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Our reference:
Your reference:
Date: 22 January 2013

To all Members of the Corporate Governance Group

Dear Councillor

A meeting of the CORPORATE GOVERNANCE GROUP will be held on Wednesday 30 January 2013 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Head of Corporate Services

AGENDA

1. Apologies for absence
2. Declarations of Interest
3. Notes of the Meeting held on Monday 26 November 2012 (pages 1 - 6).
4. Treasury Management Presentation
There will be a presentation by Phiroza Katrak of Arlingclose Ltd.
5. Internal Audit Progress 2012/13
The report of the Director of Finance will follow.
6. Revenue & Capital Budget Monitoring
The report of the Director of Finance will follow.
7. Finance Update Report
The report of the Director of Finance is attached (pages 7 - 12).
8. Work Programme
The report of the Director of Finance is attached (pages 13 -14).

Membership

Chairman: Councillor G S Moore,

Vice-Chairman: Councillor E A Plant

Councillors: N A Brown, J E Cottee, B G Dale, R Hetherington, K A Khan,
B A Nicholls and H Tipton

Meeting Room Guidance

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**NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
MONDAY 26 NOVEMBER 2012**

Held at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford

PRESENT:

Councillors G S Moore (Chairman), N A Brown, J E Cottee, B G Dale,
R Hetherington, K A Khan, B A Nicholls, E A Plant and H Tipton

ALSO IN ATTENDANCE:

Councillor J A Cranswick
M Riley RSM Tenon

OFFICERS PRESENT:

A Goodman	Member Support Officer
P Steed	Director of Finance
D Swaine	Head of Corporate Services
J Wilkinson	Health & Safety Advisor

APOLOGIES FOR ABSENCE:

There were no apologies for absence

22. Declarations of Interest

There were none declared.

23. Notes of the Previous Meeting

The notes of the meeting held on Wednesday 26 September 2012 were accepted as a true record.

In relation to the current incidents of flooding, Members requested that a reminder on the procedures and details of who to contact, was sent to all Councillors.

Action The Director of Finance to reissue Members with procedures for dealing with flooding and details of who to contact

24. Health and Safety Six Month Report

Members considered the Health and Safety six monthly update report that set out the Council's occupational health and safety performance for the period 1 April 2012 to the end of September 2012. The report highlighted the key issues that elected Members needed to be aware of including details of policy reviews which had been undertaken as part of the control measures within the corporate health and safety framework.

Furthermore, the report provided an indication of the effectiveness and success of the health and safety control measures the Council had in place, evidence of training delivered, progress towards meeting health and safety aims and objectives, and the number of accidents recorded. The Health & Safety Advisor explained that the Council had four health and safety groups in place, the Corporate Health and Safety Group, the Employee Health and Safety Group, the One Great Depot Group and the Legionella and Asbestos Management Group, to ensure that there was a corporate approach to relevant issues.

The Health and Safety training needs of the Council's employees were identified in a number of ways including; Personal Development Reviews, regular one to ones, team meetings and through the Corporate Management Team. It was the role of the Health and Safety Advisor to ensure that training was consistent with the Council's duties and legal responsibilities. A rolling training programme was produced each year, which provided regular refresher training for existing employees, mandatory induction courses for new employees and significant practical on the job training and tool box talks.

The report stated that in line with its health and safety duties and responsibilities, the Council had a programme of policy review and implementation to support effective health and safety management. In accordance with the objectives agreed by the Group in May 2012, reviews of the hand arm vibration and management of legionellosis policies had been completed. The Manual Handling policy and the Fire policy had also been reviewed and it was envisaged that work on reviewing the Risk Assessment policy would commence in January 2013. Initial work had also been undertaken to implement an electronic accident reporting package to record employee accidents.

The Health & Safety Advisor reported that although the number of reported accidents remained low, the subsequent days absent from work as a result of these accidents had significantly increased. During the six month period, three accidents had been reported to the Health and Safety Executive, as required by the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) legislation, as the employee had over seven days off work.

In respect of the accident figures for the leisure centres, Members were informed that as these facilities were privately managed, responsibility for the health and safety lay with the companies that delivered the services. However as part of the work to oversee the delivery of the leisure contracts, and the contract management process the Council continually monitored the figures. For the six month period from April 2012 to the end of September 2012 there had been 233 accidents by members of the public, compared to 219 for the same period in 2011 against a total usage of 702,813. Furthermore it was recognised that the figures included injuries sustained during sporting activities such as swimming, football and racquet sports, which were outside the control of the leisure provider.

Members of the Group were pleased to see the inclusion of a detailed breakdown of incidents and usage figures for each of the leisure centres and requested that it be included in future reports.

