

Audit Committee

Wednesday, 10 June 2015 at 14:00

County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- 1 To note the appointment by the County Council on 14 May 2015 of Councillor Keith Walker as Chair of the Committee and Councillor Sheila Place as Vice-Chair
- 2 To note the membership of the Committee - Councillors Reg Adair, John Clarke, Stephen Garner, John Handley, David Kirkham, Ken Rigby and John Wilmott
- 3 Minutes of the last meeting held on 1 April 15 3 - 6
- 4 Apologies for Absence
- 5 Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary)
- 6 KPMG - Audit Fees 2015-16 7 - 16
- 7 Mandatory Inquiries - 2014-15 Statement of Accounts 17 - 34
- 8 Internal Audit Annual Report 2014-15 35 - 60
- 9 Draft Annual Governance Statement 2014-15 61 - 72
- 10 Financial Regulations Waivers 2014-15 73 - 84

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Sarah Ashton (Tel. 0115 977 3962) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Meeting AUDIT COMMITTEE

Date 1 April 2015 (commencing at 10.30am)

membership

Persons absent are marked with 'A'

COUNCILLORS

Keith Walker (Chairman)
Sheila Place (Vice-Chairman)

	Reg Adair		David Kirkham
A	John Clarke	A	Ken Rigby
A	Stephen Garner	A	John Wilmott
A	John Handley		

ALSO IN ATTENDANCE

Neil Bellamy - KPMG LLP

OFFICERS IN ATTENDANCE

Sarah Ashton - Policy, Planning and Corporate Services

Nigel Stevenson)	
John Bailey)	Environment and Resources Department
Glen Bicknell)	
Rob Disney)	

PERMANENT MEMBERSHIP CHANGE

The following permanent change of membership was reported to the meeting:

- Councillor John Wilmott replaced Councillor Darrell Pulk.

MINUTES OF THE LAST MEETING HELD ON 3 DECEMBER 2014

The minutes of the last meeting of the Committee held on 3 December 2014, having been circulated, were confirmed and signed by the Chair.

APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Rigby (other).

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

INTERNAL AUDIT PLAN 2015 / 16

John Bailey (Head of Internal Audit) presented the internal audit plan for the 2015/16 financial year.

RESOLVED 2015/001

That the Internal Audit Plan 2015/16 be noted.

REVISED COUNTER-FRAUD AND COUNTER-CORRUPTION POLICY AND STRATEGY, AND FRAUD RESPONSE PLAN

John Bailey (Head of Internal Audit) explained the changes made to the revised counter-fraud and counter-corruption policy and strategy, and the fraud response plan.

RESOLVED 2015/002

That the Revised Counter-fraud and Counter-corruption Policy and Strategy, and Fraud Response Plan be reported to Policy Committee for adoption.

STATEMENT OF ACCOUNTS 2014 / 15 – ACCOUNTING POLICIES

Glen Bicknell (Senior Accountant) presented and explained the changes to the accounting policies used in creating the Statement of Accounts for 2014/15.

RESOLVED 2015/003

That the changes to the Authority's Accounting Policies be approved.

KPMG - EXTERNAL AUDIT PLAN 2014 / 15

Neil Bellamy (KPMG LLP) presented the external audit plan 2014/15.

RESOLVED 2015/004

That the KPMG External Audit Plan 2014/15 be noted.

AUDIT OF THE TEACHER'S PENSION RETURN

Glen Bicknell (Senior Accountant) presented the external auditors' audit of the teacher's pension return.

RESOLVED 2015/005

That the audit of the Teacher's Pension Return be noted.

BRIEFING – ROLE OF AUDIT COMMITTEES

John Bailey (Head of Internal Audit) presented a power-point information briefing explaining the role of Audit Committees.

RESOLVED 2015/006

That the Role of Audit Committee briefing be noted.

Members requested additional briefings (approximately 15 minutes) to be added to future meetings, proposed the first briefing should be ICT.

WORK PROGRAMME

John Bailey (Head of Internal Audit) presented the work programme with the addition of the information briefings to be added to each Committee Meeting.

RESOLVED: 2015/007

That the Committee's work programme be updated with the addition of the Briefings.

