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**Nottingham
City Council**

NOTTINGHAM CITY COUNCIL **AUDIT COMMITTEE**

Date: Friday, 28 September 2018

Time: 10.45 am

Place: LB 31 - Loxley House, Station Street, Nottingham, NG2 3NG

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

Corporate Director for Strategy and Resources

Governance Officer: Zena West **Direct Dial:** 0115 876 4305

- 1 CHANGE OF MEMBERSHIP**
To note that Councillor Rosemary Healy has left Audit Committee, and that the vacancy has been filled by Councillor Nick Raine.
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF INTEREST**
- 4 MINUTES** 3 - 8
To approve the minutes of the last meeting, held 20 July 2018.
- 5 TREASURY MANAGEMENT TRAINING SESSION** Verbal
- 6 LOCAL GOVERNMENT OMBUDSMAN ANNUAL LETTER 2018** 9 - 18
Report of the Corporate Director for Strategy and Resources
- 7 AUDIT COMMITTEE TERMS OF REFERENCE** 19 - 28
Report of the Strategic Director of Finance

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 LB 31 - Loxley House, Station Street, Nottingham, NG2 3NG on 20 July 2018 from 11.30 am - 1.05 pm

Membership

Present

Absent

Councillor Michael Edwards (Chair)
Councillor Leslie Ayoola
Councillor Cheryl Barnard
Councillor John Hartshorne
Councillor Rosemary Healy
Councillor Anne Peach
Councillor Andrew Rule
Councillor Adele Williams
Councillor Steve Young

Colleagues, partners and others in attendance:

Nancy Barnard	- Governance Manager
Theresa Channell	- Head of Strategic Finance
Tony Crawley	- KPMG External Auditor
Arvinder Khela	- KPMG External Auditor
Jonny Kirk	- Access to Learning Service Manager
Nick Lee	- Head of Access and Learning
Laura Pattman	- Strategic Director of Finance
Sue Risdall	- Financial Team Leader, Technical Accounting
Shail Shah	- Head of Audit and Risk
John Slater	- Group Auditor
Tom Straw	- Technical Finance
Tom Tandy	- KPMG External Auditor

15 APOLOGIES FOR ABSENCE

None

16 DECLARATIONS OF INTEREST

None

17 MINUTES

The minutes of the meeting held on 22 June 2018 were confirmed as a correct record and signed by the Chair.

18 STATEMENT OF ACCOUNTS 2017/18

The Chair agreed to take agenda items 4 and 5 at the same time.

Tony Crawley, Tom Tandy and Arvinder Khela of KPMG presented the External Audit ISA260 Report 2017/18 to the Committee which summarised the key findings in relation to KPMG's 2017/18 external audit at Nottingham City Council. They also circulated a letter dated 18 July 2018 to Committee members. The letter was added to the agenda after the meeting. During the presentation of the report, the following points were highlighted:

- a) Nottingham City Council's accounts are very complex and the timescale for submission this year was shortened. Despite this, the auditors reported an impressive level of co-operation from finance colleagues in providing accounts from across the group by the deadline. KPMG expressed their thanks to colleagues for this.
- b) Regarding the process for signing off the accounts, the majority of Councils do this one week later than Nottingham. Tony Crawley suggested that delaying this meeting by one week next year might be beneficial.
- c) The Auditors' key findings were summarised as follows:
 - i) Organisational and IT control environment
No significant issues were identified and overall arrangements in place are reasonable.
 - ii) Controls over key financial systems
The majority of key financial systems are sound. A recommendation was made in relation to building journal controls into the fit for the future programme.
 - iii) Accounts Production
The overall process is sound and accounting practices are appropriate
 - iv) Financial statements
Three significant risks were identified: Valuation of PPE, Pensions Liabilities and Faster Close. Recommendations were made and identified in the report.
 - v) Value for money arrangements
The Authority has "made proper arrangements to secure economy, efficiency and effectiveness in its use of resources" but still faces significant challenges and uncertainty going forward and Delivery of Budgets and Group Governance were identified as significant Value for Money Audit Risks. The auditors emphasised the need to look at any non-recurrent measures that have been taken to address recurrent problems and stressed the need to continue developing a framework to support an understanding of Group Governance arrangements by September.
 - vi) Exercising of audit powers
The auditors confirmed that they had not identified any matters that would require them to issue a public interest report.
- d) A minor breach of auditor independence requirements was identified in relation to Nottingham City Council's status as an EU Public Interest Entity (EU PIE). The auditors were not aware of this status when carrying out some work for Nottingham City Transport but the work would not have been approved if the EU PIE status had been known at the time because it breaches independence requirements as detailed in the additional letter circulated to the Committee at the meeting. The letter also outlined that although the independence requirements had been breached, in KPMG's view, the impact was minor and, in the auditor's professional judgement, they concluded that their objectivity has not been