Action The Health & Safety Advisor to include detailed breakdown of incidents and usage figures for each of the leisure centres in future reports

In response to questions, the Health & Safety Advisor confirmed that defibrillators were held at the Civic Centre, Rushcliffe Country Park and all the leisure centres. The possibility of installing them at the Rushcliffe Community Contact Centre, Gresham and other Council owned buildings, was being investigated, subject to having trained staff on site.

25. Internal Audit Progress Report 2012/13

Mr Riley, a representative from RSM Tenon, the Council's internal auditors, informed Members that no final reports had been issued since the last meeting of the Group in September. There were currently two audit reports at the draft stage for Asset Management and Domestic Violence, which would be presented at the January meeting of the Group.

As part of the contingency allocation, Auditors had agreed with the Head of Environment & Waste Management to undertake a review of the Green Waste Scheme during December, to enable any improvements or recommendations to be considered, prior to next year's billing cycle.

Mr Riley reported that an additional audit had been undertaken to identify the reason for the reported fuel discrepancies at the Depot. Investigations revealed that the error was due to issues relating to the calibration of the system and that no fuel was missing. The system has been recalibrated and regular maintenance scheduled, to ensure no further issues arose.

It was AGREED that the progress against the Annual Audit Plan be noted.

26. Finance Update

The Group considered the report of the Director of Finance that gave an update on the progress in respect of the issues identified during the audit of the Council's Statement of Accounts for 2011/12. Since the last meeting of the Group, an action plan had been implemented to address key issues surrounding the bank reconciliations, the closedown process for 2012/13, and staffing and system issues.

The Director of Finance reported that staff resources had been targeted and that good progress had been made. A number of reconciliations had already been completed to the end of September 2012 and it was anticipated that the target for completion of December 2012 would be met.

In relation to the outstanding balances on the reconciliations supporting the 2011/12 accounts, Members were informed that it was not cost effective to explore these further. In light of the District Auditor's view that it was acceptable for these items to be written off, it was proposed that no further work would be undertaken and the amounts would be written off by the Section 151 Officer.

Members requested that a progress update be brought to the next meeting of the Group in January 2013.

Action the Director of Finance to provide an update on the progress in Finance at the next meeting of the Group in January 2013

It was AGREED that the Group noted;

- a) the progress on the Action Plan, and
- b) the proposed write offs.

27. Revenue & Capital Budget Monitoring

The Group considered the report of the Director of Finance that gave details and explanations of significant variances against the profiled budget to 30 September 2012. Members were informed that the Revenue budget monitoring reports indicated an underspend against the profiled budget of £490,000, with a projected favourable variance of £17,000 for the year. Currently there were no proposals to utilise the £591,000 of earmarked reserves that had been available for the current financial year, however, this position could alter if the Council incurred any one off costs.

Officers informed Members that the underspend to date reflected a number of variances which included additional income from the Green Waste scheme and savings on staffing costings. However it was projected that two Service Areas, Transformation and Financial Services, would overspend due to additional staffing costs and low levels of return on investments. The forecast outturn for Planning and Place Shaping had changed from an overspend to an underspend position, due to increased levels of income from fees.

In respect of the Capital budget monitoring, the report indicated a projected favourable variance of £1,698,000 for the year against a current budget of £5,896,000. The main projected underspends related to £367,000 in respect of the ICT Strategy, £433,000 for the Cotgrave Masterplan, £72,000 from the vehicle replacement programme and £686,000 from the delayed Alford Road Options re-appraisal and underspends on affordable housing grants. Although the projected outturn for the capital programme was significantly lower than budgeted, this was due to the timing of individual projects rather than real underspends.

The Director of Finance provided the Group with a summary report of the treasury management activity for the first two quarters of 2012/13. He informed Members that none of the Prudential Indicators had been breached and that the Council had taken a prudent approach to investment activity, with priority being given to security and liquidity over yield. As of 30 September 2012, the Council had investments of £39.6m, which due to timing differences between the receipt of income, expenditure and payments to other organisations, was an increase of £5.2m from the amount held at 31 March 2012.

Members of the Group felt that it would be beneficial to have a detailed breakdown of the Council's investments and usable reserves

Action The Director of Finance to provide the Group with a detailed breakdown of the Council's investments and usable reserves

Some Members expressed disappointment with the continuing poor return that the Council was receiving on its investments, due to the current low interest rates.

It was AGREED that the Group endorsed

- a) the current projections for revenue and capital outturn, and
- b) the six monthly Treasury Management update.

28. **Work Programme**

The Group considered the report of the Deputy Chief Executive (PR) that set out details of the proposed work programme for the municipal year 2012/13.

The Director of Finance informed the Group that the Treasury Management item in January 2013 would only contain a presentation, as Members had received an update as part of this agenda.

The Group AGREED the Work Programme as set out below, with the inclusion of the Finance Update in January 2013.