The meeting closed at 11.28 am

CHAIRMAN

REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT**KPMG – AUDIT FEES 2015/16****Purpose of the Report**

1. To inform Members of the proposed KPMG audit fees for 2015/16.

Information and Advice

2. The attached report details the indicative fees for the forthcoming KPMG work in respect of Nottinghamshire County Council and Nottinghamshire Pension Fund.
3. Representatives of KPMG will be in attendance at the Audit Committee meeting and will present the key features of the letters and respond to Member's questions.

Statutory and Policy Implications

4. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Members note the proposed KPMG audit fee levels and comment accordingly.

Nigel Stevenson
Service Director – Finance & Procurement

For any enquiries about this report please contact:

Glen Bicknell, Senior Finance Business Partner, Financial Strategy and Compliance

Constitutional Comments

5. Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (GB 07/05/2015)

6. The anticipated proposed total fees, excluding the indicative fee for grant claim certification, are £98,213 for Nottinghamshire County Council and £29,926 for the Nottinghamshire Pension Fund.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All



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Private & confidential

Mr A May
Chief Executive
Nottinghamshire County Council
County Hall
West Bridgford
Nottingham, NG2 7QP

Our ref nb/dc/28

20 April 2015

Dear Anthony

Annual audit fee 2015/16

I am writing to confirm the audit work and fee that we propose for the 2015/16 financial year at Nottinghamshire County Council and Pension Fund.

Closure of the Audit Commission

Although the Audit Commission formally closed at the end of March 2015, it was responsible for setting audit fees for the audit of the 2015/16 financial year. Our fee proposals are therefore based on the Audit Commission's *Work Programme & Scales of Fees 2015/16*.

Following the closure of the Audit Commission, responsibility for determining audit fees in the future has transferred to Public Sector Audit Appointments Limited (PSAA), an independent company established by the Local Government Association. PSAA will oversee the management of the Audit Commission's audit contracts until they end in 2017, or 2020 if they are extended. The Secretary of State for Communities and Local Government has delegated certain functions formerly exercised by the Audit Commission to PSAA to enable it to deliver these functions.

Also following the Audit Commission's closure, the National Audit Office (NAO) is now responsible for producing and maintaining the Code of Audit Practice (the Code) and providing supporting guidance to auditors. We will follow the requirements of the Code and supporting guidance when delivering our audit work.

Planned audit fee

The planned audit fees for 2015/16 are shown below, along with a comparison to the prior year's fee. All fees are exclusive of VAT.

Audit area	Planned fee 2015/16	Planned fee 2014/15
Code of Audit Practice audit fee – Nottinghamshire County Council	£98,213	£130,950
Audit of Pension Fund	£29,926	£29,926

In general, the Audit Commission set 2015/16 scale fees based on a reduction of 25 per cent to the fees applicable for 2014/15. This reduction is in addition to the savings of up to 40 per cent in scale audit fees in 2012. The planned fee is in line with the scale fee. The reduction of 25 per cent for 2015/16 does not apply to pension fund audits, where fee pressures have been rising due to the increasing complexity of the funds audited.

As we have not yet completed our audit for 2014/15 the audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

Factors affecting audit work for 2015/16

We tailor our work to reflect local circumstances and our assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering changes affecting our audit responsibilities or financial reporting standards.

The Chartered Institute for Public Finance and Accountancy (CIPFA) has confirmed that a change in accounting policy will be introduced for the accounts from 2016/17, in relation to the measurement of transport infrastructure assets for authorities with highways responsibilities. Fees for any additional audit work required in 2015/16, the preparatory year, in relation to disclosures in the financial statements, will be subject to approval under the normal fee variations process. The Audit Commission decided that it was not appropriate to increase scale fees because the amount of work required at individual authorities will vary based on local circumstances, and may not be required for more than one year.

Under the Code, we have a responsibility to consider an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources. The 2015/16 fees have been set on the basis that the NAO's Code maintains the scope of work required by auditors under the Audit Commission's previous Code and supporting guidance. The NAO has not yet published guidance for auditors on the required approach to work on value for money arrangements for 2015/16.

Assumptions

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued later this year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2.

