

NOTTINGHAM CITY COUNCIL

AUDIT COMMITTEE

MINUTES of the meeting held at Loxley House on 29 NOVEMBER 2013 from 10.30 am to 12.07 pm

- ✓ Councillor Sarah Piper (Chair)
- ✓ Councillor Thulani Molife (Vice-Chair)
- Councillor Mohammad Aslam
- Councillor Georgina Culley
- ✓ Councillor Michael Edwards (minutes 24 to 30)
- ✓ Councillor John Hartshorne
- ✓ Councillor Toby Neal
- ✓ Councillor Roger Steel (minutes 21 to 30)
- ✓ Councillor Malcolm Wood

✓ indicates present at meeting

Others in attendance

Laura Catchpole	-	Policy Officer)	
Alice Johnson	-	Policy Officer)	Chief Executives
Lynne North	-	Customer Liaison Officer)	
Paul Hutchings	-	Manager)	KPMG
Sue Sunderland	-	Director)	
Simon Burton	-	Corporate Risk Specialist)	
Pete Guest	-	Treasury Manager)	
Carole Mills	-	Deputy Chief Executive/Corporate)	Resources
		Director for Resources)	
Shail Shah	-	Head of Internal Audit)	
Laura Wilson	-	Constitutional Services Officer)	

18 APOLOGIES FOR ABSENCE

Councillor Mohammad Aslam - personal
Councillor Georgina Culley - ill

19 DECLARATIONS OF INTERESTS

None.

20 MINUTES

The Committee confirmed the minutes of the meeting held on 27 September 2013 as a correct record and they were signed by the Chair.

21 ANNUAL AUDIT LETTER

Sue Sunderland, Director, KPMG, introduced the external auditors' report which summarised the key findings from the 2012/13 audit of the Council, including the financial statements and Value For Money conclusion.

She provided the following information in addition to the letter in response to questions and comments from the Committee:

- (a) the financial position of the authority is the same across the country and budget savings will continue to be a pressure in future years;
- (b) the vulnerable elderly, children's services and some aspects of housing are at most risk due to budget cuts and an increase in demand for their services;
- (c) the continuing need to reduce costs and make savings is highlighted as a significant risk but only in terms of the audit risk to the Value For Money conclusion. It has received an unqualified conclusion because the authority is managing it well;
- (d) the challenge work referred to in the letter was a one-off as complaints from citizens have to be investigated and attract a small additional fee because it is outside the core audit work. The challenge was around the publicity code but the authority has strengthened its arrangements so it should not be an issue in the future.

RESOLVED to note the Annual Audit Letter 2012/13.

22 OMBUDSMAN ANNUAL LETTER

Lynne North, Customer Liaison Officer, introduced the Interim Director of Policy, Performance and Communications' report, setting out the number of complaints dealt with on behalf of the authority, and highlighted the following points:

- (a) the Ombudsman changed its business processes during 2012/13 so has not been able to provide us with detailed information on the complaints received;
- (b) there are 16 fewer cases than last year and Nottingham is the second best performing Core City;
- (c) next years letter will contain information relating to the new reporting process;
- (d) the authority continues to perform well and turn around enquiries/complaints in good time;

She provided the following additional information in response to questions and comments from the Committee:

- (e) Nottingham City Homes now has its own Complaints Manager and performance has improved since they have taken up the post. They now provide full responses on time;
- (f) there are 13 closed complaints regarding housing which is lower than previous years;

- (g) through the Council's complaints process, Have Your Say, it is possible to see if there have been numerous complaints by the same person.

RESOLVED to note the report and the Ombudsman Annual Letter.

23 PARTNERSHIP GOVERNANCE HEALTH CHECKS AND UPDATE TO REGISTER OF SIGNIFICANT PARTNERSHIPS

Alice Johnson, Policy Officer, introduced the Interim Director of Policy, Performance and Communications' report setting out the key findings from the partnership governance health checks and the updated Register of Significant Partnerships.

She informed the Committee that Castle Cavendish have requested to be removed from the Register of Significant Partnerships as they no longer meet the criteria. A health check is currently being undertaken by Castle Cavendish to inform a final decision on removal from the register, which will be discussed at February's Audit Committee.

RESOLVED to

- (1) note the key findings from the partnership governance health checks;**
- (2) approve the removal of the following partnerships from the Register of Significant Partnerships:**
 - (a) Working Nottingham;**
 - (b) Joint Leadership Board;**
 - (c) Core City Board;**
- (3) note the changes to the partnership and policy landscape going forward.**

24 TREASURY MANAGEMENT 2013/14 – HALF YEARLY UPDATE

Pete Guest, Treasury Manager, introduced the Deputy Chief Executive/Corporate Director for Resources' report which set out treasury management actions and performance from 1 April 2013 to 30 September 2013.