Date of Meeting	Item
26 November 2012	<ul style="list-style-type: none"> • Internal Audit Progress Report 2012/13 • Annual Audit Letter • Progress Update on Banking Reconciliation and other issues • Revenue & Capital Budget Monitoring • Health and Safety Interim report • Work Programme
30 January 2013	<ul style="list-style-type: none"> • Internal Audit Progress 2012/13 • Treasury Management Presentation • Finance Update • Risk Management Update & Flooding - Lessons Learnt • Revenue & Capital Budget Monitoring • Work Programme
24 April 2013	<ul style="list-style-type: none"> • Certification of Claims and Returns • Joint Working Protocol – Financial Statements Audit • Annual Report • Risk Management Update • Work Programme

The meeting closed at 8.05 pm.

Action Sheet
CORPORATE GOVERNANCE GROUP
MONDAY 26 NOVEMBER 2012

Minute Number	Actions	Officer Responsible
22 Notes of the Previous Meeting	Re-issue Members with procedures for dealing with flooding and details of who to contact	Director of Finance
23 Health and Safety Six Month Report	Include detailed breakdown of incidents and usage figures for each of the leisure centres in future reports	Health & Safety Advisor
24 Internal Audit Progress Report 2012/13	None	
25 Finance Update	Provide an update on the progress in Finance at the next meeting of the Group in January 2013	Director of Finance
26 Capital and Revenue Budget Monitoring	Provide the Group with a detailed breakdown of the Council's investments and usable reserves	Director of Finance
27 Work Programme	None	

REPORT OF THE DIRECTOR OF FINANCE

Summary

1. The attached report has been prepared by the Council's internal auditors, RSM Tenon. It shows the end of year position against the 2012/13 audit plan.
2. The report details the four audits that have been finalised since the last progress report and the one medium recommendation made as a result of those audits.
3. A member of the internal audit team will attend the meeting to present the report and be available to answer questions.

Financial Comments

The cost of the internal audit service is contained within existing budgets.

Section 17 Crime and Disorder Act

There are no section 17 implications.

Diversity

There are no diversity issues.

Background Papers Available for Inspection: Nil



RUSHCLIFFE BOROUGH COUNCIL

Internal Audit Progress Report

Corporate Governance Group: 30 January 2013

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The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report is prepared solely for the use of Board and senior management of Rushcliffe Borough Council. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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1. INTRODUCTION

- 1.1 The periodic internal audit plan for 2012/13 was approved by the Corporate Governance Group on 29 May 2012. This report summarises the outcome of the work completed to date against that plan, see Appendix A.
- 1.2 All work and reports are submitted through the Director of Finance and the relevant section Head prior to being finalised. Individual assignment reports are available for review through the Director of Finance or Chair of the Corporate Governance Group.

2. FINAL REPORTS ISSUED

2.1 We have finalised the following four reports since the last CGG:

- Asset Management;
- Disabled Facilities Grants
- Domestic Violence; and
- Council Tax & NNDR.

3. KEY FINDINGS FROM INTERNAL AUDIT WORK

- 3.1 The Corporate Governance Group should note that the assurances given in our audit assignments will be taken into account when we form our overall opinion on the assurance that we can provide in our Annual Report at the end of the year. In particular the Corporate Governance Group should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

4. DRAFT REPORTS ISSUED

4.1 We have issued two draft reports since the last CGG:

- Green Waste; and
- Housing Benefits.

5. WORK IN PROGRESS OR PLANNED

5.1 The following work is currently work in progress:

- Creditors; and
- Follow up.

6. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

- 6.1 Ongoing liaison takes place with external audit and relevant RBC managers when planning and scoping our work.

7. CHANGES TO OUR PLAN

- 7.1 Since the last CGG, the Head of Service has requested that Temporary Accommodation and Community Facilities internal audit reviews be deferred until 2013/14, due to the current service reviews being undertaken.

APPENDIX A: 2012/13 WORK COMPLETED TO DATE INCLUDING SUMMARY OF ASSURANCE LEVELS AND RECOMMENDATIONS

Reports being considered at this Committee are shown in ***bold italics***.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	CGG Committee	Assurance level given	Number of Recommendations Made				
								High	Medium	Low	In Total	Agreed
Overtime	JUL 12	24.07.12	08.08.12	24.08.12	28.08.12	SEP	GREEN	0	2	0	2	2
<i>Asset Management</i>	<i>NOV 12</i>	<i>12.11.12</i>	<i>12.12.12</i>	<i>02.01.13</i>	<i>03.01.13</i>	<i>JAN</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>5</i>	<i>5</i>	<i>5</i>
<i>Disabled Facilities Grants</i>	<i>NOV 12</i>	<i>22.11.12</i>	<i>12.12.12</i>	<i>24.12.12</i>	<i>04.01.13</i>	<i>JAN</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>	<i>2</i>
<i>Council Tax & NNDR</i>	<i>DEC 12</i>	<i>17.12.12</i>	<i>16.01.13</i>	<i>18.01.13</i>	<i>21.01.13</i>	<i>JAN</i>	<i>GREEN</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Domestic Violence	<i>JUL 12</i>	<i>10.08.12</i>	<i>12.09.12</i>	<i>23.01.13</i>	<i>23.01.13</i>	<i>JAN</i>	<i>GREEN</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>1</i>
Housing Benefits	DEC 12	21.12.12	25.01.13									
Green Waste	DEC 12	21.12.12	22.01.13									
Creditors	WIP											
Governance												
Partnerships												
Tendering												
Treasury Management												
Main Accounting System												
Debtors												
Payroll												
Insurance												
Risk Management												
Information Assurance Systems												