The proposed fee excludes any additional work we may agree to undertake at the request of Nottinghamshire County Council and Pension Fund. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

Our team

The key members of our audit team for the 2015/16 audit are:

Name	Role	Contact details
Tony Crawley	Director	Tony.Crawley@kpmg.co.uk 0116 256 6067
Sayeed Haris	Manager (Pension Fund)	Sayeed.Haris@kpmg.co.uk 0116 256 6061
Richard Walton	Manager	Richard.Walton@kpmg.co.uk 0115 945 4471

Quality of service

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact me and I will try to resolve your complaint. If you are dissatisfied with your response please contact the national contact partner for all of KPMG's work under our contract with PSAA, Trevor Rees

(on 0161 246 4063, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to:

Public Sector Audit Appointments Limited
3rd Floor
Local Government House
Smith Square
London
SW1P 3H

Yours sincerely



Neil Bellamy
Director

cc: Nigel Stevenson, S.151 officer

Appendix 1 – Audit fee assumptions

In setting the fee, we have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2014/15;
- you will inform us of significant developments impacting on our audit work;
- internal audit meets the appropriate professional standards;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on local Authority Accounting within your 2015/16 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by KPMG, PSAA, the NAO or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

Planned output	Indicative date
External audit plan	January 2016
Report to those charged with governance (ISA260 report)	September 2016
Pension Fund Audit Highlights memorandum	September 2016
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2016
Opinion on Whole of Government Accounts return	September 2016
Annual audit letter	November 2016

REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT**MANDATORY INQUIRIES – 2014-15 STATEMENT OF ACCOUNTS****Purpose of the Report**

1. To inform Members of the External Auditors' requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations as part of their audit of the County Council's accounts for 2014/15 and to allow Members to comment on the response related to 'Those Charged with Governance'.

Information and Advice

2. As part of the annual approach taken by our External Auditors, KPMG seek responses to matters concerning the Council's approach and reporting on a number of areas, in particular related to themes surrounding fraud, litigation, laws and regulations, together with some areas specific to the accounts such as related parties and estimates used in the accounts. The responses to these questions form part of the overall audit and will inform the approach taken by KPMG to the audit of the Council's Statement of Accounts for 2014/15.
3. A number of what are termed mandatory questionnaires completed by Internal Audit, Legal Services and Management are attached to this report for information to Members which set out the responses to the inquiries made on the themes set out above.
4. Also attached for Members to comment upon is the questionnaire for completion by the Audit Committee as 'Those Charged with Governance'.

Statutory and Policy Implications

5. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Members receive, and comment upon, the inquiries for those charged with governance for the 2014/15 audit of the Statement of Accounts.

Nigel Stevenson
Service Director – Finance & Procurement

For any enquiries about this report please contact:

Glen Bicknell, Senior Finance Business Partner, Financial Strategy and Compliance

Constitutional Comments (HD 22/05/2015)

6. The recommendation within the report falls within the delegation to the Audit Committee.

Financial Comments (GB 10/03/2015)

7. There are no direct financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

Inquiries – Internal Audit

Name of Interviewee(s) : John Bailey (Head of Internal Audit)

Date(s) of Interview : 02 March 2015

Required Inquiries

Category	Short Description	Detailed Description	Comments (optional)
Fraud	REQUIRED Fraud-related activities by the internal audit function	<p>What fraud related activities have been performed or are planned by the internal audit function If any fraud related activities are planned or performed:</p> <p>What antifraud control deficiencies have been identified by the internal audit function</p> <p>What fraud related reports or communications have been made by the internal audit function</p> <p>Have management and those charged with governance responded appropriately to such reports and communications</p>	<p>A revised Counter-Fraud and Counter-Corruption Policy and Strategy and Fraud Response Plan have been drafted and approved by the Corporate Leadership Team. Final Audit Committee approval will be sought in April 2015.</p> <p>All suspected irregularities are required to be reported to Internal Audit, for determination on how to proceed. A number of reports have been issued in relation to suspected fraud, as well as referral to Police in appropriate cases. Management take suspected cases seriously and adopt a zero tolerance approach.</p>
Fraud	REQUIRED Actual, suspected or alleged instances of fraud	Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?	Yes, there have been a number of relatively low value (under £100k) concerns raised and investigated during 2014/15. They have been addressed by either referring to the Police, investigation by internal audit or investigation by management.
Fraud	REQUIRED Internal audit's assessment of	What is internal audit function's assessment of the risks that the financial statements may be materially misstated due to fraud? What fraud risks	The assessment is that the risk is low, given the high value (£10m) to constitute material misstatement and