compromised and KPMG continues to be independent of the Council and its controlled entities for the year ended 31 March 2018. The Strategic Director of Finance and Head of Audit and Risk confirmed that they supported the conclusions of the auditors.

During the discussion that followed the presentation, the following points were made:

- e) Due to the timetabling of the accounts, there had not been the opportunity to include responsible officers or implementation deadlines against the recommendations. These would be added and a revised version circulated to Committee members by the Head of Audit and Risk.
- f) The findings relating to Group organisations would be communicated to those organisations by the responsible officer.
- g) The head of Audit and Risk acknowledged that this would be the last opinion provided by KPMG due to a change in auditors and thanked KPMG for their invaluable support and guidance.

Sue Risdall, Financial Team Leader, Technical Accounting then presented Nottingham City Council's Statement of Accounts 2017/18 to the committee. During the presentation and the subsequent discussion the following points were highlighted:

- h) The version for consideration at this meeting was largely the same as that discussed at the Committee's June meeting subject to some minor wording changes regarding Council Plan achievements and to reflect changes in accounts.
- i) Changes to Portfolio responsibilities year on year make the reporting process more complicated in Nottingham. However the reporting process cannot be changed and therefore this obstacle has to be worked around. Financial Accounting work closely with colleague in the budget team to ensure the process is robust.

RESOLVED to:

- (1) approve the final Statement of Accounts and authorise the Chair of the Audit Committee to sign them on the Committee's behalf;**
- (2) approve the Draft Management Representation Letter for signature by the Chair of the Audit Committee**
- (3) delegate power to the Chair of the Audit Committee and the Strategic Director of Finance to approve any subsequent necessary amendments to the statement of accounts**
- (4) confirm that the committee concur with the KPMG's conclusion that their objectivity has not been compromised and KPMG continues to be independent of the Council and its controlled entities for the year ended 31 March 2018.**

19 ISA 260 REPORT AND SUPPORTING INFORMATION

This item was taken as part of the previous agenda item.

20 ANNUAL GOVERNANCE STATEMENT 2017/18

Shail Shah, Head of Audit and Risk, introduced the report informing the committee that this version was almost identical to that considered at the June meeting but that the committee was required to consider it alongside the Statement of Accounts. The document described the governance arrangements in place at the Council and confirms that while there are no significant issues raised, there are issues worth noting including East Midlands Shared Services, Fit for the Future, Balancing the Council's Budget and some of the Council's wholly owned companies.

Following questions and comments from the Committee, Shail Shah and Theresa Channell provided some additional information:

- a) The outturn figure of a £4.2m overspend is the same as the figure in the accounts for 2017/18,
- b) The Housing Revenue Account (HRA) has been included as an Issue Worth Noting due to the impact of Universal credit and government policy in relation to rent increases which will increase strain on the HRA.
- c) No new Issues Worth Noting were raised this year but those included have been updated to reflect what actions have been taken in the last year.
- d) Compiling the Statement involves a comprehensive process including questionnaires to companies, partners and key officers. Anything raised throughout the process is included, including any findings from Ofsted or other inspections and KPMG.

RESOLVED to approve the Annual Governance Statement 2017/18.

21 INTERNAL AUDIT CHARTER

Shail Shah, Head of Audit and Risk introduced the report explaining that the Charter is effectively the Terms of Reference for the operation of Internal Audit. It outlines the freedoms and powers of the Head of Internal Audit for example in relation to access to documents. Some minor updates have been made to the Charter since its last approval by the Committee.

RESOLVED to approve the Internal Audit Charter.