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	CGG Committee	Assurance level given	Number of Recommendations Made				
								High	Medium	Low	In Total	Agreed
Development Control												
Follow Up												

APPENDIX B: ACTION PLANS FOR KEY RECOMMENDATIONS**Domestic Violence**

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The Council should hold talks with the Nottinghamshire Constabulary Public Protection Unit to: - highlight the risks to the Council where it has to take action regarding low and/or medium risk category domestic violence situations, where the Council does not have access to police intelligence: and seeks to identify if the Public Protection Unit could provide any indication of awareness of issues that could influence a domestic violence risk assessment, without recourse to a full Multi-Agency Risk Assessment Conference disclosure.	Medium	Yes	This item was raised at the South Nottinghamshire Community Safety Partnership and Chief Inspector Kerry McLernon has taken this as an action to address the concerns raised with Superintendent Helen Chamberlain the head of the Public protection unit for Nottinghamshire Police with a view to address the issues raised	Update 21 March 2013	Community Engagement Manager

Recommendation Categorisation

Our findings and recommendations are categorised as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	

Opinions

The definitions for the level of assurance that can be given are:

Opinion	Description	Opinion	Description
RED	Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.	AMBER / GREEN	Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
AMBER / RED	Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.	GREEN	Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk/area are suitably designed, consistently applied and effective.

REPORT OF THE DIRECTOR OF FINANCE

Purpose

The purpose of the report is to present the budget position for revenue and capital as at 31 December 2012.

Recommendation

It is RECOMMENDED that Members note the current projections for revenue and capital outturn including the proposed rephasing of £54,000 into the 2013/14 capital programme.

Revenue Monitoring

1. The revenue monitoring statement by service area is attached at **Appendix A** with detailed variance analysis for December 2012 attached at **Appendix B**. This shows an underspend against profiled budget to date of £568,000 which it is anticipated will reduce during the remainder of the year to £295,000. It is therefore projected that overall expenditure for 2013/14 will remain within the funding envelope agreed by the Council when the budget was set on 1 March 2012.
2. There are currently no proposals to utilise the £591,000 of earmarked reserves that Council made available for the current financial year. However this position is being reviewed in light of relevant one-off costs which have arisen due to the implementation of the senior management restructure. This may result in some costs being charged to this area at year end.
3. As previously reported and identified at **Appendix A** Financial Services is currently forecast to overspend at year end. This reflects the significant cost pressures arising from one off staffing costs and significant reductions in investment income. These costs are being partially offset by savings on non distributed costs and management staffing. It should also be noted that since the last meeting the forecast outturn for Transformation has changed from an overspend to an underspend.
4. **Appendix B details** the under and overspending to date which reflects a number of variances including the increased income from the Green Waste scheme, savings on contributions made towards non-distributed costs and staff savings across the Council.

Capital Monitoring

5. The updated Capital Programme monitoring statement for December 2012 is attached at **Appendix C**. A summary of the projected outturn and funding position is shown in the table below: -

CAPITAL PROGRAMME MONITORING - DECEMBER 2012			
EXPENDITURE SUMMARY	Current Budget £000	Projected Actual £000	Projected Variance £000
Revenues and ICT Services	150	107	(43)
Partnerships & Projects	109	75	(34)
Transformation	2,863	2,083	(780)
Environment & Waste Management	1,108	985	(123)
Community Shaping	1,357	630	(727)
Planning & Place Shaping	0	0	0
Contingency	86	0	(86)
	5,673	3,880	(1,793)
FINANCING ANALYSIS			
Capital Receipts	(2,570)	(1,258)	1,312
Government Grants	(2,231)	(2,150)	81
Other Grants/Contributions	(746)	(386)	360
Use of Reserves	(126)	(86)	40
	(5,673)	(3,880)	1,793
NET EXPENDITURE	-	-	-

6. The projected outturn for the capital programme is currently lower than budgeted. The main variances are detailed below.