Category	Short Description	Detailed Description	Comments (optional)
	fraud risks	have been identified? - Has management and those charged with governance responded appropriately to the identified risks?	the range of officers involved the Authority's control framework, and the Authority's culture.
Fraud	REQUIRED Management's assessment of fraud risks including the nature, extent and frequency of such assessment	Are you aware of any instances of management override of controls? If so, what is the nature and circumstances of such overrides?	The Financial Regulations make provision for the rules to be waived when appropriate. The Section 151 officer / Head of Procurement / Head of Legal Services are responsible for approving any waiver. An annual report is made to the Audit Committee, setting out all waiver requests made during the year.

Inquiries – Legal

Name of Interviewee(s) : Heather Dickinson - Group Manager, Legal and Democratic Services

Date(s) of Interview : 13 March 2015

Required Inquiries

Category	Short Description	Detailed Description	Comments (optional)
Fraud	REQUIRED Management's assessment of fraud risks including the nature, extent and frequency of such assessment	What are your views about fraud risks at the entity?	As with any large and complex organization, the emphasis on reducing fraud risk is continuous. The results of the NFI, internal audit work and reported fraud, through management, employees and whistleblowing show a number of low value fraud areas. These are usually down to weaknesses in internal control which are exploited by employees.
Fraud	REQUIRED Actual, suspected or alleged instances of fraud	Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?	Yes, a range of issues have been identified during the year. These have been investigated in accordance with the Financial Regulations and the Fraud Manual
Litigation, claims and assessments	REQUIRED In-house legal counsel	Is the entity involved in any litigation, claims or assessments (including those defended by insurance companies)? - What is your assessment of such matters? - Which litigation, claims and assessments involving the entity may have a material effect on the financial statements and/ or may require disclosure in the financial statements? Note: Inquire of in-house legal counsel	Yes. Insurance claims managed by Risk and Insurance together with Council insurers. Non-insured cases managed by Legal Services together with appropriate external advisory support where appropriate with claims being pursued or settled on the basis of legal advice in accordance with provisions within



Category	Short Description	Detailed Description	Comments (optional)
			Constitution. Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually to Financial Services for reporting in annual statement of accounts.

Inquiries - Management

Name of Interviewee(s) : Nigel Stevenson – Service Director, Finance and Procurement

Date(s) of Interview : 12 March 2015

Required Inquiries

Category	Short Description	Detailed Description	Comments
Operations	REQUIRED Changes in the entity's business or environment including internal control	Have there been, or does the entity expect, any significant changes in its business or environment, including internal control?	There have been no major changes to the structure of the Authority through 2014/15 or any changes to major systems or internal controls. There continues to be financial issues facing the Authority like all Local Government, the Authority has plans in place to address.
Fraud	REQUIRED Communications to employees regarding management's views on business practices and ethical behaviour	How does management communicate its views about acceptable business practices and ethical behaviour to employees?	The Authority has a Code of Conduct for employees. The Code sets out in detail the standards of conduct required of its employees. See Section D35 of the Personnel Handbook.
Laws and regulations	REQUIRED Legal and regulatory frameworks applicable to the entity	What legal and regulatory frameworks are applicable to the entity?	The Council is governed by all national and EU legislation and rules applicable to all upper tier public Local Authorities in England.
Litigation, claims and	REQUIRED Identifying and	What policies, procedures and controls has management established for identifying,	Litigation claims and assessments are received and managed by the Council's Legal