22 URGENT ITEM - LOCAL GOVERNMENT OMBUDSMAN REPORT ON AN EDUCATION AND CHILDREN'S SERVICES MATTER

In accordance with Section 100B (4) (b) of the Local Government Act 1972 the Chair of the Committee agreed that this item, although not on the agenda, could be considered as a matter of urgency in order to avoid any delay in the Council's response to the Ombudsman's recommendations.

Nick Lee, Head of Access and Learning, Jonny Kirk, Access to Learning Service Manager and Nancy Barnard, Governance Manager presented the report to the Committee, outlining the following key points.

- a) The Local Government and Social Care Ombudsman (LGO) has found fault with the Council's processes in relation to a school admission appeal and has published a report on its findings. When the LGO publishes a report, the authority is obliged to take the report to a meeting of Council or a Committee with delegated authority to consider such reports.
- b) The final report and its findings had been subject to substantial amendment by the LGO following concerns raised by colleagues in relation to the process followed during the investigation and the content of earlier versions.
- c) Throughout the investigatory process, the parent was offered alternative school places for the child but these were not accepted by the parent. The child is now finishing year six and will be starting secondary school in September.
- d) In complying with the LGO's recommendations colleagues will provide training to all appeals personnel and will offer a re-hearing to the parent. A plan in relation to these actions will be shared with members of the committee.
- e) Efforts have been made seeking to increase the diversity of the pool of voluntary independent Panel members. The Governance Manager will be meeting with Cllr Ayoola to identify any further possible actions that could be taken.

RESOLVED to agree that the relevant services should comply with the recommendations of the Local Government Ombudsman.

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AUDIT COMMITTEE 28 September 2018

Title of paper:	Ombudsman Annual Letter	
Director(s)/ Corporate Director(s):	Candida Brudenell	Wards affected: All
Report author(s) and contact details:	Amanda Wright – Customer Experience Lead Amanda.wright@nottinghamcity.gov.uk 0115 87 63975	
Other colleagues who have provided input:		
Recommendation(s):		
1	To note the contents of the report	

1 REASONS FOR RECOMMENDATIONS

- 1.1 This report provides a reflection of the complaints received and the decisions made on complaints about Nottingham City Council by the Local Government Ombudsman (LGO) for the period of April 2017 to March 2018. The information is taken from the LGO Annual Letter, which is issued to all Councils and is published on the Ombudsman’s website.
- 1.2 There is a dedicated LGO Link Officer in the Council who facilitates all contact from the Ombudsman, through this the Council continues to maintain a good working relationship with the LGO teams and investigators, working in a timely manner to liaise with Council services to ensure deadlines are met.

The Have Your Say (HYS) Complaints process

- 1.3 Capturing customer experience and learning from complaints is important as it enables the council to reflect on feedback about its services in order to facilitate service improvements and innovation. The outcome of an upheld complaint can lead to a recommendation for a service improvement, it can be a small improvement such as updated information on our website for example, or a larger improvement such as a complete service re-design.
- 1.4 In Nottingham City Council, there are two complaints teams, one handling statutory complaints about Children’s and Adults Social Care Services and one complaint team, Have Your Say (HYS) handling all other Council complaints and enquiries.
- 1.5 There are some areas not covered by the Have Your Say complaints process, this is because they are covered by another process or legal procedure, these are:
- Appeals against refusal of planning permission or against conditions placed on a grant of planning permission
 - A complaint about social care services (children and adults)
 - A school admission or exclusion appeal
 - A complaint about a school
 - A complaint from a City Council employee about an employment matter
 - An appeal against the issue of a penalty charge notice by the parking enforcement team and the recovery process which follows
 - Dispute a fixed penalty for environmental crimes (including dog-fouling)
 - Dispute a penalty charge notice for Bus Lane Contravention
 - Any appeal against the exercise of a police power
 - A complaint about the refusal of disabled badges for parking exemption

- A complaint about the independent Rent Officer
- A complaint about Anti-Social Behaviour
- A complaint about Nottingham City Homes
- Appeals regarding Resident Permits/Dispensation Access Permits

1.6 The LGO oversee some but not all of the Have Your Say exemptions, they do oversee Social Care and School Admission appeals, but they do not oversee the exemptions that have a prescribed appeal route, for example Penalty Charge Notices.

