



MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
TUESDAY, 23 JULY 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), R Adair,
B Gray, R Hetherington, K Shaw, J Stockwood, D Viridi and Mrs M Stockwood

ALSO IN ATTENDANCE:

Councillors

OFFICERS IN ATTENDANCE:

L Ashmore	Executive Manager - Transformation
I Daire	RSM
D Hoose	Mazars (Partner)
P Linfield	Executive Manager - Finance and Corporate Services
L Webb	Democratic Services Officer
S Whittaker	Financial Services Manager
C Williams	Head of Internal Audit - RSM

1 Apologies for Absence

Councillor D Simms

2 Declarations of Interest

There were no declarations of interest.

3 Annual Fraud Report

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors attended the meeting to present the Annual Fraud Report. It had been resolved at its meeting on 10 May 2018 that an annual fraud report be brought to the July 2018 meeting of the Corporate Governance Group for approval (Minute No.45 2017/18). The purpose of this report was to provide an overview of general and specific fraud related issues that had arisen at the Council during 2017/18.

It was noted that in carrying out its functions and responsibilities Rushcliffe Borough Council was firmly committed to dealing with fraud or corruption and that it would deal equally with attempted and perpetrated fraud or corruption from inside or outside the Council. Mr Williams advised that the Council did not have a dedicated fraud prevention resource; however, it was the responsibility of managers as part of the internal control environment to identify fraud and if required, request RSM as the internal auditors to investigate any allegations of

fraud. It was also noted that RSM in the course of their audits may also identify any fraud.

Mr Williams advised that the Council encouraged all individuals to raise any concerns that they had about the conduct of others within the Council via a whistleblowing policy, which applied to all employees and those contractors working for the Council on Council premises, for example, agency staff. It was noted that there had been no whistleblowing concerns reported during 2017/18.

It was noted that the National Fraud Initiative (NFI) was a data matching exercise that matched electronic data within and between public and private sector bodies to prevent and detect fraud. The officer's report provided information errors and fraud for housing benefits awards and council tax single person discounts. It was noted that while no fraudulent activities had been detected there had been a number of errors found.

The Group asked several specific questions regarding the Chartered Institute of Public Finance and Accountancy (CIPFA) corruption tracker summary report for 2018. It was explained that only national statistics had been provided as no evidence of fraud had been identified at a local level. It was noted that if a member of staff had any suspicion of fraud being committed it would need to be reported to the Chief Executive. The Executive Manager – Finance and Corporate Services clarified 730 matches were reviewed by DWP and that out of the 350 matches that had been reviewed by the Council, 18 had been identified for further investigation.

It was RESOLVED that the Annual Fraud Report for 2018/19 be noted.

4 External Auditor's Report To Those Charged With Governance 2018/19

The Executive Manager – Finance and Corporate Services submitted a report requesting that the Corporate Governance Group approved the report to those Charged with Governance along with the Statement of Accounts. It was noted that the Council had continued to maintain a good quality Statement of Accounts and supporting working papers and that no significant issues had been identified during the audit.

The Executive Manager advised that as part of the final accounts process Mazars as the Council's appointed external auditor, provided a detailed report on the conduct of the audit of the final accounts alongside representations on specific matters such as the Council's financial standing and whether the transactions with the accounts were legal and unaffected by fraud. The Report to those Charged with Governance, which covered these issues was attached as an appendix to the officer's report.

The Executive Manager – Finance and Corporate Services and the Financial Services Manager delivered a presentation to the Group which aided the Group to understand the statement of accounts document. The presentation covered:

- The Statements
- Minor Late Adjustments
- Revenue Commentary
- Balance Sheet
- Net worth
- Other Statements and Summary

Mr Hoose who represented Mazars praised the officers of the Council for producing the statement of accounts in a timely manner. He stated that there was only one adjustment to their audit completion report. This was an adjustment on pensions which impacted all local government pensions following the McCloud court case. It was also noted that the Council ensured the delivery of value for money and that they had processes and procedures in place which showed resilience and commercialisation.

It was RESOLVED that the Governance Scrutiny Group notes the completion report of 2018/19 prior to recommending the Statement of Accounts.

5 **Statement of Accounts 2018/19**

The Executive Manager – Finance and Corporate Services submitted a report which contained the Statement of Accounts for 2018/19 and the Draft Management Representation letter which requested for approval. The Statement of Accounts for 2018/19 and for the Draft Management Representation letter were attached as appendices to the officer's report.

It was RESOLVED that:

- a) The statement of accounts be approved
- b) The management representation letter be approved.

6 **Risk Management Progress Report**

The Executive Manager – Finance and Corporate Services presented the Risk Management Progress Report and provided an update and summary of risks in the Council's Risk Registers that had changed.

