

**MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
THURSDAY, 19 JUNE 2025**

Held at 7.00 pm in the Council Chamber
and live streamed on Rushcliffe Borough Council's YouTube channel

PRESENT:

Councillors D Simms (Chair), M Gaunt (Vice-Chair), K Chewings, P Gowland, H Om, N Regan, C Thomas, S Ellis (as a substitute) and P Matthews (as a substitute)

ALSO IN ATTENDANCE:

Gurpreet Dulay – BDO (The Council's Internal Auditors)

Max Armstrong – BDO

Jennifer Norman – Forvis Mazars (The Council's External Auditors)

OFFICERS IN ATTENDANCE:

P Linfield

Director of Finance and Corporate
Services

S Whittaker

Head of Finance

M Heald

Finance Business Partner

T Coop

Democratic Services Officer

APOLOGIES:

Councillors T Wells and G Wheeler

1 Declarations of Interest

There were no declarations of interest.

The Chair welcomed Jonathan Causton, the new Independent Person for Governance Scrutiny Group and invited him to give a brief introduction of his financial background.

Mr Causton addressed the Group informing members that he currently works in and financial operational management role at Loughborough University, has much experience in finance and is CIPFA qualified.

2 Minutes of the Meeting held on 20 February 2025

The Head of Finance advised the Group that the question raised by Councillor Birch at the previous meeting in February had been resolved.

Councillor Regan as the only Councillor from the previous committee membership, confirmed the minutes of the meeting on 20 February 2025 were a true representation.

The minutes of the meeting held on 20 February were approved and signed by the Chair.

3 Internal Audit Progress Report

Mr Armstrong from BDO, the Council's Internal Auditors, presented the Internal Audit Progress Report for Quarter 4 which reflected the progress made for the year against the annual Internal Audit programme.

Mr Armstrong highlighted the completion and issuing of two reports from the 2024/25 Internal Audit Plan as follows:

The Equality, Diversity and Inclusion (EDI) was an advisory piece of work to help ensure the council has an effective approach to Equality, Diversity and Inclusion and that this is embedded across the Council. The Group were advised that this piece of work was not rated in the same way as other audits, the executive summary provided highlighted the Council was in line with other authorities of a similar size. The Group noted management recommendations around training compliance, SMART objectives, accountability and policies and procedures.

The Disabled Facilities Grants (DFG) audit received a substantial rating for design and moderate rating for effectiveness, with two low level recommendations around administration and compliance procedures and Mr Armstrong reassured the Group that internal controls were in place in respect of audit trails.

Councillor Thomas advised that Equality, Diversity and Inclusion is reported annually to the Corporate Overview Group for consideration and comment.

Councillor Thomas asked a specific question relating to the Disabled Facilities Grant process and whether the actions raised related to officer practice or limitations of the automated system. Mr Armstrong confirmed the automated system had its limitations and highlighted audit trails had been completed out of the system. It was suggested that the system provider be contacted to provide improvements to the process.

Mr Causton, the Independent Person for Governance commented on whether 67% was a realistic target in respect of the number of completions of Disabled Facility Grants. The Head of Finance explained timeliness for completion is often down to contractor's availability and resources.

Councillor Regan commented on the low EDI training completions rates and asked whether e-guides for staff and Councillors to undertake self-assessments could be considered. Mr Dulay from BDO, the Council's Internal Auditors explained this is down to the judgement of Council Officers who can set all kinds of measures against the LGA Equality Framework for Local Government, providing an example of annual staff surveys and comprehensive induction training including EDI mandatory training.

The Chair commented on the topic being very broad with similar concerns being raised at Corporate Overview Group on 17 June 2025.

It was **RESOLVED** that Governance Scrutiny Group considered the quarter 4

progress report for 2024/25 (Appendix A) prepared by the Council's Internal Auditor.

4 **Internal Audit Annual Report**

Mr Dulay from BDO, the Council's Internal Auditors presented the Internal Audit Annual Report 2024/25, which summarised the work undertaken and management actions arising from the audit. It also provides the annual opinion of the Head of Internal Audit required by the Public Sector Internal Audit Standards.

Mr Dulay informed the Group that the Council has had another positive year, has had a sound system of internal control, that controls were applied consistently across services and has reached an overall opinion of substantial assurance which is the highest level of assurance that can be awarded and is not typical of similar authorities and is a significant achievement.