A new and quality focused approach

- 1.7 Over the past two years, there has been a deliberate drive within Customer Services to change the culture and approach to complaint handling for the HYS service. Starting in 2016 with a shift from a four-stage complaints process to the current two-stage process, which incorporated a complaint Review carried out by the Customer Experience Lead.
- 1.8 The HYS Team were empowered to take a new approach to complaints management, utilising their knowledge and experience in supporting services with their complaints investigation techniques and by quality monitoring the response before it was sent to the citizen. This ensures that there is now a consistently high standard of complaint response being provided to citizens from the Council. We work with teams and managers to ensure responses to complaints meet a consistent threshold and provide support and recommendations for improvement. This is a new approach for the council; previously there was an inconsistency in the quality of response.
- 1.9 A quality response is defined as one where all aspects of the complaint have been addressed in full by the service and the response is thorough, but written in a way that is easily understood by the complainant. This applies to Stage 1 and Review stage complaints.
- 1.10 As a result of this change, new HYS Complaint Handling policy and procedure for both stages was created and implemented and made available on the Council website, this new policy and procedure clearly set out the complaints procedure for citizens. The complaints process is transparent and contains details of how a complainant can contact the Ombudsman if they remain dissatisfied with the way their complaint was investigated.
- 1.11 All HYS staff received training in this new approach to complaint handling and receives ongoing support from the Customer Experience Lead.
- 1.12 To facilitate this cultural change within other Council services, specific complaint handling information has been developed in line with this approach and been made available on the Customer Service section of the Council intranet. This has been widely promoted to Managers across the Council; bespoke support is also available for service managers when needed. The Customer Charter also sets out expectations in respect of customer service standards.

The LGO Annual Letter 2017/18

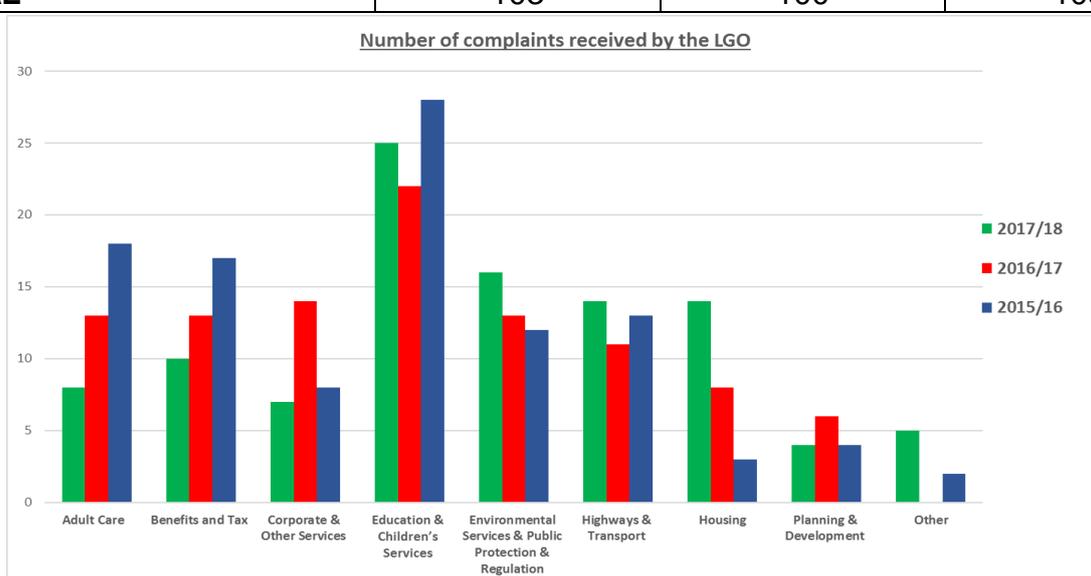
1.13 Key facts

- Nationally the LGO received 17,452 complaints about councils in England (it does not cover Scotland or Wales), of those complaints on average 57% were upheld.
- The HYS service handled 2778 complaints last year, 3.5% of those complaints were assessed by the LGO.
- The LGO received 103 complaints about Nottingham City Council; they assessed 98 and decided to carry out 15 investigations. Of those 15 investigations, only 4 were upheld.
- Of the 98 complaints that were assessed, 30 had not been through the HYS complaints procedure.
- 69% of the complaints assessed by the Ombudsman had completed the HYS complaints process. Of these 0 were upheld.
- This year Nottingham City Council achieved one of the lowest upheld rates in the country at 27%, well under the national average of 57% and significantly less than the average of the Core Cities of 62%

