

## **Governance Scrutiny Group**

### **Chair's Foreword**

This annual report summarises the main work undertaken by the Governance Scrutiny Group for 2024/2025 and focuses on the impact of scrutiny. The Governance Scrutiny Group scrutinises and approves the Council's finances, approach to risk, as well as other corporate issues. I am pleased to report the Governance Scrutiny Group have proceeded as planned and all items programmed for 2024/2025 were considered.

The Group has explored the Council's responsibilities in line with the Council's priorities within the Corporate Strategy, which include:

- Reviewing the outcomes of both internal and external audit investigations to ensure the Council is compliant with legislation and best practice;
- Monitoring the Annual Governance Statement to ensure compliance with the Council's Code of Corporate Governance
- Scrutinising and approving the Statement of Accounts
- Reports on the Council as a 'Going Concern'
- Considering the Council's Risk Management Framework annually to ensure current risks are being monitored, and effective controls and mitigating actions are in place
- Considering regular reports on Asset and Investment Management to ensure prudent use of Council resources is being made to fulfil the objectives of the Investment Strategy and Annual Capital Programme
- Monitoring the operation of the Council's constitution to ensure that it is being upheld and to recommend to Council any necessary fundamental changes.

Councillor Andy Edyvean  
Chairman Governance Scrutiny Group



Councillor Andy Edyvean  
Chairman



Councillor Dora Polenta  
Vice Chair

## What we are responsible for?

The Governance Scrutiny Group's responsibilities include:

- **Statement of Accounts:** To examine the outturn and statement of accounts resulting in its approval.
- **Annual Governance Statement:** To consider the annual report on applying the Council's system of internal control. This statement ultimately comprises a key element of the Council's Statement of Accounts.
- **Going Concern:** To consider the report of the Council's S151 officer on the status that the authority, its functions and services will continue in operational existence for the foreseeable future.
- **Capital and Investment Management:** To consider the annual and interim reports on capital and investment management activity. Ensuring that practice has complied with the approved Capital and Investment Strategy, making recommendations to Cabinet or Full Council as appropriate. Including changes to the Capital and Treasury Management Codes of Practice, which includes reporting on the position concerning both treasury and non-treasury (commercial) investments.
- **Protecting against fraud:** To consider the annual report on fraud and irregularities in order to make an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements. To consider any matters arising as a result of irregularity referred to it by Cabinet.
- **Internal Audit:** To consider the three year internal audit plan and periodic reports on the progress of audits undertaken throughout the year in order to make an informed judgement on corporate governance and internal control statements, making recommendations to Cabinet on improvements.
- **External Audit:** To consider the annual report of the external audit and consider significant findings and the Value for Money opinion and to agree the annual audit plan for the forthcoming audit.
- **Risk Management:** To consider periodic reports on controls over key risk areas as identified in the risk register in support of making an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements.
- **Annual Constitution Review:** To monitor the operation of the Council's constitution and recommend to Council any necessary changes in accordance with section 37 of the Local Government Act 2000, including any amendments to the Councillor's Code of Conduct.
- **Regulation of Investigatory Powers Act (RIPA):** To consider the regulatory powers that govern the use of covert surveillance and investigations by public bodies.

## Our work this year

During this year, the Group considered many service areas and issues within its scrutiny role, particularly:

- Internal Audit, including quarterly Progress Reports, Annual Report and Strategy
- Risk Management, including half yearly Progress Reports
- Going Concern Assessment
- Capital and Investment Strategy
- Approval of the Statement of Accounts
- Capital and Investment Strategy Outturn 2023/24
- Capital and Investment Quarterly Updates
- Regulation of Investigatory Powers Act (RIPA)
- Redmond Review of Public Sector Audit including the recommended appointment of an Independent Member
- Auditors Annual Report and Value for Money conclusion
- Annual Audit Completion Report
- External Audit Annual Plan 2023/2
- Annual Governance Statement 2023/24
- Revision of the Council's Constitution
- Annual Fraud Report

### **Internal Audit, including quarterly Progress Reports, Annual Report, and Strategy**

The Governance Scrutiny Group considered the Council's internal audit executed by BDO the Council's Internal Auditors. Representatives from BDO attended each meeting to present the quarterly Progress Reports and at the meeting in February 2025 they presented the Internal Audit Strategy report for 2025/26.