Mr Dulay continued to advise the Group that the audit had issued no high-level findings and a total of 2 medium recommendations, reflecting limited control weaknesses, adding this demonstrates the Council's positive culture for maintaining effective controls, and where recommendations have been provided these have been implemented in a timely manner throughout the year.

Councillor Gowland expressed her thanks to the finance department and fellow Councillors involved with the scrutiny of the Council's financial governance.

The Chair asked a specific question in relation to a topic covered in a recent Licensing Committee where there had been an under payment from two venues within the Borough and the time taken to discover the underpayment and whether it is considered timely for the Council's processes and systems in this area to be added to the audit programme. The Director for Finance and Corporate Services explained the audit plan is flexible and specific audits maybe added if, and when necessary. Mr Dulay added that any additional work is usually highlighted by management responses and would be followed up within the audit programme.

Councillor Om commented on the summary of findings and the yearly comparisons for Operational Effectiveness which had increased for 2024/25. Mr Dulay explained there was an increase in the number of moderate assurances across the reviews, but overall the control for Operational Effectiveness remained positive.

It was **RESOLVED** that Governance Scrutiny Group noted the Internal Audit's Annual Report in relation to 2024/25 (Appendix A)

5 **Annual Fraud Report**

Mr Dulay from BDO, the Council's Internal Auditors presented the Annual Fraud Report 2024/25 which summarised any incidences of fraud and fraud prevention activities at Rushcliffe Borough Council.

It was noted the auditors had not undertaken a full risk assessment or audited any information provided to it by Council officers.

Mr Dulay explained the report highlights the counter fraud arrangements of the Council, including preventing and detecting fraud. The Internal Audit had confirmed that no incidents of fraud directly associated with the Council had been identified. Management is aware of frauds that occur across the local government sector and engages with Internal Audit.

Mr Dulay advised that the Council had taken proactive steps in preparing a comprehensive fraud risk assessment and had initiated a bottom-up approach to identifying potential fraud risks across all services. The Council had also reviewed its policies on Anti-Fraud and Corruption and Whistleblowing and encourages all individuals to raise any concerns they may have about the conduct of others within the Council.

The Council participates in the National Fraud Initiative (NFI) which is a data matching service that matches data within and between public and private sector bodies to prevent and detect fraud. It was noted the council had conducted a review in respect of single person discounts via the NFI in November 2023, with the next review planned for 2025.

Mr Dulay highlighted the Council's Fraud Awareness and Strategy with regular communications via its internal staff matters publication. Fraud training is delivered regularly to Council employees and in particular the finance team who receive regular sector updates. It was noted that a fraud awareness training session is scheduled to take place in June 2025.

It was **RESOLVED** that the Governance Scrutiny Group considered the Annual Fraud Report 2024/25

6 External Audit Annual Plan

Ms Norman from Forvis Mazars, the council's external auditors presented the External Audit Annual Plan for 2024/25, which summarised the audit activity with regard to the final accounts process and their approach to value for money work.

Ms Norman referred to the audit scope, approach and timeline and advised the Group that Rushcliffe is not experiencing the problems other local authorities are facing with a back log of audits. the Group noted that significant work had been completed from the annual audit plan and the final review of financial statements and value for money report is also expected to be completed and signed off by autumn 2025.

Ms Norman highlighted the implementation of IFRS 16 a risk assessment around lease transactions and assesses the amount, timing and uncertainty of cash flows arising from leases and the Council is required to re-classify its lease arrangements in line with these new standards for the first time in its 2024/25 accounts.

The Head of Finance informed the Group that the Council's draft Statement of

Accounts had been published on 11 June 2025.

It was **RESOLVED** that the Governance Scrutiny Group accepted the 2024/25 External Audit Annual Plan.

7 **Annual Governance Statement**

The Director for Finance and Corporate Services presented the Annual Governance Statement 2024/25 which is published alongside the Council's Statement of Accounts and outlines the Council's governance arrangements.

The Group were advised the Governance Statement follows a standard format of principles and reflects the requirements of the CIPFA/SOLACE 'Delivering good governance in local government framework (20160'.

The Director of Finance and Corporate Services highlighted that currently there are no significant concerns over governance. However, the forthcoming Local Government Reorganisation (LGR) is likely to create a significant shift in governance risks as the Council manages this new work stream and the impact on workforce capacity.