Complaints received by the LGO about Nottingham City Council

1.14 In 2017-18 the Local Government Ombudsman (LGO) received 103 complaints about Nottingham City Council services. This was three more than the previous year but whilst this is an increase, after assessment the LGO only investigated 15 complaints and upheld 4. In 2016/17 8 complaints were upheld (35%) and in 2015/16 13 (48%) were upheld.

Service	Number of Complaints received by the LGO		
	2017/18	2016/17	2015/16
Adult Care	8	13	18
Benefits and Tax	10	13	17
Corporate & Other Services	7	14	8
Education & Children's Services	25	22	28
Environmental Services & Public Protection & Regulation	16	13	12
Highways & Transport	14	11	13
Housing	14	8	3
Planning & Development	4	6	4
Other	5	0	2
TOTAL	103	100	105



- 1.15 The table below details the decisions made by the LGO during their assessment. 48 complaints were referred back to the Council for local resolution; this means that the complainant contacted the LGO before their complaint had completed the complaints process. The LGO will only investigate complaints that have completed local resolution.

Decision	2017-18	2016-17	2015-16
Upheld	4	8	13
Not upheld	11	15	14
Incomplete or Invalid complaint	7	5	9
Advice given	4	2	3
Referred back for local resolution	48	40	40
Closed after initial enquiries	24	28	33

Upheld Complaints 2017/18

- 1.16 The National upheld rate for Ombudsman complaints is 57%; Nottingham City Council has an upheld rate of 27%. The highest upheld rate area is London with 63%.
- 1.17 The table below gives a further breakdown of the percentage of upheld complaints. Of the 4 that were upheld 1 was about Adult Care Services, 1 was about Corporate & Other Services, 1 was about Environmental Services & Public Protection & Regulation and 1 was about Housing. The complaints that were upheld were about subjects excluded from the Have Your Say process.

Service	Complaints decided by LGO	Number upheld	Percentage upheld
Adult Care Services	7	1	14.2%
Corporate & Other Services	8	1	12.5%
Environmental Services & Public Protection	15	1	6.6%
Housing	11	1	9.0%

Upheld Complaint detail

- 1.18 Upheld complaint about Adult Care Services. This complaint was about the complainant expecting residential care to be free when they were then charged. The Ombudsman found fault with the way the Council had communicated with the family, the Council offered to waive the fees for the first four weeks of residential care. The Ombudsman was satisfied with the Council's actions of Financial Redress. As a result of this complaint the Council advised that it will work together with the NHS, through its current programme of "Discharge to Assess", to develop a joint robust policy and procedure in respect of intermediate care, assessment and Reablement beds which are all jointly commissioned. This will ensure that such communication failings do not recur in the future.
- 1.19 Upheld complaints about Corporate & Other Services. This complaint was about a citizen who complained about an interaction with a Council's Community Protection Officer (CPO). The Ombudsman found no evidence of fault but that the Council was at times insensitive when responding to the complaint and recommended an apology be made to the complainant, the Council accepted this recommendation and apologised to the complainant.

- 1.20 Upheld Complaint about Environmental Services & Public Protection & Regulation. This complaint was about an administrative delay involved with the resolution of an ongoing antisocial behaviour complaint. The Ombudsman found fault causing injustice and recommended an apology. An apology was provided and improvements were made to the administrative process.
- 1.21 Upheld complaint about Housing. This complaint was about damage to a hedge on a private property when a Nottingham City Homes contractor was repairing a fence. The Ombudsman found fault with the Council for damaging the hedge and recommended compensation. The Council accepted this recommendation.

