appropriate enquiries of the management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations	Annual IA Report			SEP	
1110 The Chair to provide feedback for the Chief Audit Executive's performance appraisal	Annual Audit Committee Report			SEP	
1111 Provide free and unfettered access to the Audit Committee Chair for the head of internal audit, including the opportunity for a private meeting with the committee.	Annual IA Report			SEP	
1112 Consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.	Annual IA Report			SEP	
1130 Approve significant additional consulting services agreed during the year and not already included in the audit plan, before the engagement is accepted	IA Progress Reports		FEB		
1312 Contribute to the QAIP and in particular, to oversee the external quality assessment of internal audit that takes place at least once every five years.	Annual IA Report			SEP	
1320 Receive the results of the Quality Assurance and Improvement Programme from the Chief Audit Executive	Annual IA Report			SEP	
2020 & 2030 Receive communications from the Chief Audit Executive on internal audit's audit plan and resource requirements including the approach to using other sources of assurance, the impact of any resource limitations and other matters	Annual IA Report			SEP	
2060 Receive communications from the Chief Audit Executive on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.	Annual IA Report			SEP	

Description	Report	Meeting			
2600 Receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.	Annual IA Report, Internal Audit Progress Report			SEP	
			FEB		

Appendix B – List of Reports to Audit Committee by Date

6 May 2022

Audit Progress Report and Sector Update
Report of the External Auditor

External Review of Housing Financial Management and Council Response
Report of the Interim Director of Housing

24 Jun 2022

Update from Working Groups
Verbal update on the work of the Working Groups

Audit Committee Annual Work Programme
Report of the Interim Corporate Director of Finance & Resources

Together for Nottingham Theme Two: Asset Management
Report of the Corporate Director of Growth and City Development

Exemption from Contract Procedure Rules quarter four 2021/22
Report of the Interim Corporate Director of Finance & Resources

ICT Procurement Audit
Report of the Interim Corporate Director of Finance & Resources

Corporate Risk and Assurance Update Report
Report of the Interim Corporate Director of Finance & Resources

Together for Nottingham Theme 3 - Companies Update – Exempt Report
Report of the Interim Corporate Director of Finance & Resources

30 Sep 2022

Working Group Update

Proposed work programme

Exemption from Contract Procedure Rules quarter one 2022/23
Report of the Interim Corporate Director of Finance & Resources

Complaints and Ombudsman Annual Assurance Report
Report of the Interim Corporate Director of Finance & Resources

Treasury Management Annual Report
Report of the Interim Corporate Director of Finance & Resources and Section
151 Officer

External Audit Update Verbal Update
Verbal update

Audit Committee Annual Report
Report of the Audit Committee Chair

Internal Audit Annual Report
Report of the Interim Corporate Director of Finance & Resources

Business Rates Limited Assurance Internal Audit report 20-21 - Planned
Improvements

Joint report of the Interim Corporate Director for Finance & Resources and
the Interim Director of Finance and Head of Customer Services

Housing Revenue Account and emerging risks update
Verbal Update by the Interim Corporate Director of Finance & Resources

Improvement and Assurance Board - Statement of Requirements
Report of the Interim Corporate Director of Finance & Resources

28 Oct 2022

Improvement and Assurance Board - Statement of Requirements
Report of the Interim Corporate Director of Finance & Resources

25 Nov 2022

External Audit - update
Verbal update by external auditors

Treasury Management 2022/23 half-yearly report
Report of the Interim Corporate Director of Finance and Resources

Exemption from Contract Procedure Rules: Q2 2022-23
Report of the Interim Corporate Director of Finance & Resources

Companies Governance Executive Committee - update on 'Together for Nottingham: Theme 3
Report of the Interim Corporate Director of Finance & Resources

Work plan

24 Feb 2023

Together for Nottingham Plan update including Theme 1 (MTFS) & Theme 8 (Council Plan)
Report of the Corporate Director for Finance and Resources

Selective Licensing Scheme - External Audit
Report of the External Auditor

Interim Value or Money report
Report of the External Auditor

Treasury Management & Capital Strategy 2023/24
Report of the Corporate Director for Finance and Resources