Across all four meetings the Group debated:

#### **30 May 2024**

- The Fleet Management audit and processes for maintaining driver records and monitoring carbon emissions
- The E-Financials Systems Controls audit and review of controls in place to minimise the risk of override
- The Crematorium audit and process in place to ensure timely receipt of income

#### **19 September 2024**

- The Budgetary Control Audit and recommendations to consider the Council's budgetary monitoring, consistency and officer training requirements.
- The Main Financial Systems Audit and the Council's processes to ensure accuracy and consistency with information and reconciliation of journals, including payroll which is supported by Gedling Borough Council.
- The Workforce and Succession Planning Audit including key findings around workforce gap analysis and AI Strategy and a framework around identifying high performing staff.

#### **28 November 2024**

- Cyber Security Audit which was considered as an exempt report.

## 23 February 2025

- The Carbon Management Action Plan highlighted two medium recommendations around the actions and the monitoring of delivery of the actions.
- The Housing Benefits Audit highlighted some minor housekeeping findings over documentation and the review and approval process of discretionary housing payments.

At the meeting in September 2024 Ms Thomas from BDO the Council's internal auditors advised that an advisory review of the Council's Fraud Risk Assessment had been completed to assess the Council's position against best practice.

At the meeting in February 2025, Mr Armstrong from BDO informed the Group of an update in professional standards for internal audit advising that in December 2024, the Internal Audit Standards Advisory Board published an Application Note, Global Internal Audit Standards in the UK Public Sector. The Group noted that BDO had been involved in the consultation process for the Application Note and would be reviewing their audit processes.

The Group were also asked to consider BDO's Internal Audit Strategy 2025/26.

The Group discussed the Council's Internal Audit report 2023/24 which summarised the work undertaken and management actions arising from the audit. It also provided the annual opinion of the Head of Internal Audit required by the Public Sector Internal Audit Standards.

At the meeting in June 2025 Mr Causton, the Independent Person for Governance Scrutiny joined the Group

The Group agreed to:	Progress Update – June 2025:
Approve the quarterly Internal Audit Progress reports	Management take audit findings and recommendations onboard as a scope for improvements within the Council's systems and processes. Follow up on agreed management actions take place throughout the year.
Approve the Internal Audit Annual Report 2023/24	
Approve the Internal Audit Strategy 2025/26 and the Internal Audit Charter	

## Approval of the Statement of Accounts

At its meeting in September 2024 the Head of Finance presented the Council's statutory Statement of Accounts for the financial year 2023/24. The Group noted that there had been a delay in audit finalising the completion of the Statement of Accounts audit due to delays in the pension assurances with Nottinghamshire County Council.

The Group agreed to:	Progress Update – June 2025:
Approve the Statement of Accounts for 2023/24, including the Annual Governance Statement	The Statement of Accounts was approved at the 19 September 2024 meeting.

### Annual Audit Completion Report 2023/24

In September 2024 Ms Vance from Forvis Mazars the Council’s external auditors presented the Audit Completion Report and Management Representation Letter which provided the key conclusions in the audit process for 2023/24. The Group discussed some of the key risks that were highlighted including:

- Matter relating to pensions with Nottinghamshire County Council still remained outstanding but would not require modification of the audit
- The draft financial statements presented for audit had contained a number of accounting disclosures that could be considered to be immaterial and that the Council should review its accounting policies to ensure any adjustments are transparently considered
- A contract payment that covered two partial years had an immaterial misstatement that was not adjusted due to its immateriality.

The Group agreed to:	Progress Update – June 2025:
Note and approve the Audit Completion report and approve the Management Representation Letter for 2023/24	The audit completion report and management representation letter were scrutinised at the 19 September 2024 meeting. On 13 January 2025 Forvis Mazars confirmed that all outstanding matters had been resolved which concluded the audit process for the 2023/24 Statement of Accounts.

### Risk Management

The Governance Scrutiny Group considered the Council’s Risk Register at its meetings in September 2024 and February 2025. The Head of Finance updated the Group about the Council’s risk management activities as well as changes to risks in the Council’s risk register. The Group noted that work to evaluate risk descriptions to better structure wording had been completed and adopted into the 2024/2025 Service Plans.

At its meeting in February 2025 the Head of Finance presented a Risk Management Progress report which highlighted three new corporate risk’s relating to local government reorganisation and one operational risk around a potential loss of housing benefit subsidy linked to potential supported housing providers.

The Group agreed to:	Progress Update – June 2025:
Considered and made recommendations on the new risks and any risks that had a red alert status	Feedback from the Group has been relayed to the Council's Risk Management Group.

