

**NOTES  
OF THE MEETING OF THE  
CORPORATE GOVERNANCE GROUP  
WEDNESDAY 24 APRIL 2013**

Held at 7.00 pm in Committee Room 1, Civic Centre, Pavilion Road, West Bridgford

**PRESENT:**

Councillors G S Moore (Chairman), S J Boote (Substitute for K A Khan)  
B Buschman (Substitute for N A Brown), L B Cooper (J E Cottee),  
J E Greenwood (Substitute for R Hetherington), E A Plant, S J Robinson  
(Substitute for B A Nicholls), D V Smith and H Tipton

**ALSO IN ATTENDANCE:**

Councillor J A Cranswick  
John Cornett            Director, KPMG  
Trudy Enticott         Manager, KPMG  
M Riley                   RSM Tenon

**OFFICERS PRESENT:**

A Goodman            Member Support Officer  
P Linfield             Service Manager - Finance and Commercial  
P Steed                Executive Manager - Finance and Commercial  
E Shaw                Emergency Planning Officer  
D Swaine              Executive Manager – Operations and Corporate Governance

**APOLOGIES FOR ABSENCE:**

Councillors N A Brown, J E Cottee, R Hetherington, K A Khan and  
B A Nicholls

**37. Declarations of Interest**

There were none declared.

**38. Notes of the Previous Meeting**

The notes of the meeting held on Wednesday 30 January 2013 were accepted  
as a true record.

**39. Risk Management Update**

Members were informed that following the recent senior management review,  
responsibility for risk management, emergency planning and business  
continuity had passed to the Executive Manager - Operations and Corporate  
Governance. Officers were currently in the process of revising the areas to  
realign them with the new structure and this would tie into the review of  
performance management arrangements and the production of service plans

for the 2013/14 period. As part of this work, greater focus was being given to the relationship between risk, performance and tasks to enable all aspects to be linked within the operational management of each service.

The Executive Manager – Operations and Corporate Governance explained that the current Corporate Risk Register contained 21 risks, with an additional 52 operational risks, that were monitored at service level. He added that the current review aimed to remove risks that were low scoring, those that had the lowest likelihood or impact and risks that had effective mitigation to ensure the risk factors were under control. Any additional risks identified by this process would be added to the register, however it was anticipated that there would be few new risks and that overall there will be a net reduction.

Executive Manager – Operations and Corporate Governance explained that the Emergency Plan had been reviewed to reflect the Council's new organisational structure and would continue to be updated on a biannual basis. The service level agreement with Newark & Sherwood District Council to provide senior representation at Local Resilience Forum (LRF) meetings had been renewed for 2013/14. Also, the emergency planning service level agreement with Nottinghamshire County Council for the 2013/14 was due to be confirmed in May 2013. The multi-agency rest centre table top exercise that was due to take place last November, that had to be postponed due to the widespread flooding at the time, was being rescheduled for later this year.

The Council's response to the recent flooding had generally been very effective and updates had been provided to Members. Nevertheless, the Risk Management Group were working to identify if any improvements could be made following these incidents.

Members noted that the Corporate Business Continuity Plan had also been updated to reflect the Council's new organisational structure, to ensure that critical services would continue to be delivered during an incident. The emergency planning officer would be working with lead specialists over the coming months to review and update the Business Impact Analyses.

It was AGREED that the report be noted.

#### 40. **External Audit Plan 2012/13**

Mr Cornett presented the External Audit Plan 2012/13 that summarised the work that the Council's external auditors KPMG proposed to undertake in respect of the audit Council's financial statements for 2012/13. He informed Members that KPMG would take a risk based approach to the audit and that the audit planning process and risk assessment would be kept under review.

Mr Cornett had identified two key risks in relation to the audit of the 2012/13 financial statements, issues with reconciliations and staffing capacity. He explained that the Value for Money (VFM) audit approach meant that KPMG would only carry out as much work as was appropriate to issue a safe VFM conclusion. The fee for the audit remained the same as set out in the Audit fee letter 2012/13 at £54,150, which was a 40% reduction compared to 2011/12.

In response to questions regarding the use of off-shore audit resources, Members were assured that all data files were maintained on servers within the UK and that they could only be viewed on screen in India. The servers were governed by established KPMG IT controls and there were restrictions in place to protect the data.

It was AGREED that the External Audit Plan 2012/13 be accepted.

#### **41. Certification of Grants and Returns – Annual Report 2011/12**

Mr Cornett presented the report from the Council's external auditor KPMG that summarised the work undertaken in relation to the certification of the Council's grant claims and returns for the financial year 2011/12. The audit certification was undertaken after the completion of the Statement of Accounts and was only required for the Housing and Council Tax Benefit Scheme and the National Non-Domestic Rates Return.

He informed Members that from September 2012 work previously undertaken by the Audit Commission's Audit Practice had been outsourced and subsequently KPMG were appointed as the Council's external auditor. The detailed certification work was completed by the Audit Commission's Audit Practice, in accordance with certification instructions issued by the Audit Commission, before 31 October 2012 and the findings and recommendations incorporated into the final report.

For the period 2011/12, one claim for Housing and Council Tax Benefits Scheme with a total value of £22,313,388 and one return for National Non-Domestic Rates, with a total value of £20,664,428, had been certified. Unqualified certificates for the National Non Domestic Rates return had been issued, however amendments and subsequent qualification had been necessary for the Housing and Council Tax Benefit Scheme. This was due to three errors that required additional testing and although not significant, a qualification was mandatory as a result of identifying errors of this nature. As a result, adjustments had been necessary to one of the Council's grants and returns.

