

**MINUTES  
OF THE MEETING OF THE  
GOVERNANCE SCRUTINY GROUP  
TUESDAY, 17 SEPTEMBER 2019**

Held at 7.00 pm in the Council Chamber Area B, Rushcliffe Arena, Rugby Road,  
West Bridgford

**PRESENT:**

Councillors F Purdue-Horan (Chairman), J Walker (Vice-Chairman), B Gray,  
R Hetherington, K Shaw, D Simms, J Stockwood and D Viridi

**ALSO IN ATTENDANCE:**

**OFFICERS IN ATTENDANCE:**

P Linfield

Executive Manager - Finance and  
Corporate Services

L Ashmore

Executive Manager - Transformation

T Coop

Democratic Services Officer

C Williams

Head of Internal Audit - RSM

**APOLOGIES:**

Councillors R Adair, D Hoose (Mazars – Partner) and A Pipes (Mazars –  
Manager)

**8 Declarations of Interest**

There were no declarations of interest.

**9 Minutes of the meeting Tuesday 23 July 2019**

The Minutes of the meeting held on 23 July 2019 were approved as a true  
record and signed by the Chairman.

**10 Internal Audit Progress Report Q1**

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal  
auditors attended the meeting to present the Internal Audit Reports for Quarter  
1 dated 23 July 2019 and Quarter 2 dated 17 September 2019 for the financial  
year 2019/20. The two reports highlight the completion of six assignments:  
Disabled Facilities Grants, Corporate Governance, Housing Benefit, Building  
Control, Treasury Management and Land Charges.

In terms of the audit findings, Mr Williams reported the following:

- The five substantive audits returned findings of Substantial Assurance
- The Corporate Governance, Housing Benefits and Land Charges audits

each resulted in one low level recommendation and management actions were agreed.

- The Disabled Facilities Grants (DFG) resulted in one medium and four low level priority recommendations. The medium related to improving procedures relating to the closure of DFG cases and management actions were agreed for all recommendations.
- The Building control audit resulted in three medium and one low priority recommendations. The medium priority recommendation is related to a delay in the preparation of a deed of variation by South Kesteven District Council, the keeping and filing of necessary receipts, and the issuing of completion certificates. As the Councils Building Control service is delivered by the South Nottinghamshire Building Control Partnership, they will be responsible for taking action on the recommendations.

Mr Williams concluded that the Council had maintained Substantial Assurance across the audit control and that the results were positive.

The Group asked specific questions regarding the reasons why recommendations and actions were required and whether there were any specific issues identified in each case. The Executive Manager – Finance and Corporate Services explained that there were no specific issues and management actions were in place, adding that a follow up audit will revisit the assignments. In addition, Mr Williams advised that the quarterly Internal Progress Reports provide information that feeds into the Annual Governance Statement reported at the end of year meeting in May 2020.

It was **RESOLVED** that the Internal Progress Reports for 23 July 2019 and 17 September 2019 be noted.

## 11 **Annual Audit Letter**

In the absence of representation from the external auditors, Mazars, the Executive Manager – Finance and Corporate Services presented the Annual Audit Letter for the year ending 31 March 2019, which summarised the progress of the audit process for the financial year 2018/19. The auditor's report concluded that in respect of value for money the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Executive Manager – Finance and Corporate Services advised the Group that the audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the National Audit Office (NAO), and international Standards on Auditing (ISAs), who require the Council to consider:

- The accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed.
- The significant accounting estimates made by management in the preparation of the financial statements are reasonable.

- The overall presentation of the financial statements provides a true and fair view.

The auditor's report stated that the financial statements gave a true and fair view of the council's financial position as at 31<sup>st</sup> March 2019 and of its financial performance for the year's end.

The Executive Manager – Finance and Corporate Services reported that an additional £750 not previously notified by the auditors had been proposed in relation to assessing the Council's risk against the McCloud judgement (pensions transition), adding that discussions with the auditors as to whether this will be paid was ongoing.

The Group raised concerns in respect of the auditing issues that affected Northamptonshire County Council and whether the Borough Council had processes in place to prevent anything similar occurring. The Executive Manager – Finance and Corporate Services whilst unable to make comment in respect of Northamptonshire, assured the Group that in light of any concerns there is to be a national review of the Audit Standards.

Councillor Viridi requested clarification with the figures reported in respect of the Medium Term Financial Plan (MTFP) and Transformation Plan and the transformation strategy savings built into the budget. The Executive Manager – Finance and Corporate Services explained the terminology and provided clarification at the meeting.

It was **RESOLVED** that the Annual Audit Letter for year ending 31 March 2019 be noted.