Revenues and ICT Services

7. The projected underspend of £43,000 wholly relates to the ICT Strategy. The projected actual of £107,000 is made up of spending commitments to complete schemes from the old ICT Strategy together with new projects for ICT replacement and infrastructure. As a result the current budget of £150,000 is sufficient to meet the current spending commitments and provides some flexibility for later in the year.

Partnerships and Projects

8. The projected underspend of £34,000 comprises two areas. Additional funding of £20,000 has been secured towards the implementation costs of the Universal Credit pilot project. In addition £14,000 needs to be rephased and included in the 2013/14 programme in order to replace the Changing Room Supply and Extraction Unit at RLC, a scheme that has been delayed due to remedial works required to be carried out by NCC.

Transformation

9. The projected underspend of £780,000 primarily relates to the Cotgrave Masterplan. This is a high risk/high reward project involving a range of partners. It is difficult to predict the likely expenditure position at the year-end so the projected actual only includes the estimated costs of strategic acquisitions likely at this stage. It should be noted that the investment property acquisition approved by Council on the 13th December 2012 is still being progressed and due to the commercially sensitive nature of the transaction will only be included in the programme once completed.

Environment and Waste Management

10. The projected underspend of £123,000 arises primarily from undertaking a review of the vehicle replacement programme (£100,000). The result of the review is that the replacement of several vehicles can be deferred to next year on the grounds of low mileage and their condition. £15,000 may remain unspent in the event that no applications for Decent Homes grants are received and approved. In addition, a favourable tender for the acquisition of the Nitrogen Dioxide has saved a further £8,000.

Community Shaping

11. The projected underspend of £727,000 arises primarily from the delayed outcome of the Alford Road Options re-appraisal together with predicted underspends on grants given for affordable housing. In addition the Hook M.U.G.A. scheme will not be commissioned this year and as a result the provision of £40,000 will need to be rephased and included in the 2013/14 capital programme.

Summary

12. This report continues previous trends of the Council's managers maintaining expenditure within the funding strategy agreed by the Authority and identifies that savings will continue to be delivered on capital and revenue budgets throughout the remainder of the current financial year. Against this backdrop due cognisance must be given to the significant external financial pressures from developing issues such as changes in national funding associated with the localisation of Business Rates, Universal Credit, new arrangements for Council Tax Support and continued financial pressures on individuals, businesses and partners. Against such a background it is imperative that the Council continues to keep a tight control of its expenditure and maintains positive progress against its four year plan.

Financial Comments

Financial comments are included within the body of the report

Section 17 Crime and Disorder Act

There are no section 17 implications

Diversity

There are no diversity implications

Background Papers Available for Inspection: Nil

Appendix A

Revenue Variance Analysis by Service Area April 2012 - September 2012 (6 Months)

	Actual vs Budget to Date			Projected Outturn vs Budget		
	Budget YTD £'000	Actual YTD £'000	Variance (Under)/Over £'000	Current Budget £'000	Projected Outturn £'000	Variance (Under)/Over £'000
Community Shaping	903	827	(76)	1,346	1,277	(69)
Corporate Services	1,065	1,041	(24)	1,427	1,424	(3)
Environment & Waste	2,234	2,005	(229)	3,196	3,042	(153)
Financial Services	1,616	1,779	163	2,098	2,346	248
Partnerships & Performance	607	529	(78)	897	876	(21)
Planning & Place Shaping	177	109	(68)	328	235	(93)
Revenues & ICT	14,728	14,651	(77)	1,386	1,309	(77)
Transformation	525	418	(107)	742	688	(55)
Total Service Expenditure	21,855	21,359	(496)	11,420	11,197	(223)
Contingency	72	0	(72)	72	0	(72)
Total	21,927	21,359	(568)	11,492	11,197	(295)
Budgeted Use of Balances						(591)
Net Available Funding						(886)

**REVENUE BUDGET MONITORING
MAJOR VARIATIONS AT 31 DECEMBER 2012**

	Variance To 31/12 £'000	Projected Outturn £'000
ADVERSE VARIANCES		
Community Shaping		
Sports Development - Employee costs	7	10
Arts & Events - Employee costs	13	12
Homelessness - Agency staff costs	13	10
Corporate Services		
Elections and Electoral Registration savings not yet achieved	26	26
Environment & Waste		
Pest Control - Income reduced due to weather.	20	20
Waste Collection & Recycling - Impact of agency costs	40	39
Increase in Waste Collection & Recycling diesel costs.	24	39
Animal & Public Health - Work in Default activity reduced	1	20
Food Safety - Additional contractor payments	24	24
Financial Services		
Staffing and agency costs	156	173
Anticipated efficiency savings not yet achieved	-	25
Investment Interest - Reduced returns on investments	106	168
Insurances - Additional renewal costs	-	20
Partnerships & Performance		
Car Parks - Loss of income due to low usage	42	15
Car Parks - Partnership cost adjustment.	11	12
Revenues & ICT		
None		
Transformation Team		
Estates Open Spaces - S106 monies will not materialise	-	21
Property Services - Net loss on termination of Gedling SLA	11	29
Total Adverse Variances	494	663

