

**NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
WEDNESDAY 23 APRIL 2014**

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, A M Dickinson, R Hetherington, K A Khan, E A Plant, J E Thurman and H Tipton

ALSO IN ATTENDANCE:

N Bellamy	KPMG
D Hargreaves	Fisher Hargreaves Proctor
M Williams	Baker Tilly
K Waddoups	Baker Tilly
R Walton	KPMG

OFFICERS PRESENT:

N Berry	Property Estates Surveyor
A Goodman	Member Support Officer
A Graham	Chief Executive
P Steed	Executive Manager - Finance and Commercial

APOLOGIES FOR ABSENCE:

There were no apologies for absence.

37. Declarations of Interest

There were none declared.

38. Notes of the Previous Meeting

The notes of the meeting held on Thursday 6 February 2014 were accepted as a true record.

39. Local Government Act 1972

It was AGREED that the public be excluded from the meeting for consideration of the following item of business pursuant to section 100A (4) of the above Act on the grounds that it is likely that exempt information may be disclosed as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

40. Potential Options for the Future Use of the Civic Centre

At its meeting of the 7 November 2013 the Group confirmed its support of the business case for the potential relocation of the Civic offices to The Arena site. Members requested that Cabinet engage the Corporate Governance Group in

its consideration of the potential future uses/disposal of the Civic Centre, at an appropriate and timely stage. Consequently on 2 April 2014, the Leisure and Civic Relocation Member Group requested that the Corporate Governance Group be engaged to consider and comment upon the current options that had been identified. The Group's views would be reported back to the Member Group meeting on the 1 May 2014, and subsequently to Cabinet.

The Group considered the report of the Chief Executive and the presentation that outlined potential options for the future use of the Civic Centre and the Council's role in such developments. Members were informed the Council had commissioned independent advice from local experts in relation to the options, costing and valuations.

It was AGREED that the Group

- a. recommend to the meeting of the Leisure and Civic Relocation Member Group on the 1 May 2014, that they support the principle of a mixed development and that the Council should pursue options in order to achieve the maximum residual value; and
- b. endorse the following working assumptions regarding the Civic Centre and the future relocation:
 - i. The current Civic Centre has a capital value
 - ii. The current Civic Centre also has a good revenue value
 - iii. If the Council builds a new Civic on its own site (the Arena) as part of a commissioned leisure build, it is highly likely to reduce its costs by negating the need to buy any land, and combining the two build projects
 - iv. A new purpose built building is highly likely to be cheaper to run than the existing premises.

41. External Audit Plan 2013/14

Mr Bellamy presented the External Audit Plan 2013/14 that summarised the work that the Council's external auditors KPMG proposed to undertake in respect of the audit Council's financial statements for 2013/14. He informed Members that, as in previous years, KPMG would take a risk based approach to the audit and that the plan would remain flexible as risks and issues may change throughout the year. The initial assessments presented in the plan would be kept under review and any new risks that emerge would be evaluated and responded to accordingly.

Mr Bellamy reported that as part of the initial risk assessment of the financial statements audit, two significant risks had been identified in relation to the Local Government Pension Scheme triennial valuation and the implantation of a new cash receipting system. 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 members of the audit team had been refreshed from last year, with changes to the Engagement Lead and the Audit Manager. The Audit was currently planned to commence on 14 July 2014 and on conclusion, the

findings would be presented to the Group in the Report to Those Charged with Governance (ISA 260 report) and the Annual Audit Letter.

The planned fee for the audit was £54,150, which remained the same as set out in the Audit fee letter 2013/14.

It was AGREED that the External Audit Plan 2013/14 be accepted.

42. Certification of Grants and Returns – Annual Report 2012/13

Mr Walton 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 2012/13. 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.

For the period 2012/13, one claim for Housing and Council Tax Benefits Scheme with a total value of £23,308,000 and one return for National Non-Domestic Rates, with a total value of £22,293,000, 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 two errors that required additional testing and although not significant, a qualification was mandatory as a result of identifying errors of this nature.

Mr Walton 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 records kept in relation to grants and returns were generally accurate and sufficient.

The current estimated fee was £11,088, which was slightly higher than the indicative fee of £10,550 set by the Audit Commission, due to the additional work carried out the errors found in the Housing and Council Tax Benefit scheme certification. However, the fee has been relatively contained, predominantly due to the small number of errors found, and the good level of cooperation and quality working papers received from the Authority's officers in relation to the certification of both returns.

In response to questions, Mr Walton explained that the increase in fee reflected the additional work and testing that the auditors were required to undertake to establish if the errors that had been identified were isolated incidents.