## 12 Risk Management Update

The Executive Manager – Finance and Corporate Services presented a report that updated the Group on the Council's Risk Management progress made since its last meeting on 23 July 2019. It provided a summary of risks in the Council's Risk Register that had changed and work related to the Council's Emergency Planning and business continuity functions, including a BREXIT update.

There are currently 33 corporate risks and 26 operational risks on the register. The Executive Manager – Finance and Corporate Services advised the Group that risks within the register will fluctuate throughout the year as active risk management is undertaken. Changing pressures and the proactive work of managers to identify risks as they emerge will continue to influence new risks added to the register.

The Executive Manager – Finance and Corporate Services advised the Group of risks added and amended as follows:

Risks added:

- CRR\_FCS22 Uncertainty around Government funding and changes to business rates system with a one year financial settlement.

This risk has been added due to uncertainty about funding changes and future financial settlements.

Risks Amended:

- CRR\_CO02 Failure of public sector partnerships/withdrawal of financial support.

Likelihood increased from 2 to 3 as a result of potential loss of funding resulting from restructuring in the local health sector.

- OR\_CO04 Cost of defending appeals for large scale residential developments and potential award costs.

Likelihood reduced from 3 to 2 due to progress being made with Local Plan Part 2, approval of emerging Part 2 sites and reduced risk from predatory applications.

- OR\_TR14 Partners closure of buildings where the Council has contact points, including RCCC.

The risk has occurred due to the forthcoming relocation of West Bridgford Police Station. Likelihood has increased from 3 to 4 (as relocation is certain). The impact has decreased from 3 to 1 as advanced negotiations are underway for an alternative location.

- CRR\_FCS07 Central Government Policy changes

Risk description amended to include Resource and Waste Strategy

- Business Continuity and Emergency Planning risks moved from Transformation to Neighbourhoods as the responsibility now resides with the Executive Manager for Neighbourhoods.

In respect of BREXIT and the risk of a 'No Deal' the Executive Manager – Finance and Corporate Services advised the Group that the Executive Management Team hold weekly BREXIT meetings to discuss planning arrangements and review the Councils BREXIT action plan. He continued to advise that the Chief Executive of Nottinghamshire County Council is the regional lead and BREXIT was discussed at the local authority Chief Executive meeting on 6 September 2019.

In respect of Emergency Planning the Executive Manager – Finance and Corporate Services advised the Group that the corporate business continuity plan is being reviewed as part of its 3 year cycle. The plan details the co-ordination arrangements for the authority should there be a business interruption that affects the Council's critical services. In addition the Executive Manager – Finance and Corporate Services provided the Group with information on training for Housing staff in respect of emergency accommodation and Executive Management training and sessions for senior staff who would be involved in the command and co-ordination of a major

incident.

The Group questioned whether the need for additional information be provided on who is responsible for the mitigation of risk and the quantification of risk and the financial value of impact to the Council. The Executive Manager – Finance and Corporate Services explained that risks were examined in more detail by the internal auditors and are then reported to Governance Scrutiny as a tabled summary. He offered to look at the table format, and in particular adding an additional column where there have been changes to provide a more detailed explanation for the red rated risks.

It was **RESOLVED** that:

- a) The Group noted the Risk Management Progress Report
- b) The Group endorse the actions taken to review the risk management arrangements.
- c) The Group endorse the work of the Emergency Planning Officer and the Local Resilience Forum

### 13 **Asset Management Plan Update**

The Executive Manager – Transformation provided a verbal update that briefed the Group on the Council's Transformation Plan, which will provide a five year view of the Council's Corporate assets, including land and buildings, maintenance and acquisition and disposal plans. The Executive Manager – Transformation advised the Group that a detailed Annual Action Plan of the Council's corporate assets will be reported at the Governance Scrutiny Group meeting on 3 December 2019 and is included on the Work Programme.

### 14 **Work Programme**

The Group considered its Work Programme.

It was **RESOLVED** that the work Programme, as detailed below be approved.

#### **3 December 2019**

- Internal Audit Progress Report
- Treasury Management 2019/20 – Six Monthly Update
- Asset Management Plan
- Work Programme

#### **6 February 2019**

- Internal Audit Progress Report
- Treasury Management Strategy
- Internal Audit Strategy
- External audit Strategy
- Certification of Grants and Return Annual Report 2017/18
- Work Programme

## 9 May 2019

- Internal Audit Progress Report
- Internal Audit Annual Report
- Risk Management Progress Report
- Annual Asset and Investment Strategy Report
- Annual Governance Statement
- Work Programme

## ACTIONS SHEET

Governance Scrutiny Group – 17 September 2019

Minute No	Action	Officer
12	Members requested consideration of more detailed information in respect of explanation when reporting risks that have the red alert status	Executive Manager – Finance and Corporate Services

The meeting closed at 8.11 pm.

CHAIRMAN