	Variance To 31/12 £'000	Projected Outturn £'000
FAVOURABLE VARIANCES		
Community Shaping		
Local Strategic Partnership - Additional income generated.	(15)	(15)
Health Development & LDF - Savings on employee costs	(22)	(21)
Health Development - Savings on Equalities & diversity budget	(11)	(13)
Health Development - Funding received for Health Dev Officer	(11)	(11)
Community Parks & Open Spaces - Security services savings at Rushcliffe Country Park	(19)	(27)
Local Development Framework - Underspending on local plan	-	(25)
Corporate Services		
Legal & Print Room - Staffing savings	(10)	(13)
Savings on Mayor's transportation costs	(8)	(8)
Legal - Savings on publications through negotiating better terms.	(8)	(7)
Environment & Waste		
Waste & Recycling - Green waste income	(79)	(107)
Licensing - Income greater than anticipated	(22)	(15)
Employee costs down due to vacancies being held.	(73)	(56)
Street Cleansing & Grounds Maintenance - various savings	(68)	(42)
Cesspools & Septic Tanks - Increase in income due to extra business.	(9)	(15)
Financial Services		
Precepts & Levies - Internal Drainage Board precepts set at a level lower than that budgeted for.	(13)	(13)
Non Distributed Costs - Reduced superannuation contributions for back funding and pensions increase act payments	(98)	(130)
Partnerships & Performance		
Leisure Centres - 2011/12 accrual adjustment	(73)	(12)
Leisure Centres - Reduced management fees due to utility costs issues	(12)	(15)
Projects & Information - Staff savings due to vacant post.	(19)	(16)

	Variance To 31/12 £'000	Projected Outturn £'000
Projects & Information - Savings on supplies & services	(23)	(13)
Planning & Place Shaping		
Development Control & Building Control - Staff savings	(65)	(60)
Development Control - Introduction of increased fees during autumn.	-	(30)
Revenues & ICT		
Staff savings within Revenues and Benefits.	(55)	(77)
Underspend on rechargeable Accounts	(24)	(10)
Transformation Team		
Office Accommodation, Industrial Sites & Investment Properties - Additional rental income.	(31)	(31)
Employee savings due to vacancies	(30)	(55)
Contribution of Notts Police towards staff costs	(19)	(23)
Total Favourable Variances	(737)	(860)
Sum of Minor Variances	(253)	(26)
TOTAL VARIANCE	(496)	(223)

CAPITAL PROGRAMME MONITORING - DECEMBER 2012

	Budget YTD £000	Actual YTD £000	Variance £000	Current Budget £000	Projected Actual £000	Variance £'000
REVENUES & ICT SERVICES						
IS Strategy	37	16	(21)	150	107	(43)
	37	16	(21)	150	107	(43)
PARTNERSHIPS & PROJECTS						
Rushcliffe Community Contact Centre	0	0	0	20	0	(20)
RLC Changing Room Supply and Extraction Unit	0	0	0	14	0	(14)
CLC Car Park Resurfacing	0	0	0	75	75	0
	0	0	0	109	75	(34)
TRANSFORMATION						
Park Lodge Structural Repairs	0	0	0	23	0	(23)
Footpath Enhancements	0	0	0	25	0	(25)
Civic Centre Energy Efficiency	0	0	0	20	3	(17)
Cotgrave Masterplan	1,820	1,821	1	2,795	2,080	(715)
	1,820	1,821	1	2,863	2,083	(780)
ENVIRONMENT & WASTE MANAGEMENT						
Disabled Facilities Grants	413	496	83	580	580	0
Decent Homes Grants	0	0	0	15	0	(15)
Nitrogen Dioxide Monitor	8	8	0	16	8	(8)

	Budget YTD £000	Actual YTD £000	Variance £000	Current Budget £000	Projected Actual £000	Variance £'000
Wheeled Bins Acquisition	45	55	10	63	63	0
Vehicle Replacement	0	0	0	434	334	(100)
	466	559	93	1,108	985	(123)
COMMUNITY SHAPING						
Support for Registered Housing Providers	63	63	0	550	300	(250)
Gresham Pavilion Legionella	0	0	0	75	75	0
Partnership Grants	79	35	(44)	111	59	(52)
Alford Road Pavilion Redevelopment	0	0	0	384	0	(384)
Community Partnership Reward Grants	51	18	(33)	72	72	0
RCP Climbing Frame	25	24	(1)	25	24	(1)
Skate Park Facilities, The Hook	0	0	0	100	100	0
The Hook M.U.G.A.	0	0	0	40	0	(40)
	218	140	(78)	1,357	630	(727)
PLANNING & PLACE SHAPING	0	0	0	0	0	0
	0	0	0	0	0	0
CONTINGENCY	0	0	0	86	0	(86)
TOTAL	2,541	2,536	(5)	5,673	3,880	(1,793)

REPORT OF THE DIRECTOR OF FINANCE

Purpose

This report provides Corporate Governance Group on progress with regard to the issues identified during the audit of the Council's 2011/12 Statement of Accounts.