He informed the Committee that there is a risk to the authority if Co-op bank goes into administration. The Treasury Management Panel is meeting regularly and plans are in place to protect the authority's money. The contract with the bank ends in March 2014 and will not be renewed.

RESOLVED to note the treasury management actions taken in 2013/13 to date, specifically that:

- no new long-term borrowing or debt rescheduling had been undertaken to 30 September 2013;**
- the average return on investments to 30 September 2013 was 0.677%;**
- between 1 April and 30 September 2013, daily cash flow performance was above target at 100%.**

25 STRATEGIC RISK REGISTER (SRR) – QUARTER 2 2013/14 UPDATE

Simon Burton, Corporate Risk Specialist, introduced the Deputy Chief Executive/ Corporate Director for Resources' report updating the Committee on the progress made in reducing the threat levels of each strategic risk in the Council's SRR for quarter 2 2013/14.

He provided the following additional information in response to questions and comments from the Committee:

- (a) academisation of schools is reflected in the risk management action plan;
- (b) there has been an increase in birth rate and migration to the City which has resulted in a demand for school places which is being addressed;
- (c) the Council is currently looking at the recruitment and retention of foster carers;
- (d) the Council has a good system to attract additional funding and each department has a Business Partner so they are able to keep up to date with applying for funding when it becomes available.

The Committee raised concerns about SR28 and whether there are plans in place for winter care. The Committee was assured that the reports are a snapshot at the end of each quarter and the risks are managed appropriately. The Chair can call an additional meeting of the Committee if it feels that it needs to look at the risk in more detail.

RESOLVED to

- (1) note the progress made on reducing the seriousness of the Council's strategic risks, as reflected by their threat levels and direction of travel, for quarter 2 2013/14, as detailed in Table 1 and Appendix 1 of the report;**
- (2) note the results of the review of the Strategic Risk Register by Corporate Leadership Team, as detailed in paragraph 4.4 of the report;**
- (3) approve the Risk Management Framework, as detailed in Appendix 3 of the report;**
- (4) select SR12a – failure to provide the best educational outcome for children and opportunities for young people to access further education and skills training to contribute to the economic wellbeing of the City, in addition to SR29 – failure to establish an effective Public Health function with adverse impact on the citizen wellbeing and a failure to deliver the authority's statutory responsibilities, for specific scrutiny as part of the Strategic Risk Register quarter 3 2013/14 update.**

26 COUNTER FRAUD STRATEGY

Shail Shah, Head of Internal Audit, introduced the Director of Strategic Finance's report which detailed the Counter Fraud Strategy and the Counter Fraud Strategy for Schools.

RESOLVED to endorse the City Council's Counter Fraud Strategy, as detailed in Appendix 1 of the report, and the Counter Fraud Strategy for Schools, as detailed in Appendix 2 of the report.

27 INTERNAL AUDIT WORK PLAN FOR EAST MIDLANDS SHARED SERVICES

Shail Shah, Head of Internal Audit, introduced the Director of Strategic Finance's report outlining the work undertaken to date by Nottingham City Internal Audit for East Midlands Shared Services.

The Committee was assured that work is being done to upgrade the system to reduce the amount of 'down time' and that although there is a backlog on accounts payable, significant work is being done to get through the backlog and pay invoices on time.

RESOLVED to note the progress on the audit work planned and completed to date.

28 INTERNAL AUDIT HALF- YEAR REPORT 2013/14 – 1 APRIL TO 30 SEPTEMBER 2013

Shail Shah, Head of Internal Audit, introduced the Director of Strategic Finance's report which outlined the work of the Internal Audit service for the first half of 2013/14.

The Committee requested information on the schools budget reserves and how the budget was differentiated between local authority schools and others.

RESOLVED to

- (1) note the performance of the Internal Audit service between 1 April and 30 September 2013;**
- (2) select the Bulwell St Mary's and Housing Rents audits for examination at the 28 February 2014 meeting;**
- (3) require that Shail Shah circulate information on the schools budget reserves and how the budget was differentiated between local authority schools and other to the Committee.**

29 THE AUDIT COMMITTEE ANNUAL WORK PROGRAMME – UPDATE

Shail Shah, Head of Internal Audit, introduced the Director of Strategic Finance's report which outlined the core functions of the Committee, the benefits that will arise for the City Council and an outline annual work programme.

RESOLVED to endorse the updated work programme.

30 DATE OF NEXT MEETING

RESOLVED to note that the next meeting of the Committee is scheduled to take place at 10.30 am on 28 February 2014 at Loxley House.