24 Feb 2023(ctd)

Review of Accounting Policies 2022/23
Report of the Corporate Director for Finance and Resources

Internal Audit Progress
Report of the Corporate Director for Finance and Resources

Appointment of External Auditor
Report of the Corporate Director for Finance and Resources

Work Programme

Recommendation Tracker

Corporate Recruitment Challenges and NCC response
Report of the Director for HR and EDI

31 Mar 2023

Regular monitoring of previous years' statements of accounts
Verbal update from the External Auditor

Exemption from Contract Procedure Rules Quarter three 2022/23
Report of the Corporate Director for Finance and Resources

Contract Management and Procurement Audits Update
Report of the Corporate Director for Finance and Resources

Annual Report of Health and Safety within the Council
Report of the Director of Legal and Governance

Corporate Risk and Assurance Register Update
Report of the Corporate Director for Finance and Resources

Information Compliance and Information Security Annual Assurance
Report of the Corporate Director for Finance and Resources

Appendix C – Resolutions Made by Audit Committee

6 May 2022

Audit Progress Report and Sector Update

The Committee noted the update

External Review of Housing Financial Management and Council Response

The Committee noted the update and agreed to have further reports back to future meetings when appropriate

24 Jun 2022

Update from Working Groups

Audit Committee Annual Work Programme

The Committee noted the work programme

Together for Nottingham Theme Two: Asset Management

Resolved to record the Committee's appreciation and significant recognition of the progress made on the Asset Rationalisation Programme, whilst still acknowledging the challenges that remain.

Exemption from Contract Procedure Rules quarter four 2021/22

Resolved to

- (1) Note the number of exemptions from Contract Procedure Rules during quarter four of 2021/22**
- (2) Note the actions being taken to ensure that contracts are awarded in line with contract Procedure rules**

ICT Procurement Audit

Resolved to

- (1) Note the actions completed and planned as detailed in the published report;**
- (2) Note the plans to implement further ICT procurement actions through the Procurement Transformation programme;**
- (3) Agree that future reports on ICT procurement are reported as part of a wider report on Procurement including Audit and Compliance updates.**

Corporate Risk and Assurance Update Report

Resolved to:

- (1) Note the annual report and progress made to review existing processes and further embed Risk Management across the Council;**
- (2) Note the Corporate Risk and Assurance Register.**
- (3) Resolved to approve recommendations as set out in the exempt minutes**

Together for Nottingham Theme 3 - Companies Update – Exempt Report
Resolved to approve recommendations as set out in the exempt minutes

30 Sep 2022

Exemption from Contract Procedure Rules quarter one 2022/23

Resolved to:

- (1) note the number of exemptions from Contract Procedure Rules during Quarter 1 2022/23; and**
- (2) note the actions being taken to ensure that contracts are awarded in line with Contract Procedure Rules and that exemptions only occur where there is a sound rationale for approving the exemption.**

Complaints and Ombudsman Annual Assurance Report

Resolved to note the Complaints and Ombudsman Annual Assurance report.

Treasury Management Annual Report

Resolved to note the treasury management performance for 2021/22.

External Audit Update Verbal Update

Resolved to request that in the event that the External Auditor is unable to attend a future meeting of the Committee then a written update be provided instead.

Audit Committee Annual Report

Resolved to update the Audit Committee Annual Report 2021/22, where appropriate.

Internal Audit Annual Report

Resolved to:

- (1) note the audit work completed during 2021/22, including the use of other sources of assurance and reliance upon those sources;**
- (2) note the Head of Audit and Risk's Annual Opinion;**
- (3) note the parameters for the proposed Audit Plan for 2022/23;**
- (4) note the results of the recent external assessment of Internal Audit by Sheffield City Council;**
- (5) note the progress reported in respect of high priority recommendations;**
- (6) approve the Internal Audit Charter; and**
- (7) endorse the Counter Fraud Strategy**

Business Rates Limited Assurance Internal Audit report 20-21 - Planned Improvements

Resolved to note the progress made in addressing the Internal Audit recommendations and plans to stabilise the service and develop plans to establish a robust, efficient and cost-effective service.