### Going Concern Assessment

At its meeting in September 2024, the Director – Finance and Corporate Services presented the Council's Going Concern status. The Group were advised that as a requirement of the Code of Practise on Local Authority Accounting the Statement of Accounts are prepared with the assumption that the Council will continue to operate within the current and anticipated resources available. The main factors that underpin the going concern assessment were discussed as follows:

- The Council's current financial position
- The Council's projected financial position
- The Council's governance arrangements
- The regulatory and control environment applicable to the Council as a local authority

The Group agreed to:	Progress Update – June 2025:
Approve the outcome of the assessment made of Rushcliffe Borough Council's status as a 'Going Concern' for the purpose of the Statement of Accounts	The Council's position is monitored throughout the year with the 2024/25 assessment due to be seen by the Group in September 2025

### Capital and Investment Strategy Quarterly Updates

Quarterly updates are presented to the Group and provide a summary of the Council's capital and investment activities during the year and in line with the Council's Capital and Investment Strategy 2024/25-2028/29. The Group were asked to consider the Council's capital investment plans and whether they are affordable, prudent and sustainable in accordance with CIPFA's Code of Practice for Treasury Management.

The Group discussed some of the key capital and investment headings as follows:

Economic Forecast  
Investment Income  
Capital Expenditure and Financing  
Treasury Management and Prudential Indicators  
Commercial Investments

At its meeting on 19 September 2024, the Group commented on the portfolio and diversity of investments and how these were measured and controlled. The Chair also

highlighted the Council’s commercial investments and the 100% occupancy rates being an outstanding achievement.

At its meeting on 8 November 2024, the Group discussed the liquidity of investments and S106 funding in relation to internal lending and how interest is calculated on S106 monies.

At the meeting in February 2025, the Group discussed inflation and its potential effect on materials and labour for projects in the Council’s capital programme, particularly in the later years..

At its meeting on 19 June 2025, the Group discussed the spread of risk across the Council’s investments and commented on the S106 funds being held for Nottinghamshire County Council.

The Governance Scrutiny Group had received Treasury training in December 2024.

The Group agreed to:	Progress Update – June 2025:
Note the Capital and Investment Strategy quarterly updates provided at each of its meetings during 2023/24	Capital and Investment training is provided annually by the Treasury Management Advisors and was last provided in December 2024 as part of the Councillor Training programme

### **Capital and Investment Strategy 2025-2026 to 2029-2030**

At the meeting in February 2025 the Finance and Business Partner presented the Council’s Capital and Investment Strategy 2025/26 to 2029/30 which focused on traditional treasury activity and the Council’s commercial property investments in light of CIPFA’s updated Prudential and Treasury Management codes.

The Group discussed the impact and risk of global events on interest rates and the Council’s investments and the advice provided by Arling-close the Council’s Treasury Advisors.

The Group agreed to:	Progress Update – June 2025:
Note and approve the Council’s Capital and Investment Strategy for 2025/26 to 2029/30 including the Capital Prudential Indicators and limits, the Minimum Revenue Provision Statement, the Treasury Management Strategy and Treasury Indicators and the Commercial Investment Indicators and limits for 2025/26 to 2029/30	Annual training was last provided in December 2024 with the next planned for December (2025) or January (2026)

## Annual Audit Letter and Value for Money Conclusion

In September 2024, Mrs Vance from Forvis Mazars the Council's External Auditors presented the Draft Auditors Annual Report including the Council's Value for Money arrangements.

Mrs Vance advised the Group that the report was very positive given the continued pressures and backlog of audits across the financial sector and that no major concerns had been raised and no actions are required in relation to the report.

On 13 January 2025, Forvis Mazars confirmed all outstanding items had been resolved and formally concluded the audit of the 2023/24 accounts.

The Group agreed to:	Progress Update – June 2025:
Approve the Annual Audit Letter and Value for Money arrangements	The deadline for audit to sign off 2024/25 Local Authority Accounts is 27 February 2026 . The audit has already commenced and is planned to conclude in the autumn..

## External Audit Annual Plan 2024/25 accounts

In June 2025, Ms Norman from Forvis Mazars the Council's External Auditors presented the External Audit Plan which summarised the Council's audit activity with regard to the final accounts process and their approach to value for money work. The Group were informed of the implementation of IFRS 16, a risk assessment around lease transactions which will require the Council to re-classify its lease arrangements in line with these new standards. It was noted the that the Council was not experiencing the problems other local authorities are facing with back log of audits and a final review of financial statements and value for money report is expected to be completed in autumn 2025.