2 **BACKGROUND**

National comparisons- core cities

- 2.1 The table below shows a comparison of Nottingham City Council against the other core cities of Birmingham, Bristol, Manchester, Liverpool, Leeds, Sheffield and Newcastle.
- 2.2 The average national upheld rate for Ombudsman complaints is 57%. The geographical area, which has the lowest upheld rate, is the South East region at 48%; Nottingham City Council has an upheld rate of 27%. The highest upheld rate area is London with 63%.
- 2.3 The Council figures reflect the national trend with Adult Care, Benefits and Tax and Education and Children’s Services being one of the main subjects of complaints.

	Nottingham City	Birmingham	Bristol	Manchester	Leeds	Sheffield	Newcastle	Liverpool
Total LGO complaints	103	455	129	167	189	172	67	147
Total % upheld complaints	27%	60%	46%	73%	66%	67%	58%	74%
Complaints received								
Adult Care	8	51	12	18	35	32	8	35
Benefits & Tax	10	97	26	32	13	17	9	32
Corporate & other services	7	18	6	9	12	11	2	14
Education & children’s services	25	49	15	40	46	46	11	30
Environmental services	16	93	11	19	18	17	12	19
Highways & Transport	14	29	14	26	24	33	10	5
Housing	14	102	23	16	18	16	9	6
Planning & development	4	13	10	6	21	11	6	5
Other	5	3	12	1	2	3	0	1

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 Annual Letter from the LGO.

18 July 2018

By email

Ian Curryer
Chief Executive
Nottingham City Council

Dear Ian Curryer,

Annual Review letter 2018

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

Future development of annual review letters

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will therefore be seeking views from councils on the future format of our annual letters early next year.

Supporting local scrutiny

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at www.lgo.org.uk/scrutiny I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

Learning from complaints to improve services

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: Nottingham City Council
For the Period Ending: 31/03/2018

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
8	10	7	25	16	14	14	4	5	103

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Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
7	4	48	24	11	4	27%	98

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
3	1

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AUDIT COMMITTEE – 28 September 2018

Title of paper:	AUDIT COMMITTEE TERMS OF REFERENCE	
Director(s)/ Corporate Director(s):	Director of Strategic Finance	Wards affected: All
Report author(s) and contact details:	Head of Audit and Risk 0115-8764245 shail.shah@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Recommendation(s):		
1	Endorse for submission to the Council the update to the role and functions of the Audit Committee to comply with best practice in the 2018 revision of CIPFA guidance on Audit Committees (the 2018 Guidance) including the additional elements prescribed by the Public Sector Internal Audit Standards (PSIAS) as set out in Appendices 1 and 2	

1 REASONS FOR RECOMMENDATIONS

- 1.1 The Terms of Reference should be reviewed by the Committee on a regular basis, to ensure that they remain relevant and reflect best practice. The current Audit Committee Terms of Reference were updated in June 2018 by the Council, to comply with and implement changes to nationally agreed conditions of service for Chief Executives.
- 1.2 The Terms of Reference presented for endorsement at Appendices 1 and 2, have been updated based on the Position Statement on Audit Committees in Local Authorities and Police issued by CIPFA in 2018. Changes reflected in the 2018 Position Statement include the introduction of the Public Sector Internal Audit Standards, updates to best practice on good governance and to managing the risk of fraud.
- 1.3 Audit Committees are necessary to satisfy the legal and governance requirements for sound management and internal control. Specifically they help satisfy
 - section 151 of the Local Government Act 1972 which requires every local authority to ‘make arrangements for the proper administration of its financial affairs’, and
 - the Accounts & Audit Regulations 2015 which require that the authority ensures that it has a sound system of internal control which:
 - (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk.
- 1.4 In local authorities an Audit Committee reports to Council, is independent of both the executive and the scrutiny functions, acts as the principal non-executive advisory function to those charged with governance, and has clear rights of access to other committees/functions.
- 1.5 This report outlines the core functions of the Audit Committee, the benefits that will arise for the City Council and an outline annual work programme.

1.6 Role of the Audit Committee

The overarching purpose of an Audit Committee is to provide to those charged with governance, independent assurance on the adequacy and integrity of

- the governance and control environment,
- the Risk Management Framework, and
- the annual financial reporting process.