Resolved to note the information contained in the exempt appendix.

Housing Revenue Account and emerging risks update

Improvement and Assurance Board - Statement of Requirements

Resolved to approve recommendations as set out in the exempt minutes

28 Oct 2022

Improvement and Assurance Board - Statement of Requirements

Resolved to approve recommendations as set out in the exempt minutes

25 Nov 2022

External Audit - update

Resolved to:

- (1) request that the External Auditor circulate a copy of the Value for Money report to Committee members in advance of the February meeting;**
- (2) request that the External Auditor share a copy of the letter sent to the Chief Executive detailing concerns about the approach to the review of management override of controls with the Chair of the Audit Committee; and**
- (3) request that a report on how the Council is responding to recruitment challenges and managing risks associated with this, with detail of how many posts in Finance and IT teams are a) filled with interim staff and b) unfilled is brought to the next meeting of the Committee.**

Treasury Management 2022/23 half-yearly report

Resolved to:

- (1) note the treasury management actions taken in 2022/23 to 30 September 2022; and**
- (2) request that future treasury management reports include information on debt servicing costs and the debt redemption profile**

Exemption from Contract Procedure Rules: Q2 2022-23

Resolved to note:

- (1) the number of exemptions from Contract Procedure Rules during Quarter 2 of 2022/23 and the exemptions since October 2021; and**
- (2) the actions that continue to be taken to ensure that contracts are awarded in line with Contract Procedure Rules and that exemptions only occur where there is a sound rationale for approving the exemption.**

Companies Governance Executive Committee - update on 'Together for Nottingham: Theme 3

Work plan

Resolved to amend the work plan to add an item to the agenda for the February meeting to look at how the Council is responding to recruitment challenges and managing risks associated with this, with detail of how many posts in Finance and IT teams are a) filled with interim staff and b) unfilled.

24 Feb 2023

Together for Nottingham Plan update including Theme 1 (MTFS) & Theme 8 (Council Plan)

Resolved to:

- (1) Note the process undertaken in constructing the MTFP for 2023/24 to 2026/27;**
- (2) Note the progress made on the Council's new Performance Management Framework (PMF) to date and improvements in performance reporting across the Council;**
- (3) Note the progress on developing the new Strategic Council Plan and alignment with the MTFP through Divisional Business Planning.**

Selective Licensing Scheme - External Audit

Resolved to:

- 1) Note the report of the External Auditor on the Selective Licensing Scheme 2019/20;**
- 2) Note that Licensing officers accept the report and have started to implement solutions to issues identified.**

Interim Value or Money report

Resolved:

- 1) To Request the Corporate Director of Finance and Resources to follow up with the Monitoring Officer about the outstanding enquiry;**
- 2) For the Chair of Audit to send a letter to the Chief Executive requesting a response on the issue.**

Treasury Management & Capital Strategy 2023/24

Resolved to:

- 1) Note the Treasury Management Strategy for 2023/23, and in particular:**
 - a. the strategy in relation to debt repayment (Minimum Revenue Provision Statement) in 2023/23;**
 - b. the Borrowing Strategy for 2023/24;**
 - c. the Investment Strategy for 2023/24;**
 - d. the Prudential Indicators and Limits for 2023/24 to 2025/26;**
 - e. the current Treasury Management Policy Statement;**
- 2) Note the Capital Strategy 2023/24 and in particular:**
 - a. the Voluntary Debt Reduction policy;**
 - b. the Flexible Use of Capital Receipt policy 2022/23;**
 - c. the Flexible Use of Capital Receipt policy 2023/24.**

Review of Accounting Policies 2022/23

Resolved to:

- 1) Agree the Statement of Accounting Policies for inclusion in the 2022/23 annual accounts (within appendix 1);
- 2) Agree the proposals where International Financial Reporting Standards (IFRS) allow a degree of choice;
- 3) Agree that the Council is not voluntarily adopting IFRS 16 in advance of mandatory implementation in 2024/25.

Internal Audit Progress

Resolved to:

- 1) Note the progress reported in respect of high priority recommendations;
- 2) Note the areas marked as Limited Assurance;
- 3) Note the progress made on the Internal Audit Plan 2022/23.

