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## NOTTINGHAM CITY COUNCIL

### AUDIT COMMITTEE

**MINUTES of the meeting held at Loxley House, Station Street, NG2 3NG, on 29 July 2019 from 1.08 pm - 3.20 pm**

#### **Membership**

##### Present

Councillor Steve Battlemuch (Chair)  
Councillor Audra Wynter (Vice Chair)  
Councillor Leslie Ayoola  
Councillor Graham Chapman  
Councillor Michael Edwards  
Councillor Anne Peach  
Councillor Lauren O`Grady  
Councillor Andrew Rule

##### Absent

Councillor Jane Lakey

#### **Colleagues, partners and others in attendance:**

Theresa Channell	- Head of Strategic Finance
John Gregory	- Grant Thornton External Auditors
Kate Morris	- Governance Officer
Laura Pattman	- Strategic Director of Finance
Sue Risdall	- Team Leader, Technical Finance
Shail Shah	- Head of Audit and Risk
Caroline Stevens	- Principal Risk Specialist
Thomas Straw	- Senior Accountant Capital Programmes

#### **14 DECLARATIONS OF INTERESTS**

Although not formally required to declare as interests, in the spirit of transparency, the following member informed the committee of the Council appointments and connections to the bodies/committees listed below mentioned or referred to in the External Auditor's report:

Councillor Ayoola is a Director of the Creative Quarter

Councillor Battlemuch is a member of the Robin Hood Energy Board, the Playhouse Management Board and the Trusts and Charities Committee (Bridge Estate)

Councillor Chapman is a member of the Nottingham City Transport Board

Councillor Edwards is a member of the Enviroenergy Board

Councillor O'Grady is a member of the Robin Hood Energy Board

Councillor Peach is a member of the Trusts and Charities Committee (Bridge Estate) and a Director of Nottingham Ice Arena

Councillor Rule is a member of the Trusts and Charities Committee (Bridge Estate)

Councillor Wynter is a member of the Business Improvement District and the Nottingham City Transport Board

This did not preclude the above from speaking or voting on any items.

**15     APOLOGIES**

None.

**16     MINUTES**

Subject to the removal of the 'g' at the end of the word Robin in minute 3, the minutes of the meeting held on 5 July 2019 were confirmed as a correct record and were signed by the Chair.

**17     NON-EXECUTIVE AMENDMENTS TO THE CONSTITUTION**

Nancy Barnard, Governance and Electoral Services Manager, presented a report outlining proposed changes to non-executive parts of the constitution as a result of legislative changes and feedback received from colleagues.

During discussion, the following suggested amendments were made:

- (a) Delegation 208 within the Scheme of Delegation – The committee suggested that adding the wording “in consultation with the Chair of the Planning Committee” would assure them that the Planning Committee would retain ownership of decisions it had previously taken;
- (b) Overview and Scrutiny Procedure Rules – in point (d) the word ‘less’ be replaced by ‘fewer’;

The Committee also asked that current Portfolio Holders be briefed on the changes to their portfolios.

**RESOLVED to recommend to Council that it approves the following amendments to non-executive aspects of the Council’s Constitutions:**

- **to Part 1 of the constitution as detailed in appendix A of the published report;**
- **to Delegation 155 within the Scheme of Delegation as detailed in appendix B of the published report;**
- **to Delegation 208 within the Scheme of Delegations as detailed in appendix C of the published report and with the additional wording set out in (a) above;**
- **to the Access to Information Procedure Rules as details in appendix D of the published report;**

- **to the Overview and Scrutiny Procedure as detailed in appendix E of the published report along with substituting the word ‘less’ with ‘fewer’;**
- **adoption of a revised Standing Orders as detailed in appendix F of the published report;**
- **to the Councillor and Co-Opted Members Code of Conduct as detailed in appendix G of the published report.**

## **18 EXTERNAL AUDIT REPORT**

In a change to the published agenda, the Chair took the External Audit Report item before the Statement of Accounts.

The Draft External Audit report was circulated to members and at 13:27hrs the meeting adjourned to allow them to read the report. The meeting recommenced at 13:40hrs

Grant Thornton introduced the External Audit report as circulated at the meeting. He advised members that the audit was almost complete and that the main issue currently outstanding is the opinion on Group Accounts. He confirmed that as long as the Group accounts were signed off, the audit findings will be brought to the September meeting of this Committee.