The Group agreed to:	Progress Update – June 2025:
Approve the External Audit Plan	The external audit plan was approved in June 2025. Work has already commenced on the audit and progress so far is in accordance with the plan. The Auditors Annual Report including Value for Money conclusion will be reported in autumn.

## Annual Governance Statement 2023/24

At its meeting in June 2024 the Group were presented the Council's Annual Governance Statement which reflects the requirements of the CIPFA/SOLACE



principles within the Local Government Code. The group were advised that this was a living document and was subject to change. The document referenced recent Peer Review recommendations, potential risks going forward, and a potential new government. The AGS included an assessment against CIPFA's financial management code and an action plan to address key issues arising from this report.

The Group agreed to:	Progress Update – June 2025:
Approve the annual Governance Statement 2023/24 and any actions for the forthcoming year	Nothing to update

### Revision of the Council's Constitution

At its meeting in February 2025 the Group were asked to consider and recommend adoption by Council revisions to the Council's Constitution. The Monitoring Officer presented the report and proposed amendments following on from feedback from Councillor, Officers and Members of the public.

The Group discussed amendments to the following:

- Part 1 – Citizens rights and clarification that the Local Government and Social Care Ombudsmen will only consider complaints where the Council's formal complaints procedure has been followed
- Part 3 – Clarification that the delegation to the Director for Development and Economic Growth in respect of development management extends to determination of approvals and consent under the Local Development Order.
- Part 4 – Amendments to the Standing Orders – Council to ensure the efficient running of council business, to take account of best practice and ensure the Council complies with its equality duty in respect of accessibility

The Group agreed to:	Progress Update – June 2025:
Approve the recommendations for adoption by Council, including the additional amendments to Part 4 of the Constitution as proposed by the Group	The revisions and amendments of the constitution were approved by Full Council at its meeting on 6 March 2025

### Review of Regulation of Investigatory Powers Act Policy

At its meeting on 28 November 2024 the Monitoring Officer presented the Review of Regulation of Investigatory Powers Act Policy and explained the Investigatory Powers Commissioners Office (IPCO) which requires that Councillors are updated annually on the Council's use of powers under the Regulation of Investigatory Powers Act (RIPA).

The Group were informed that there had been no authorisations for directed surveillance by the Council since the report was last brought to Governance Scrutiny Group in November 2023.

The Group agreed to:	Progress Update – June 2025
Endorse the Council’s RIPA Policy in line with the IPCO inspection regulations	Nothing further to add

### Redmond Review of Public Sector Audit

At its meeting on 28 November 2024 the Director for Finance and Corporate Services presented the Redmond Review of Public Sector Audit, which updated the Group on the principle of appointing an Independent Member and audit matters arising from CIPFA’s Self-assessment ‘Effective Scrutiny of Treasury Management’ and enhancing the Council’s audit function and improving transparency.

The Group discussed the benefits of an independent Member, how they would be appointed and their appropriate qualifications and experiences.

With regard to the audit matters, the Group discussed best practice, audit fees and publishing of the Council’s accounts.

The Group agreed to:	Progress Update – June 2024
Appoint an independent member to the Governance Scrutiny Group subject to approval by full Council	Council approved the appointment of an independent member at the March 2025 meeting. Mr Causton was appointed and attended his first Governance Scrutiny Group in June 2025.
Consider the recommendations arising from CIPFA’s Self-assessment ‘Effective Scrutiny of Treasury Management’	Recommendations approved

### Annual Fraud Report

In May 2024, Mr Armstrong from BDO the Council’s Internal Auditor presented the Council’s Annual Fraud report, which summarised any incidences of fraud and fraud prevention activities undertaken by the Council. The Group were provided an overview of the counter fraud arrangements of the Council. These included:

- Preventing and Detecting Fraud
- Whistleblowing Policy
- National Fraud Initiative (NFI)
- Council Tax Single Person Discount
- Council Tax Energy Rebate payments
- Fraud Awareness Training and Counter Fraud Staff Survey

The Internal Audit had confirmed that no incidents of fraud directly associated with the Council had been identified.

The Group agreed to:	Progress Update – June 2025:
Consider the Annual Fraud Report for 2023/24	No further updates

### **Member Panels**

The Group established a Member Panel to support amendments to the Council's Constitution at, Part 3 - Responsibility for Function and Scheme of Delegation and Part 4 - Standing Orders, Rules and Financial Regulations in relation to Planning Committee.

### **Call-ins**

The Group did not discuss any call-ins this year.

### **Looking forward to the year ahead**

The Governance Scrutiny Group has a comprehensive work programme for the year ahead.