Appointment of External Auditor

Resolved to note the appointment by Public Sector Audit Appointments Ltd (PSAA) of Grant Thornton to continue as the external auditor for the Council for five financial years from 2023/24 to 2027/28, and that notice of the appointment has been published on the Council's website as required.

Work Programme

Resolved to:

- 1) Amend the Work Programme to include an agenda item for the meeting on 31 March 2023 or a separate meeting, to reflect on the year's activity, seek feedback from outgoing Members, and discuss the possible direction of the Committee over the forthcoming year;
- 2) Amend the Work Programme to include an agenda item to present and discuss the third party review of the management override of controls by Ernst and Young, once the report is finalised.

Recommendation Tracker

Corporate Recruitment Challenges and NCC response

Resolved to approve recommendations as set out in the exempt minutes

31 Mar 2023

Regular monitoring of previous years' statements of accounts

Resolved to make this item a standing verbal update for future committee

Exemption from Contract Procedure Rules Quarter three 2022/23

Resolved to note the number of exemptions from Contract Procedure Rules during quarter three of 2022/23, and the actions being taken to ensure that contracts were awarded in line with Contract Procedure Rules, and exemptions only occurred where there was a sound rationale for approving that exemption.

Contract Management and Procurement Audits Update

Resolved to:

**note the actions already completed and the impact of these actions;
agree actions planned and being implemented, noting the planned impact of these actions.**

Annual Report of Health and Safety within the Council

Resolved to:

- 1. request that the Head of Resilience contact all Corporate Directors to ensure the following:**
 - a. their directorate colleagues can demonstrate up to date training in the mandatory health and safety courses, and, where appropriate, asbestos management, by Friday 7 July 2023 and;**
 - b. all outstanding Accident/Violence/Audit recommendations are completed and recorded on the corporate system by Friday 7 July 2023;**
- 2. note the absence of any HSE intervention in the council in the past three years;**
- 3. include statistics and trends within future reports.**

Corporate Risk and Assurance Register Update

Resolved to approve recommendations as set out in the exempt minutes

Information Compliance and Information Security Annual Assurance

Resolved to approve recommendations as set out in the exempt minutes

Audit Committee Work Programme for 2023-24

The schedule of meetings set out below is proposed but the committee reserve the right to review and amend the work programme content and meeting dates throughout the year.

Key to activity

Governance risks around high level financial strategy and reserves
Governance risks connected to asset realisation
Governance of Capital programme and projects
Value for Money and Delivering Objectives
Governance of linked incorporated bodies
Core functions arising from statutory obligations and guidance
Annual Assurance reports

Date	Item	Committee Objective	Director	Author
TBC	External Audit Report 2019-20	Consider the outcome of the External Audit and assurance on management response to issues identified.		A Smith
	External Audit Report 2020-21	Consider the outcome of the External Audit and assurance on management response to issues identified.		A Smith
	External Audit Report 2021-22	Consider the outcome of the External Audit and assurance on management response to issues identified.		A Smith
	Financial Accounts Training	Audit Committee Performance	R Brown	S Kausar
Jun 2023	Regular monitoring of previous years' statements of accounts and finance improvement plan	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan.	R Brown	S Kausar
	Financial Controls Assessment	Assurance on operation of key financial controls by external assurance provider (EY).	R Brown	A Scholes S Kausar J Stevenson

Date	Item	Committee Objective	Director	Author
	Companies Update (TfN Theme 3)	Assurance on progress, benefit realisation, controls, associated risks and their management to ensure that the Council has in place appropriate arrangements to manage risks connected to its investments in companies.	R Brown	M Hainge
	HR & EDI Annual Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	R Henderson	T Hayre-Bennett
	TfN workstream lead Theme 2 (Asset Management)	Assurance on progress, benefit realisation, controls, associated risks and their management.	S Rose	N Jenkins
	Exemption from Contract Procedure Rules Q4	Oversight of procurement dispensations and assurance on their future procurement process.	R Brown	S Oakley
Jul 2023	Regular monitoring of previous years' statements of accounts and comprehensive finance improvement plan update	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan.	R Brown	S Kausar
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Treasury Management Annual Report	Assurance on management of Treasury Management	R Brown	J Stevenson

