

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

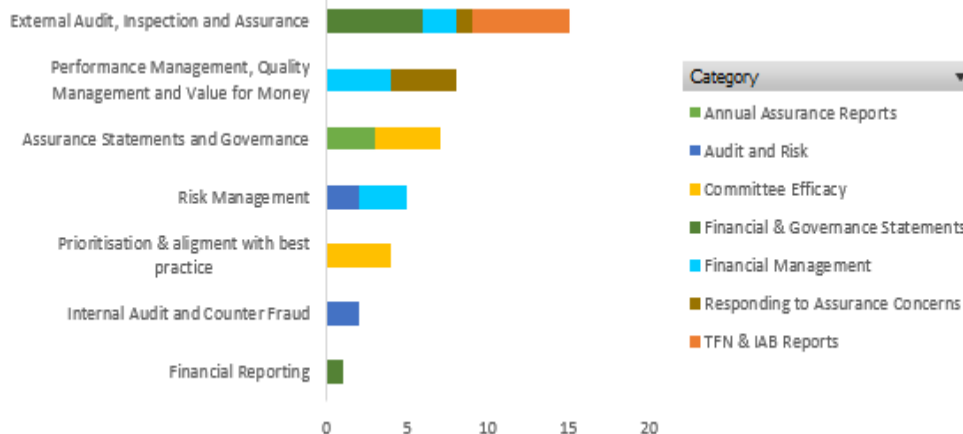
- Reports from theme leads on progress, governance, risk and control in the Together for Nottingham Plan and in Improvement and Assurance Board requirements
- Recognising the issues developing from the S151 Officers S114 report and activity to build improvement in financial controls
- Progress towards 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:

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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

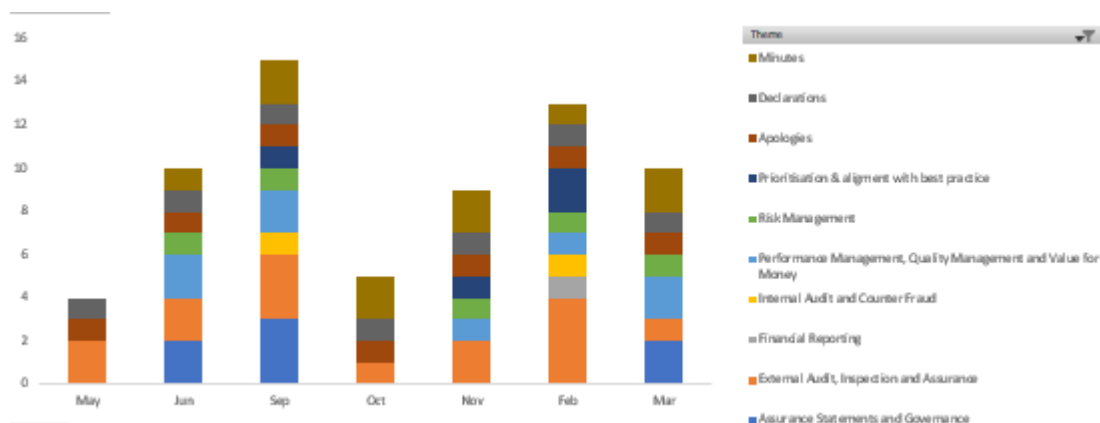
During 2020/21, the Council received two very significant reports which continued to impact the committee's activity during 2022/23:

- 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:

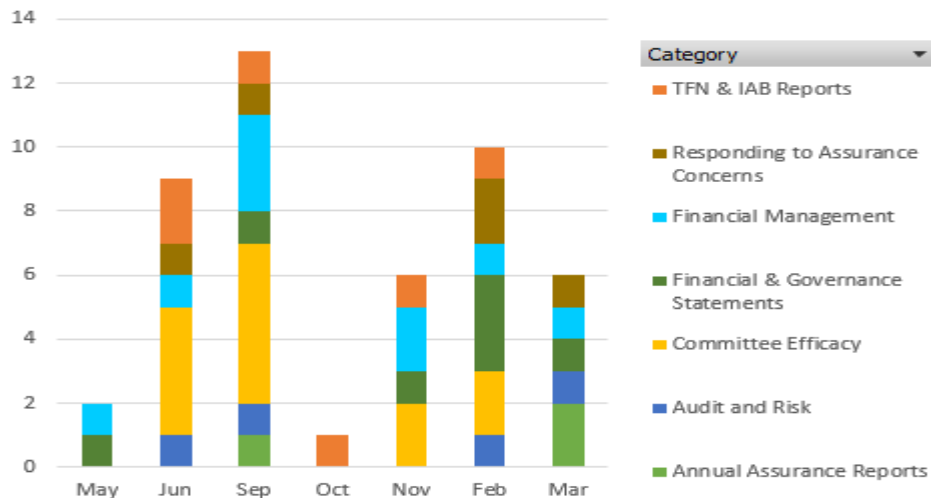
- The Section 114 report by the Chief Financial Officer regarding illegal transactions connected to the Housing Revenue Account
- The External Review of Housing Financial Management
- Improvement & Assurance Board Statement of Requirements and Statutory Directions

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				
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)		FEB	SEP	
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		
				MAR	
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
			FEB	APR	
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
		NOV	FEB	MAR	
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		JUN		
		NOV			
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			SEP	
			FEB		
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