Recommendations

It is **RECOMMENDED** that Corporate Governance Group note progress on the actions undertaken to address the issues identified.

Actions

1. The Council's Statement of Accounts were considered by Corporate Governance Group on 26 September and approved by Council on 27 September. As part of this process the Audit Commission identified a number of areas for improvement. As a result the Corporate Governance Group asked that the Director of Finance provide regular progress updates on these areas and wider preparations for the 2012/13 final accounts process. Details of proposed actions to address these concerns were provided to Corporate Governance Group on the 26 November 2012.
2. One of the key concerns identified by the District Auditor was the problems faced by the Council in undertaking bank and system reconciliations. Since the Statement of Accounts was approved staff have been targeted on both bringing the reconciliations up to date and identifying potential improvements to the current process. Within this an internal targets were set that reconciliations would be finalised as follows:
 - Reconciliations to 30/9/12 – completed by 31/12/12
 - Reconciliations to 31/12/12 – completed by 28/2/13
 - Reconciliations to 31/3/13 – completed by 31/5/13
3. Since the audit financial services has made good progress on this work meeting the initial target to complete all reconciliations to the end of September by the 3 December. It has now been agreed that the Council's external auditor, KPMG, will review this work during February identifying areas where improvements need to be made prior to the final accounts process later in the year.
4. The service has also made good progress in addressing staffing and skills shortfalls. Following the service restructure appointments have been made to the new Service Manager, Group Accountant and Systems Officer roles.

5. During February work will commence on finalising the closedown timetable for 2012/13. As previously reported this work will include the scheduling of additional senior management review of statements and supporting documentation.

Financial Comments

None arising from this report

Section 17 Crime and Disorder Act

There are no section 17 implications

Diversity

There are no diversity implications

Background Papers Available for Inspection: Nil

Closedown Action Plan

Issue	Actions and Progress	Allocated to	Target	Status
<p><u>Reconciliations</u></p> <p>1. Establish the status of the outstanding reconciled balances for 2011/12 of:</p> <ul style="list-style-type: none"> a. £136,921 received in cashiers b. £86,549 received at bank. c. £4,903 cheques issued <p>This action needs to be taken in the context of the net impact of £55,275, the workload impact of undertaking a formal reconciliation against the potential for identifying error or material changes to the Council's financial position.</p> <p>2. Correct the other unreconciled items identified by the District Auditor. These being:</p> <ul style="list-style-type: none"> a. £22,000 general ledger to council tax b. £50,000 council tax to bank c. £15,000 housing benefit to bank 	<p>The resource implications of pursuing this reconciliation mean that it would not be possible to maintain the focus of resources on bringing the current year reconciliations up to date. As such a case for write off of the outstanding balances will be developed and submitted to the Deputy Chief Executive (CB) for approval.</p> <p>The resource implications of pursuing this reconciliation mean that it would not be possible to maintain the focus of resources on bringing the current year reconciliations up to date. As such a case for write off of the outstanding balances will be developed and submitted to the Deputy Chief Executive (CB) for approval.</p>	<p>Director of Finance</p> <p>Director of Finance</p>	<p>10/12/12</p> <p>10/12/12</p>	<p>Awaiting finalisation</p> <p>Awaiting finalisation</p>

Issue	Actions and Progress	Allocated to	Target	Status
<p>3. Requirement to ensure that all in year reconciliations are brought up to date and completed in advance of the submission of the 2012/13 accounts for audit.</p>	<p>Internal targets for completion have been set as follows.</p> <ul style="list-style-type: none"> • Reconciliation to the 30/9/12 to be completed by the 31/12/12 • Reconciliation to the 31/12/12 to be completed by the 28/2/13 • Reconciliation to the 31/3/13 to be completed by the 31/5/13 <p>Significant progress has been made on the majority of reconciliations since the completion of the audit and the service remains on target to meet the 31/12/12 deadline for completion of the six month reconciliation.</p>	<p>Group Accountant (Capital and Resources)</p>	<p>31/5/12</p>	<p>On target</p>
<p><u>Closedown Processes</u></p> <p>4. There needs to be a clear timetable for the conduct of the 2012/13 closedown.</p> <p>5. Working papers need to be reviewed to ensure that the correct information is presented in a clear and understandable format.</p>	<p>The closedown timetable will be reviewed and amended during the period January to March 2013. This will include future arrangements for senior management review of statements and supporting documentation.</p> <p>Meeting to be held between Financial Services and KPMG to identify potential areas for improvement with the Council's working papers.</p>	<p>Director of Finance</p> <p>Director of Finance</p>	<p>31/3/13</p> <p>31/1/13</p>	<p>Not yet due.</p> <p>Not yet due.</p>