1.7 Benefits of the Audit Committee

The benefits to be gained from operating an effective Audit Committee are shown in the diagram below:



1.8 Functions of the Committee

The Audit Committee fulfils the following functions

- functions listed in Appendix 1 under delegations from Executive Board as noted in the Constitution – Responsibilities for Functions and Terms of Reference, with updates from 2018 Guidance for approval by Council
- functions listed in Appendix 2 under PSIAS as a consequence of the Accounts and Audit Regulations 2015 for approval by Council.

2 **BACKGROUND**

2.1 An Audit Committee is central to the provision of effective corporate governance, which partly depends on a systematic strategy, clear framework and processes for managing risk. Good governance also helps to deliver improved services and maintains and increases public confidence in the objectivity and fairness of financial and other reporting. It is important that local authorities have independent assurance about the mechanisms underpinning governance.

- 2.2 It is recognised that high performing councils develop effective financial and non-financial control mechanisms. The development of expertise made available by the establishment of an Audit Committee, meeting on a regular cycle, and with Terms of Reference focussed on the key audit, control, assurance and risk management areas critical to the Council's performance is a key part of these mechanisms.
- 2.3 In accordance with CIPFA guidance, the Committee is politically balanced and will not have Executive membership. Membership will continue to be reviewed in accordance with guidance from the Ministry of Housing Communities & Local Government (MHCLG).

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 Audit Committees – Practical Guidance for Local Authorities and Police (CIPFA 2018)
- 4.2 Public Sector Internal Audit Standards (Local Government Application Note) (CIPFA 2017)

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Audit Committee Terms of Reference

TITLE	AUDIT COMMITTEE
POWERS / REMIT	
<p>(a) Main Purposes:</p> <ol style="list-style-type: none"> 1. 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. 2. Provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment. 3. Provide independent review of the Council's governance, risk management and control frameworks. 4. Oversee the financial reporting and annual governance processes. 5. Oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. 6. Scrutinise 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. 7. Oversee proposed and actual changes to the council's policies and procedures pertaining to governance. <p>(B) Main Functions: Governance, Risk & Control</p> <ol style="list-style-type: none"> 1. Review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance. 2. 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. 3. Consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements. 4. Consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council. 5. Receive and consider the results of reports from external inspectors, ombudsman and similar bodies and from statutory officers. 6. Monitor the effective development and operation of risk management in the council. 7. Monitor progress in addressing risk-related issues reported to the committee. 8. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. 9. Review the assessment of fraud risks and potential harm to the council from fraud and corruption. 10. Monitor the counter-fraud strategy, actions and resources. 11. 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.

12. Commission work from internal and external audit.
13. Consider arrangements for and the merits of operating quality assurance and performance management processes.
14. Consider the exercise of officers' statutory responsibilities and of functions delegated to officers.
15. 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.
16. 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.

Financial Reporting

17. 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.
18. Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
19. Approve the Council's Statement of Accounts and associated governance and accounting policy documents

External Audit

20. 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.
21. Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
22. Consider specific reports as agreed with the external auditor.
23. Comment on the scope and depth of external audit work and to ensure it gives value for money.
24. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Internal Audit

25. Undertake the duties of the Board mandated by PSIAS as identified in Appendix 2.
26. 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.
27. Consider the head of internal audit's annual report.
28. Consider summaries of specific internal audit reports as requested.

Accountability Arrangements

29. Report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

30. Report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
31. Publish an annual report on the work of the committee.

ACCOUNTABLE TO: Council

MEETINGS: Normally six per annum plus specials where required

MEMBERSHIP: 9 non-executive members (politically balanced)

ESTABLISHED SUB COMMITTEES: None.

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TABLE 2: DUTIES OF THE BOARD (AUDIT COMMITTEE) MANDATED BY PSIAS	
PSIAS ref	Duty of the Board
1000	Approve the Internal Audit charter
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.
1110	Approve decisions relating to the appointment and removal of the Chief Audit Executive
1110	Receive an annual confirmation from the Chief Audit Executive with regard to the organisational independence of the internal audit activity
1110	Make appropriate enquiries of the management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations
1110	The chair to provide feedback for the Chief Audit Executive's performance appraisal
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.
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.
1130	Approve significant additional consulting services agreed during the year and not already included in the audit plan, before the engagement is accepted
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.
1320	Receive the results of the Quality Assurance and Improvement Programme from the Chief Audit Executive
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
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.
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.

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