It was AGREED that the Certification of Grants and Returns – Annual Report 2012/13 be accepted

43. Internal Audit Progress Report 2013/14

Ms Waddoups, a representative from Baker Tilly, the Council's internal auditors, informed Members that in line with the audit plan, four reports had been finalised since the last meeting of the Group, for the areas of NNDR,

Council tax, Capital Programme & Assets, and Temporary Accommodation. He informed Members that the assurance level all audits was green, the highest achievable, except for the audit of Temporary Accommodation which was amber/green, with only one medium risk recommendation. There were currently five audits at the work in progress or draft stage for the areas of Payroll, Tendering, Risk Management, General Ledger and Treasury Management, Cash & Banking, which would be presented to the next meeting of the Group in June 2014.

Ms Waddoups reported that following completion of the 2013/14 Audit Plan, 16 fewer days had been required to complete the work than originally planned. Therefore the Council would make a saving of £6,630 on the audit fees, which equated to 11% of the total cost.

It was AGREED that the Internal Audit Progress Report 2013/14 be noted.

44. **Internal Audit Strategy 2014/15**

Members considered the report that detailed the Internal Audit Strategy 2014/15 to 2016/17 and the Audit Plan for the 2014/15 financial year. The Strategy had been developed by the Council's internal auditors, Baker Tilly, and was based on the Council's objectives and discussions with Executive Managers regarding assurance priorities.

The Group considered the report, in relation to the following three questions;

- Did the Internal Audit Strategy (as set out in Appendix B) cover the organisation's key risks as they were recognised by the Corporate Governance Group?
- Did the internal audit plan for 2014/2015 (as set out in Appendix C) reflect the areas that the Corporate Governance Group believed should be covered as priority?
- Was the Corporate Governance Group satisfied that sufficient assurances were being received to monitor the Council's risk profile effectively, including any emerging issues / key risks (as set out in Appendix A) not included in the strategy or annual plan?

Mr Williams reported that as well as assignments designed to provide assurance or advisory input around specific risks, the Strategy also included:

- Planned assurance on core areas of activity;
- A contingency allocation, which would only be utilised should the need arise, and would be subject to prior approval by the Corporate Governance Group;
- Time to follow up previous recommendations and actions to provide the Corporate Governance Group with assurance on the actions taken by management to address previous internal audit recommendations; and

- Audit management, which was used at Partner and Manager level for quality control, client and external audit liaison, preparation of the annual opinion, and attendance at Corporate Governance Group.

Mr Williams explained that dates had been set for each of the audits for 2014/15 to ensure that the plan was achieved within the defined timescales. However the exact work for the final two years was not detailed as this would be finalised at a later date when there was more certainty around the future risks that may arise.

Mr Williams informed Members that Baker Tilly aimed to provide better value for money whilst continuing to focus on the key risks that affected the Council. The fee for the internal audit service for 2014/15 was £46,155, which represented cost saving of 27% on the previous year. This reduction reflected a combination of an improved risk profile and revisiting the key risks which informed which audits should be focused on. Built into the Plan were 24 contingency days to deal with any additional items of work or any area that required further resources.

In response to questions, Mr Williams confirmed that although the number of days allocated to the audit had been reduced, that due to a more focused approach, he was satisfied that the programme was achievable and that the Council had a good control framework in place

It was Agreed that the Internal Audit Strategy 2014/15 to 2016/17 and Audit Plan 2014/15 be approved.

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 2014/15.

The Group AGREED the Work Programme as set out below:

Date of Meeting	Item
19 June 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Internal Audit Annual Report 2013/14 • Health and Safety Annual Report • Annual Governance Statement 2013/14 • Corporate Governance Annual Report 2013/14 • Protecting the Public Purse Fraud Briefing • Fraud & Irregularities 2013/14 • Revenue & Capital Budget Monitoring • Work Programme

Date of Meeting	Item
4 September 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Statement of Accounts 2013/14 • External Auditors Annual Governance Report 2013/14 • Risk Management Update • Treasury Management Update • Revenue & Capital Budget Monitoring • Work Programme
13 November 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Health and Safety Interim report • Annual Audit Letter • Revenue & Capital Budget Monitoring • Work Programme
29 January 2015	<ul style="list-style-type: none"> • Internal Audit Progress Report 2014/15 • Treasury Management Update and Presentation • Risk Management Update • Revenue and Capital Budget Monitoring • Work Programme
26 March 2015	<ul style="list-style-type: none"> • External Audit Plan 2014/15 • Certification of Grants and Returns – Annual Report 2013/14 • Internal Audit Progress Report 2014/15 • Internal Audit Strategy 2015/16 • Revenue & Capital Budget Monitoring • Work Programme

The meeting closed at 8.35 pm.

Action Sheet

Corporate Governance Group - Wednesday 23 April 2014

Minute Number	Actions	Officer Responsible
38 Notes of the Previous Meeting	None	
39 Local Government Act 1972	None	
40 Potential Options for the Future Use of the Civic Centre	None	
41 External Audit Plan 2013/14	None	
42 Certification of Grants and Returns – Annual Report 2012/13	None	
43 Internal Audit Progress Report 2013/14	None	
44 Internal Audit Strategy 2014/15	None	
45 Work Programme	None	