Date	Item	Committee Objective	Director	Author
		risks in accordance with Council policy.		
	IAB instructions: Theme 1 Governance	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	R Brown	M Townroe
Sep 2023	Statement of Accounts 2019-20	Consider any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.	R Brown	S Kausar
	Statement of Accounts 2020-21	Consider any concerns arising from the financial statements or from the governance statement that need to be brought to the attention of the Council.	R Brown	S Kausar
	Statement of Accounts 2021-22	Consider any concerns arising from the financial statements or from the governance statement that need to be brought to the attention of the Council.	R Brown	S Kausar
	Regular monitoring of previous years' statements of accounts	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts.	R Brown	S Kausar
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Comprehensive finance improvement plan update	Assurance that appropriate arrangements are in place and satisfactory progress on the financial improvement plan.	R Brown	S Kausar

Date	Item	Committee Objective	Director	Author
	Audit Committee Annual Report	Audit Committee Performance		Cllr S Gardiner
	IA Annual Report & Opinion including Counter Fraud Strategy including IA plan update	Consider arrangements for Internal Audit, reports on the effectiveness of internal controls supporting the Head of Audit & Risk's opinion, and seek assurance on the implementation of agreed actions.	R Brown	S Shah
	Service Response on Progress following Limited or No Assurance IA Report - (HR & Payroll)	Assurance on improvements planned and made and how these will be sustained.	R Henderson	T Hayre-Bennet
	Service Response on Progress following Limited or No Assurance IA Report - (Appointeeship)	Assurance on improvements planned and made and how these will be sustained.	C Underwood	S Storey / L Lee
Nov 2023	IAB instructions: Theme 4 (Corporate Planning)	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	M Barrett I O'Donovan	J Rhodes
	IAB instructions: Theme 5 Companies	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	R Brown	M Hainge
	Treasury Management Half Year Report	Assurance on management of Treasury Management risks in accordance with Council policy.	R Brown	J Stevenson
	Draft Statement of Accounts 2022-23	Consider any concerns arising from the financial statements or from the governance statement that need to be brought to the attention of the Council.	R Brown	S Kausar
	Regular monitoring of previous years' statements of accounts	Assurance that appropriate arrangements are in	R Brown	S Kausar

Date	Item	Committee Objective	Director	Author
		place to regarding progress on the completion and audit of the Council's financial accounts.		
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Comprehensive finance improvement plan update including Financial Management Code assessment	Assurance that appropriate arrangements are in place and satisfactory progress on the financial improvement plan and that these are informed by a Financial Management Code assessment.	R Brown	S Kausar
	Corporate Risk & Assurance Register	Assurance that appropriate arrangements are in place to manage risk.	R Brown	S Shah
	Internal Audit Update including Limited Assurance audits and High Priority Recommendations	Consider reports on the effectiveness of internal controls supporting the Head of Audit & Risk's opinion and seek assurance on the implementation of agreed actions.	R Brown	S Shah
	Service Report on Progress following Limited Assurance IA Report - (Procurement Dispensations & Contract Management)	Assurance on improvements planned and made and how these will be sustained.	R Brown	M Hainge
	Customer Experience / Complaints & Ombudsman Annual Assurance (to note)	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	L Lee	D O'Melia
	EMSS Annual Report (to note)	Assurance that the Council has in place appropriate arrangements to	L Littlefair	

Date	Item	Committee Objective	Director	Author
		manage risks connected to its joint service arrangements.		
Feb 2024	IAB instructions: Theme 2 Finance	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	R Brown	S Kausar
	Treasury Mgt Strategy & Capital Strategy	Assurance on setting Council policies to best manage Treasury Management & Capital risks.	R Brown	J Stevenson
	IAB instructions: Theme 6 Workforce, Culture & Performance Outcomes	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	M Barrett R Henderson	T Hayre-Bennett
	AGS Process 2023-24	Assurance on arrangements for a review of the Council's governance.	R Brown	S Shah
	Regular monitoring of previous years' statements of accounts	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts.	R Brown	S Kausar
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Comprehensive finance improvement plan update	Assurance that appropriate arrangements are in place and satisfactory progress on the financial improvement plan.	R Brown	S Kausar
	Internal Audit Update including Limited Assurance audits and High Priority Recommendations	Consider reports on the effectiveness of internal controls supporting the Head of Audit & Risk's opinion and seek	R Brown	S Shah