Category	Short Description	Detailed Description	Comments
assessments	addressing litigation, claims and assessments	evaluating, accounting for and disclosing litigation, claims and assessments?	Section or Risk and Insurance section depending on whether insured risks or not. Annual statement in accounts regarding contingent assets and liabilities following enquiries of staff in service departments, Legal Services and Risk and Insurance. Provisions in Constitution and Financial Regulations regarding settlement of claims.
Fraud	REQUIRED Programs and controls to prevent, detect and deter fraud - monitoring	What programs and controls has management established to prevent, detect, deter and mitigate fraud? How does management monitor these programs and controls?	Management has a comprehensive set of internal controls to prevent fraud. The requirements are set out in Financial Regulations and these are complemented by more detailed guidance at departmental level. A comprehensive rolling programme of internal audit work is in place to provide assurance that these controls are in place, effective, and complied with. Staff are reminded of the need for vigilance from time to time, using CBT and newsletters. The Authority has a whistle blowing policy with reminders to staff and monitoring of reports and resulting outcomes.
Fraud	REQUIRED Monitoring of operating locations or business segments for fraudulent activities	What is the nature and extent of management monitoring of operating locations or business segments for fraudulent activities, including fraudulent financial reporting?	Management monitor their individual areas on an on-going basis and report to their respective departmental management teams. There is a requirement to report any suspected irregularities to Internal Audit, who will determine how to proceed in individual cases, including reporting to Police, investigation by internal audit and investigation by management.
Fraud	REQUIRED Monitoring of operating locations or	Are there particular operating locations or business segments for which a risk of fraud may be more likely to exist?	Operating locations with high turnover and cash income are recognized as having higher risk. Risks from payments and payroll systems are high due to value. Internal Audit

Category	Short Description	Detailed Description	Comments
	business segments with risk of fraud		work is prioritised in these areas.
Fraud	REQUIRED Management's process for identifying and responding to fraud risks	What process has been established to identify and respond to fraud risks? Note: consider inquiries about whether the process takes into consideration: --Fraud risk related to specific classes of transactions, account balances or disclosures; --Possibility of manipulation of information technology; --Incentive/ pressure, opportunity and attitude/ rationalization for fraud; --Fraud schemes common in the industry/ market?	A range of processes are used. These include close analysis of all the Authority's activities and the risk they pose in terms of loss through error / fraud/ reputation, exchange of information with other county councils, local district councils and neighbouring authorities, consideration and dissemination of information provided by NAFN, past experience of fraud in the Authority and regular scanning of the media to identify losses / issues in other organisations.
Fraud	REQUIRED Management's process for identifying and responding to fraud risks – communication s between management and those charged with governance	What is the nature and extent of the communications between management and those charged with governance regarding management's process for identifying and responding to fraud risks?	A general review of fraud risk is completed as part of the annual planning process for the internal audit plan. This is reported to the Audit Committee, together with regular updates on progress against the Plan and an Annual Report. The AGS also covers fraud risk and how this is addressed. A review of the Red Book has recently been carried out and will be reported to those charged with governance.
Fraud	REQUIRED Actual, suspected or alleged instances of	Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets? If so, have the	Yes, a range of issues have been identified during the year. These have been investigated in accordance with the Financial Regulations and the Fraud Manual.

Category	Short Description	Detailed Description	Comments
	fraud	instances been appropriately addressed and how have they been addressed?	
Fraud	REQUIRED Management's assessment of fraud risks, including the nature, extent and frequency of such assessment	How does management assess the risks that the financial statements may be materially misstated due to fraud? What fraud risks have been identified? What is the nature, extent, and frequency of such assessment? What is the entity's response to identified fraud risks, including controls to mitigate the risks?	A material misstatement would require a fraud of £10m. The key systems which could result in a misstatement of this scale are audited on a rolling programme. The Authority has a broad range of controls in place over the key systems to mitigate the risk of a material misstatement.
Going concern	REQUIRED Identified events or conditions (and related business risks) that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern	Are there any events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern during the period of assessment used by management or after such period? (Note: the period of management's assessment shall be at least, but not limited to, twelve months from the date of the financial statements being audited, or a longer period of time if required by the applicable financial reporting framework, by law or regulation or by auditing standards)	The report to County Council on 26 th February 2015 included an assessment of all significant business and financial risks and the risk actions/controls applied in mitigating these risks. The formal assessment by the Section 151 Officer took into account these risks in determining their assessment of going concern.
Laws and regulations	REQUIRED Laws and regulations that have a	What laws and regulations have a direct effect on the determination of material amounts or disclosures in the financial statements?	The Code of Practice on Local Authority Accounting in the UK.