Mr Cornett reported that the Council had good arrangements for preparing its grants and returns and supporting the auditor's certification work. All the grants had been submitted on a timely basis and correctly identified as requiring certification. The overall fee charged for the certification of grants and returns was 30% lower than the original estimate at £19,564.

In response to questions, Mr Cornett explained that it was normal to have issues arising from this type of audit, due the large volume of claims involved.

It was AGREED that the Certification of Grants and Returns – Annual Report 2011/12 be accepted

#### **42. Internal Audit Progress 2012/13**

Mr Riley, a representative from RSM Tenon, the Council's internal auditors, informed Members that in line with the audit plan, six reports had been issued since the last meeting of the Group, for the areas of Housing Benefits, Green

Waste, Creditors, Main Accounting System, Virtual Server and Mobile Device Security. He informed Members that the assurance level for all the audits was green, the highest achievable, except for the Main Accounting System that was amber/red. There were currently nine audits in progress or at the draft stage and these would be presented to the next meeting of the Group.

Mr Riley confirmed that, as agreed by Members at the last meeting, the audits for Temporary Accommodation and Community Facilities had been carried forward to 2013/14, due to the service reviews that were currently being undertaken.

In response to questions, the Executive Manager - Finance and Commercial confirmed that in relation to the recommendation relating to journal postings, that had been raised and not agreed to at a previous audit, officers were working with the auditors to find a solution and it would not be carried forward to the next audit.

#### 43. **Internal Audit Strategy 2013/14**

Members considered the report that detailed the audit plan for the 2013/14 financial year prepared by the Council's internal auditors, RSM Tenon. Mr Riley reminded Members that the plan was part of the Internal Audit Strategy that covered the three year period from 2013/14 to 2015/16 and was based on discussions that had taken place with Senior Officers and the Chairman of the Corporate Governance Group. Members of the Internal Audit team and Senior Officers examined the underlying risks facing the council on an annual basis and update the strategy and the resultant audit plan. The key areas of focus that had influenced the plan were Governance, Transformation, Commercial Property Portfolio and the Temporary Accommodation and Community Facilities reviews.

The Group considered the report in relation to the following four questions:

- Did the Updated Strategy for Internal Audit cover the organisation's key risks as they are recognised by the Corporate Governance Group?
- Did the audit strategy include all those areas that the Corporate Governance Group would expect to be subject to internal audit coverage, both in terms of our professional responsibilities as well as covering areas of concern flagged by management?
- Was the level of audit resource accepted by the Corporate Governance Group and agreed as appropriate, given the level of assurance required?
- Did the detailed internal audit plan for the coming financial year reflect the areas that the Audit Committee believes should be covered as a priority?

It was AGREED that updated Internal Audit Strategy and detailed Audit Plan 2013/14 be approved.

#### 44. Finance Update

The Executive Manager - Finance and Commercial gave an update to Members on the progress made in Finance, since the last meeting of the Group in January. He informed Members that good progress had been made in respect of the outstanding reconciliations and work was ahead schedule. Peter Linfield had joined the Council as the new Service Manager - Finance and Commercial, which completed the staffing restructure.

#### 45. Work Programme

The Group considered the report of the Executive Manager – Operations and Corporate Governance that set out details of the proposed work programme for the municipal year 2013/14.

The Group AGREED the Work Programme as set out below:

Date of Meeting	Item
24 April 2013	<ul style="list-style-type: none"><li>• Internal Audit Progress 2012/13</li><li>• Internal Audit Strategy 2013/14</li><li>• Certification of Grants and Returns</li><li>• External Audit Plan 2012/13</li><li>• Risk Management Update</li><li>• Finance Update</li><li>• Work Programme</li></ul>
8 May 2013	Meeting cancelled
6 June 2013	<ul style="list-style-type: none"><li>• Internal Audit Progress Report 2013/14</li><li>• Internal Audit Annual Report 2012/13</li><li>• Revenue &amp; Capital Budget Monitoring</li><li>• Fraud &amp; Irregularities 2012/13</li><li>• Annual Governance Statement 2012/13</li><li>• Corporate Governance Annual Report 2012/13</li><li>• Health and Safety Annual Report</li><li>• Work Programme</li></ul>
19 September 2013	<ul style="list-style-type: none"><li>• Internal Audit Progress Report 2013/14</li><li>• Statement of Accounts 2012/13</li><li>• External Auditors Annual Governance Report 2012/13</li><li>• Revenue &amp; Capital Budget Monitoring</li><li>• Treasury Management Update</li><li>• Work Programme</li></ul>

Date of Meeting	Item
7 November 2013	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2013/14</li> <li>• Annual Audit Letter</li> <li>• Revenue &amp; Capital Budget Monitoring</li> <li>• Health and Safety Interim report</li> <li>• Risk Management Update</li> <li>• Work Programme</li> </ul>
6 February 2014	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2013/14</li> <li>• Treasury Management Update and Presentation</li> <li>• Risk Management Update</li> <li>• Revenue &amp; Capital Budget Monitoring</li> <li>• Work Programme</li> </ul>

The meeting closed at 8.05 pm.

**Action Sheet**  
**CORPORATE GOVERNANCE GROUP**  
**WEDNESDAY 24 APRIL 2013**

Minute Number	Actions	Officer Responsible
38 Notes of the Previous Meeting	None	
39 Risk Management Update	None	
40 External Audit Plan 2012/13	None	
41 Certification of Grants and Returns – Annual Report 2011/12	None	
42 Internal Audit Progress 2012/13	None	
43 Internal Audit Strategy 2013/14	None	
44 Finance Update	None	
45 Work Programme	None	