Date	Item	Committee Objective	Director	Author
		assurance on the implementation of agreed actions.		
	Review of Accounting Policies 2023/24	Assurance that appropriate arrangements are made to comply with statutory guidance.	R Brown	S Kausar
Apr 2024	IAB instructions: Theme 3 Transformation	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	C Underwood I O'Donovan	R Grice
	Regular monitoring of previous years' statements of accounts	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts.	R Brown	S Kausar
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Comprehensive finance improvement plan update	Assurance that appropriate arrangements are in place and satisfactory progress on the financial improvement plan.	R Brown	S Kausar
	Annual Information Security & Information Governance Compliance Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	M Townroe	S Salmon N Matthews
	Health & Safety Annual Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	M Townroe	P Millward

Date	Item	Committee Objective	Director	Author
	Procurement Exemptions Annual Report	Oversight of procurement exemptions and assurance on their future procurement process.	R Brown	S Oakley

Audit Committee Recommendation Tracker 2022/23

1 Purpose

This document will collate and track progress of all recommendations made by the Audit Committee to the Executive and Senior Managers throughout the year, and to log the responses to the recommendations. The explanation of terms used can be found in section 3.

2 Audit Committee Recommendations to the Executive and Senior Managers

Reference number	Title of agenda item	Recommendation	Date referred	Progress status	Response and next steps	Key contacts
221125-47-a	Minutes confirmation	A rolling log of actions is created, kept up to date and reported to every meeting of the Committee	25/11/22	Responded to	This document to be updated – retrospective application to follow.	Nancy Barnard
221125-50-1	External Audit - update	A copy of the Value for Money report to Committee members in advance of the February meeting	25/11/22	Accepted	Document circulated to the Committee.	Andrew Smith
221125-50-2	External Audit - update	Provide the Chair of the Audit Committee with a copy of External Auditor's letter to the Chief Executive about concerns over the approach to the review of management override of controls	25/11/22	Accepted	Document provided to Chair.	Andrew Smith
221125-50-3 221125-54-1	External Audit – update	Amend the Work Plan with additional item for February - how the Council is responding to	25/11/22	Responded to	Report at 24 February 2023 Audit Committee.	Richard Henderson

	Work plan	recruitment challenges and managing risks associated with this, with detail of how many posts in Finance and IT teams are a) filled with interim staff and b) unfilled				
221125-51-2	Treasury Management 2022/23 half-yearly report	Future treasury management reports include information on debt servicing costs and the debt redemption profile.	25/11/22	Responded to	Maturity structure of the debt is in the Treasury Management Strategy (Para 5.1.4) – (this meeting). Interest payable budget for next year is in the introductory report for the Treasury & Capital Strategies going to Executive Board - the figure is available to members. The team has been reminded of the requirement to include these in the annual and half-year reports.	Jean Stevenson
221125-53-1	Additional meeting	hold an additional meeting on 31 March 2023 at 10:30am	25/11/22	Approved	Meeting scheduled.	Nancy Barnard
230224-59	Minutes	Committee Members requested an amendment to Minute 52, to reflect their concern about	24/02/23	Responded to	Responded to at same meeting.	Ross Brown

		checks and balances on the commercial director for business cases, and that Audit Committee - 24.02.23 2 this would be a matter of interest for the Committee going forward				
230224-70-3	Corporate Recruitment Challenges and NCC response	Request the following information from the Organisational HR Manager: a. Data on long-term sickness and its impact on key services in the Council; b. Data on the cost of the Engage recruitment portal IT system now being replaced by the Oracle Recruitment Cloud (ORC).	24/02/23	Responded to	Information circulated to the Committee on 22 June 2023. Further information on Engage requested.	Daljit Singh Nijran
230331-75	Regular monitoring of previous years' statements of accounts	Resolved to make this item a standing verbal update for future committee meetings.	31/03/23	Approved	This is now a standing item until all previous' years statements of accounts are accounted for.	Shabana Kausar
230331-78-3	Annual Report of Health and Safety within the Council	Include statistics and trends within future reports.	31/03/23	26/04/24 – Awaiting consideration	To be reported to 26 April 2024 Audit Committee.	Paul Millward