He highlighted the following points from the report:

- (a) Draft accounts were prepared to a good standard and despite being a large and complex organisation Nottingham City Council conformed well to the CIPFA guidelines;
- (b) Some suggestions were made regarding the accounts, including taking out some judgements that were not critical or significant. This made the accounts more focused;
- (c) Auditors worked with officers following the McCloud ruling. NCC accounts have been amended as per the auditors' suggestion. The ruling has caused a material change in the Group Accounts but this is being addressed;
- (d) Work around the Value for Money arrangements continues, there is outstanding work in relation to risk on the governance of the Council's subsidiary companies;

Following questions and comments, the following points were made:

- (e) The Statement of Accounts can still be published without the completed External Audit report. Nottingham City Council will still be able to publish the accounts as they currently stand;
- (f) There are a number of councils across the country in a similar position as a result of the altered time frames for Local Government audit;

- (g) The Broadmarsh project has been assessed within the governance in relation to major capital schemes. A full update will be brought to the September meeting of this Committee;
- (h) The IT Security Policy is still dated 2015. The Committee asked for an update on this matter.

**RESOLVED to note the External Audit Report and receive the completed version at the September meeting of this committee.**

**19 STATEMENT OF ACCOUNTS 2018-19**

Theresa Chanel introduced the Statement of Accounts, which was circulated at the meeting. This Statement of Accounts has been updated following comments from this committee at the meeting on 5 July 2019 and having considered the findings of external audit.

Changes include alteration to the lay out of the report, updates to accounting policies, updates to the section dealing with pensions and alterations to the Group accounts.

**RESOLVED to**

- (1) approve for publication the unaudited Statement of Accounts and authorise the Chair of Audit Committee to sign them on the Committee's behalf;**
- (2) delegate authority jointly to the Chair of the Audit Committee and the Strategic Director of Finance to approve any subsequent necessary amendments to the statement of Accounts.**

**20 ANNUAL GOVERNANCE STATEMENT 2018/19**

Shail Shah, Head of Audit and Risk, presented the Report on the Annual Governance Statement, an updated version of which was circulated at the meeting (appended to these minutes). He highlighted that the only significant change to the report published with the agenda was the addition of wording in paragraph 4.14 reflecting the current position with the group accounts.

During discussion, the following points were made:

- (a) the Committee would have liked to have seen more made of the success around Local Government Ombudsman complaints and the lower than national average number of complaints being upheld;
- (b) queries were raised by Committee members around report pathways when commissioned by the members and the need for more robust adherence to the democratic process;
- (c) when the Annual Governance Statement is compiled, liaison between partners, Councillors and Project Officers takes place. If a project was raised specifically, it would be mentioned directly in the Statement, however, where robust risk

registers and mitigations are in place, residual risk remains low and no specific mention in the statement is required;

- (d) this AGS is for the 2018/19 financial year, however, when the AGS is next updated, the Committee would like to see the paragraph referring to Brexit expanded to better reflect mitigations in place and planned;
- (e) the Chair informed the committee that he was going to be in touch with members of the committee individually to establish items that they feel need further discussion at future meetings. Items highlighted within this meeting will be considered;
- (f) the committee wanted assurance that all parts of the Council were working to agreed service plans. A report will be submitted to a later meeting of this committee to address this.

**RESOLVED**

- (1) to approve the updated Annual Governance Statement 2018/19 as appended to these minutes;**
- (2) to note that Paragraph 6.19, relating to Brexit, will be updated when the final AGS is submitted to a future meeting of this committee.**

**21     AUDIT COMMITTEE ANNUAL REPORT 2018/19**

Councillor Edwards presented the Audit Committee Annual Report 2018/19. He offered thanks to the Committee for the support during his time as Chair, and expressed the importance of maintaining a philosophy of action.

**RESOLVED to note the work undertaken and approve the Audit Committee Annual Report 2018/19.**

**22     INTERNAL AUDIT ANNUAL REPORT AND OPINION 2018/19**

Shail Shah, Head of Audit and Risk introduced the Internal Audit Annual Report 2018/19. He informed members that this report comes to the Committee regularly through the year and the content of the report is set out to meet legislation and statutory guidelines.

The following points were highlighted:

- (a) the report confirms that nothing has occurred during the year that has impaired the Head of Audit and Risk's personal independence or objectivity and that scope and resources are sufficient;
- (b) the Head of Audit and Risk gives a significant level of assurance that internal control systems are operating within the Council, its significant partners and associated groups;

- (c) in the upcoming year, a number of reports will be coming to the Committee focusing on the areas covered in the Executive Summaries as detailed in Appendix B of the published report. Focus will be given to those with limited assurance;

**RESOLVED to**

- (1) note:
- (a) the audit work completed during the year, including the use of other sources of assurance and reliance upon those other sources;
  - (b) the Head of Audit and Risk's Annual Opinion;
  - (c) the proposed Audit Plan for 2019/20;
- (2) approve the Internal Audit Charter as published with the agenda.

**23 EXCLUSION OF THE PUBLIC**

**RESOLVED to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.**

**24 EXEMPT MINUTES**

The Committee confirmed that the exempt minutes of the meeting held on 5 July 2019 were a correct record and they were signed by the Chair.

**25 EXTERNAL AUDIT REPORT - EXEMPT DISCUSSION**

**RESOLVED to agree the recommendations as detailed in the exempt minutes.**