There were currently 32 corporate risks and 26 operational risks and members were advised that the number of risks within the register could fluctuate throughout the year as active risk management is undertaken.

The Executive Manager provided examples of risks that had changed following the review process.

Risks removed:

CRR_TR15 Significant reduction in staff morale – the latest staff survey shows high satisfaction levels

CRR_TR20 Failure to successfully complete the Rushcliffe Arena snagging list – the 'snagging period' has now ended

CRR_TR23 Grenfell Tower post incident risk to commercial buildings in Rushcliffe – no evidence of material associated with the Grenfell Tower fire has

been found in the borough

OR_NS30 Reduced levels of performance and leisure provision at East Leake Leisure Centre – good performance from Mitie and robust contract management systems in place

OR_TR16 Failure to secure vacant possession of Cotgrave precinct and associated risks to town centre regeneration – this risk can be deleted from the register as possession is now secured

OR_TR23 Challenge to ensure sufficient car parking spaces at Rushcliffe Arena – car parking works complete.

Risks amended:

CRR_CO04 Inability to demonstrate a five-year supply of deliverable housing sites against the housing target leading to further development on unallocated sites – Homes England are providing funding to support the delivery of new homes therefore the likelihood has been reduced from 4 to 2

CRR_FCS07 Central Government policy changes including the Resource and Waste Strategy – likelihood has increased from 2 to 3 due to the anticipated impact of the Fairer Funding Review and Business Rates changes, and risk title updated to include the Resource and Waste Strategy

CRR_TR17 Inability to draw down Growth Deal 2 funding within specified timescales – likelihood has increased from 2 to 4 due to delays with S106 at Clifton

OR_TR14 Partners' closure of buildings where RBC has contact points, including RCCC – likelihood increased from 2 to 3 following receipt of notice to vacate RCCC in 2020.

The Executive Manager also explained to the Group the role of the risk matrix and how its impact on how risks are scored which were attached to the appendix of the report. The Executive Manager was note that the reminded Councillor's that internal auditors were pleased with the reviewed the Council's risk management strategy every 2 years.

Following the presentation of the report, Councillors asked a specific questions about the possibility of quantifying the impacts of risks where there had been changes to a risk rating. The Group also asked questions about how the risks are developed over time. The Executive Manager explained that risks are developed over time and are monitored by the Executive Management Team. It was also noted that some risks that are added to the register could be down to external factors and events that occur outside of the Council's control.

It was RESOLVED that:

- a) The report of the Executive Manager – Finance and Corporate Services be noted

- b) The actions taken to review the risk management arrangements be considered
- c) The work of the emergency planning officer and the work of the local resilience forum be considered and endorsed.

7 Capital and Investment Management Outturn 2018/19

The Financial Services Manager presented the report of the Executive Manager – Finance and Corporate Services which summarised the transactions undertaken during the 2018/19 financial year as part of the Capital and Investment Management Function and also provided information on the Council's commercial investment activity. It was noted that the Council's commercial investment activity as detailed in the report embraced the new CIPFA code which ensured that there was both transparency and scrutiny in terms of both treasury and asset investment decision making.

The Financial Services Manager highlighted details from the report which included that the Council had an underspend of £18 million of which some £13 million had been carried forward to 2019/20.

The Executive Manager – Transformation noted key points of the Council's commercial investment strategy. It was explained that the Asset Investment Group agreed to proceed with two new asset acquisitions and investments which were Co Op, Trent Boulevard and Boundary Court, Castle Donington. It was also noted that there was currently £4.761m remained outstanding from the £20 million allocation for the asset investment strategy and would be carried forward into 2019/20.

Mr Hoose commented that the Council were managing low risk investments inside the Borough effectively.

Councillors queried the current interest rates of counterparties that the Council had placed investments with at the end of 2018/19. The Financial Services Manager agreed to check the interest rates and report the figures back to the Group. The Executive Manager – Finance and Corporate Services also explained that borrowing to invest needed to be justified and that the Council would have to be transparent if it were to invest outside of the Borough. The Executive Manager also noted that the Council did not want to rely too heavily on investment income and that the Council's largest areas of income generation were council tax and business rates. It was noted that £13.118m of the overall capital programme would carry forward in which £4.761m would be allocated to the Asset Investment Strategy, £2.285m for the redevelopment of the Depot site, £1.646m for continued improvement works in Cotgrave Town Centre and £1.146m to continue support for affordable housing within the Borough.

It was RESOLVED that the report of the Executive Manager – Finance and Corporate Services be noted.

The meeting closed at 8.06 pm.

CHAIRMAN