Councillor Gowland asked a specific question regarding the decision process and at what extent is this followed through by Cabinet and Council. The Director for Finance and Corporate Services explained that the constitution defines the different levels of delegation for both Cabinet and Council decisions. Full Council having mainly the Council's budget, its constitution and any legislative changes from Government.

It was **RESOLVED** that the Governance Scrutiny Group reviewed and approved the Annual Governance Statement 2024/25 (Appendix 1) which incorporated actions for the forthcoming year.

8 **Capital and Investment Strategy Outturn**

The Finance Business Partner presented the Capital and Investment Strategy Outturn 2024/25 which summarises the transactions undertaken during the year against the Council's Capital and Investment Strategy 2024/25.

The Group were guided through the key prudential and treasury indicators detailing the impact of capital expenditure activities during the year.

The Finance Business Partner explained the Council's overall borrowing need for Capital expenditure, the Capital Financing Requirement (CFR), which represents the net capital expenditure in 2024/25 and prior years that has not yet been paid for by revenue or other resources. The Council's CFR for 2024/25 remains positive and no internal borrowing was needed in 2024/25 giving a closing balance of £9.989m.

The Finance Business Partner referred to Table 4, Ratio of Financing Costs to Net Revenue Stream and Table 5, Net Income to Net Revenue Stream and explained that due to higher income from investments throughout the year remaining above expectations, higher cash balances can be seen.

The Group were asked to note the treasury position at 31 March 2025 at table 8 in the report, which detailed a snapshot of the financial institutions that the Council had investments with at the end of 2024/25. Whilst the Council continues to ensure investments are secure, it proactively looks to maximise its rate of return and the overall rate of return for the year was 4.69% compared to the budgeted rate of 4.50%. As well as the elevated interest rates, additional S106 monies and underspends on the capital programme resulted in an increase in the amounts available to invest resulting in a net return on investments of £2,168,600 against a budget of £1,043,200.

It was noted that the Council continues to pursue Environmental Social and Governance (ESG) investments where these satisfy the principles of security and liquidity.

With regard to the Asset Investment Strategy the Finance Business Partner referred to table 13 Commercial investment income and costs and advised the Group that the Council's investments have been in industrial units and in offices and these have been very successful and whilst property income is important for the Council's budget, there is not an over emphasis upon property income.

Members of the Group commented on the recommendation to increase the counterparty limit for banks from £3m to £5m and whether this was in relation to Barclays and asked if officers were satisfied that other assets were not at risk or could funds be moved to a more secure investment. The Head of Finance explained that the Council takes advice from its treasury advisors and looks to spread any investment risk across a wide range of investments and the £5m limit is in line with recommendations.

Councillor Gaunt asked a specific question relating to S106 funding being held by Rushcliffe for Nottinghamshire County Council and who receives the interest on the funds when drawn down. The Head of Finance explained that any interest accumulated would be calculated along with the original S106 funding and released to the recipient. This was confirmed by the Chair in respect of a development in Newton Parish Council.

It was **RESOLVED** that the Governance Scrutiny Group:

- a) Considered and scrutinised the Capital and Investment Strategy 2024/25 outturn position
- b) Agreed the change to the counterparty limit for banks (unsecured investments) from £3m to £5m.

9 Work Programme

The Head of Finance presented the Governance Scrutiny Group Work Programme. She advised that due to new regulations on IFRS 16 risk assessments on lease transactions impacting on the completion of the 2024/25 statement of accounts audit, report may be delayed. However, it is currently planned these will come to the Meeting of Governance Scrutiny Group in

September.

The Chair expressed his wishes that Governance Scrutiny Group provide a more robust scrutiny going forward and thanked the Group for their support.

It was Resolved that the Governance Scrutiny Group approve the Work Programme as follows:

25 September 2025

- Risk Management Update
- Going Concern
- Capital and Investment Strategy Update
- Internal Audit Progress Report
- Statement of Accounts
- External Audit Completion Report

4 December 2025

- Internal Audit Progress Report
- Annual Audit Letter and Value for Money Conclusion
- Capital and Investment Strategy Update

5 February 2026

- Internal Audit Progress Report
- Internal Audit Strategy
- Risk Management Update
- Risk Management Strategy
- Capital and Investment Strategy Update
- External Annual Audit Plan
- Asset Management Plan
- Capital and Investment Strategy 2026/27

The meeting closed at 8.07 pm.

CHAIR