Issue	Actions and Progress	Allocated to	Target	Status
<p><u>Staffing and System Issues</u></p> <p>6. Sufficient staff capacity needs to be available to the service.</p> <p>7. Financial ICT Systems need to be kept under review to ensure that they are fully supporting the closedown process.</p>	<p>The Director of Finance is currently implementing a restructure which will see the introduction of two new qualified accountant posts at a Service Manager and Group Accountant level. At the same time current external resources will be retained to support the development of the Council's Financial ICT Systems and new arrangements for reconciliations. If required these external resources will also be available to support aspects of the final accounts process.</p> <p>The new structure for Financial Services includes the creation of a dedicated Systems Officer who will support system maintenance and development issues. This individual has now been appointed and commences work on 1 December. In order to maximise the short term impact of this change this post will be supported by a temporary dedicated accountant post who will transfer across to this role from 1 January 2013.</p>	<p>Director of Finance</p> <p>Group Accountant (Capital and Resources)</p>	<p>31/3/13</p> <p>30/6/13</p>	<p>On going</p> <p>Not yet due.</p>

Action Plan Milestones

	Action Plan Ref	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
a. Correct unreconciled items									
• Prepare write off report	1,2	■							
• Write Off Approval	1,2	■							
b. Complete in-year reconciliations									
• To 30/9/12	3		■						
• To 31/12/12	3				■				
• To 31/3/13	3							■	
c. Closedown Process									
• Review 2011/12 timetable	4			■					
• Review 2011/12 working papers	5			■					
• 2012/13 timetable finalised	4					■			
d. Staffing Restructure									
• Implement for existing staff	6		■						
• External recruitment complete	6					■			
e. ICT Support									
• System Officer commences	7		■						
• Additional temporary Systems Accountant commences	7			■					

REPORT OF THE DIRECTOR OF FINANCE

This report sets out a proposed work programme for the next year. In determining the proposed work programme due regard has been given to matters usually reported to the Group and the timing of issues to ensure best fit within the Council's decision making process. It should be noted that the revised work programme outlined below has reallocated tasks from the planned 8 May meeting which would allow this meeting to be cancelled.

Recommendation

It is RECOMMENDED that the Group agrees:

- the work programme as set out in the table below; and
- the cancellation of the planned meeting scheduled for the 8 May 2013.

Date of Meeting	Item
30 January 2013	<ul style="list-style-type: none"> • Internal Audit Progress 2012/13 • Treasury Management Presentation • Risk Management Update • Revenue & Capital Budget Monitoring • Work Programme
24 April 2013	<ul style="list-style-type: none"> • Internal Audit Progress 2012/13 • Internal Audit Strategy 2013/14 • Certification of Claims and Returns • Joint Working Protocol – Financial Statements Audit • Risk Management Update • Work Programme
8 May 2013	Meeting to be cancelled
6 June 2013	<ul style="list-style-type: none"> • Internal Audit Progress Report 2013/14 • Internal Audit Annual Report 2012/13 • Revenue & Capital Budget Monitoring • Fraud & Irregularities 2012/13 • Annual Governance Statement 2012/13 • Corporate Governance Annual Report 2012/13 • Health and Safety Annual Report

Date of Meeting	Item
19 September 2013	<ul style="list-style-type: none"> • Internal Audit Progress Report 2013/14 • Statement of Accounts 2012/13 • External Auditors Annual Governance Report 2012/13 • Revenue & Capital Budget Monitoring • Treasury Management Update • Work Programme
7 November 2013	<ul style="list-style-type: none"> • Internal Audit Progress Report 2013/14 • Annual Audit Letter • Revenue & Capital Budget Monitoring • Health and Safety Interim report • Risk Management Update • Work Programme
6 February 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2013/14 • Treasury Management Update and Presentation • Risk Management Update • Revenue & Capital Budget Monitoring • Work Programme

The above table does not take into account any items that need to be considered by the Group as special items. These may occur, for example, through changes required to the Constitution or financial regulations, which have an impact on the internal controls of the Council.

Financial Comments

No direct financial implications arise from the proposed work programme.

Section 17 Crime and Disorder Act

In the delivery of its work programme the Group supports delivery of the Council's Section 17 responsibilities particularly in relation to audit, fraud and irregularities.

Diversity

The policy development role of the Group ensures that its proposed work programme supports delivery of Council's Corporate Priority 6 'Meeting the Diverse needs of the Community'.

Background Papers Available for Inspection: Nil