230630-6-3	Financial Controls Assessment	Audit Committee to receive future updates on the remediation work through the FIP reporting.	30/06/23	Responded to	This will be built into the Regular monitoring of previous' years statement of accounts item.	Ross Brown/ Shabana Kausar
230630-6-5 & 6	Financial Controls Assessment	Audit Committee to establish a financial controls sub-group / new panels.	30/06/23	Awaiting Consideration	Consideration of what resources may be available to prioritise to such groups. Name and the remit of such a sub-group needs to be established by the Committee and the lead officer for the Committee.	Audit Committee/ Shabana Kausar
230630-6-7	Financial Controls Assessment	Undertake a CIPFA Self-Assessment on the Audit Committee.	30/06/23	Awaiting Consideration	Audit & Scrutiny Officer to support this activity when in post.	Audit Committee / Nancy Barnard
230630-8-2	HR and EDI Annual Assurance	Circulate the EDI Strategy Audit Report by Inclusive Employers Limited amongst the Audit Committee.	30/06/23	Awaiting Consideration	Request made.	Titu Hayre-Bennett/ James Lavender
230630-9	Together for Nottingham Theme 2 - Asset Management	Two examples of business cases of the sale of assets to be provided to the Committee.	30/06/23	Responded to	Two examples were circulated to Members of the Committee via email	Beverley Gouveia/ James Lavender
230728-21-2	Statement of Accounts Progress Update	To receive the external auditor opinion on the financial statements for 2019/20 at the Committee	28/07/23	Awaiting Consideration	Scheduled for meeting on 24 th November	Shabana Kausar/ Andrew Smith

		meeting on 24 November 2023 if available;				
230728-24-1	Treasury Management 2022/23 Annual Report	The Treasury Team to examine the levels of supported and/or unsupported debt levels of competitor local authorities.	28/07/23	Awaiting Consideration	Request made and reply awaiting.	Shabana Kausar/Jean Stevenson
230728-24-1	Treasury Management 2022/23 Annual Report	The Treasury Team to provide clarification on the Council's overseas investments.	28/07/23	Awaiting Consideration	Request made and reply awaiting.	Shabana Kausar/Jean Stevenson
230728-25-2	Annual Investment Strategy 2023/24 Revision	The Treasury Team to provide details of a risk assessment undertaken upon the overseas investments.	28/07/23	Awaiting Consideration.	Request made and reply awaiting.	Shabana Kausar/Jean Stevenson
230728-27	Audit Committee Work Programme	An item or discussion on procurements and how the Real Living Wage would filter down through suppliers.	28/07/23	Awaiting Consideration		Shail Shah/John Slater

3 Explanation of terms used

Recommendation reference number - each recommendation added to this tracker will be assigned a unique reference number eg 220511-3-1, where 220511 represents the date of the meeting, -3 is the minute number, and -1 is the recommendation number.

Progress status - this column indicates individual progress status for each recommendation and will present 1 of 3 options:

- Responded to/Accepted/Approved - **Green**

- Awaiting Consideration – Amber
- Rejected - Red

Response and next steps - this column will include details on why a specific recommendation was accepted or rejected, and where appropriate, will indicate what the next steps are for the officers or councillors.

4 Future meeting dates and reporting deadlines

Date of meeting (10:30am)	Deadline for draft reports (10:00am)	Chair's Briefing (2:00pm, *11:00am)	Deadline for final reports (5.00pm)
24/11/23	02/11/23	08/11/23	14/11/23
23/02/24	01/02/24	07/02/24	13/02/24
26/04/24	04/04/24	10/04/24	16/04/24