Category	Short Description	Detailed Description	Comments
	direct effect on material amounts or disclosures in the financial statements		
Laws and regulations	REQUIRED Compliance with legal and regulatory framework	How is the entity complying with the legal and regulatory framework?	Decision making is undertaken by Committees and other meetings of County Council based on reports following a standardised template with sections covering financial, legal, human rights, equalities implications etc. Each report is checked for compliance prior to publication. In addition each department and service area is aware of the legal and regulatory framework relevant to their areas and appropriately qualified staff are recruited and trained in relevant processes and procedures. There is oversight by relevant government and other agencies tasked with monitoring standards and compliance. Periodic internal audit inspections of each service area. Available legal advice for any casework or individual queries.
Laws and regulations	REQUIRED Compliance with legal and regulatory framework - directives or periodic representations	Are there directives issued by the entity or periodic representations obtained by the entity from management at appropriate levels of authority, concerning compliance with laws and regulations?	Financial Regulations, Constitution, terms and conditions of employment, service related communications to relevant staff about their roles and responsibilities. Also inspections for accreditation purposes by various professional bodies and for the purposes of relevant statutory inspections such as Ofsted etc.
Laws and regulations	REQUIRED Prevention of	What policies, procedures, and controls has management established to prevent instances	Decision making by Committees subject to appropriate advice via standardised

Category	Short Description	Detailed Description	Comments
	noncompliance with laws and regulations	of noncompliance with laws and regulations, including illegal acts?	committee reports covering relevant issues for consideration. Annual governance statement. Internal Audit procedures, Legal advisory support from in-house and external legal advisors on different areas of service delivery, training and development of staff from both internal and external sources, accreditation with relevant professional bodies, whistle blowing policy, Financial Regulations, contract procedures, complaints procedures, internal and external investigations, HR procedures, terms and conditions of employment including disciplinary procedures etc.
Laws and regulations	REQUIRED Actual, suspected or alleged instances of noncompliance with laws and regulations, including illegal acts	Are you aware of any instances of actual, suspected or alleged noncompliance with laws and regulations, including actual or possible illegal acts?	Internal Audit deal with allegations of fraud or criminal behaviour which is reported to the relevant authorities for investigation. Not aware of any other instances of non-compliance which would be required to be reported to the Council's Monitoring Officer and to the Council if they arose.
Litigation, claims and assessments	REQUIRED Identified litigation and claims	<ul style="list-style-type: none"> - Is the entity involved in any litigation, claims or assessments (including those defended by insurance companies)? - What is management's assessment of such matters? - Which litigation, claims and assessments involving the entity may have a material effect on the financial statements and/ or may require disclosure in the financial statements? 	<p>Yes. Insurance claims managed by Risk and Insurance together with Council insurers.</p> <p>Non-insured cases managed by Legal Services together with appropriate external advisory support where appropriate with claims being pursued or settled on the basis of legal advice in accordance with provisions within Constitution. Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually to Financial Services for reporting in annual</p>

Category	Short Description	Detailed Description	Comments
			statement of accounts.
Related parties	REQUIRED Identified related parties, including any changes from the prior period and the nature of the relationships	Who are the entity's related parties? Are there any changes in related parties from the prior period? - If there are related parties, what is the nature of the relationship between the entity and each related party?	Central Government – receive grants/funding. Nottingham and Nottinghamshire Futures Limited, CLASP and SCAPE - shareholders. Pooled arrangements for Integrated Community Equipment. Administering Authority for the Nottinghamshire LGPS. In previous years there were no related parties identified through Chief Officers or Members declarations, however, this has yet to be assessed as part of the 2014/15 closedown.
Related parties	REQUIRED Identified transactions with related parties	Have there been any transactions with the identified related parties during the period, including with management or those charged with governance? - If so, who are the parties, what are the transactions and what is the business rationale or purpose for the transactions?	Analysis yet to be undertaken
Related parties	REQUIRED Transactions with no accounting recognition	Are there any transactions that are not being given accounting recognition? - If so, what is the business and accounting rationale for no accounting recognition?	All transactions will be recognised in accordance with the Code of Practice on Local Authority Accounting.
Estimate	REQUIRED Estimates - changes in circumstances	Have there been changes in circumstances that may give rise to new or the need to revise existing accounting estimates? Note: the following are examples of changes in circumstances that may give rise to new or the need to revise existing accounting estimates: - the entity engaged in new types of transactions that may give rise to accounting	There have been two changes to the accounting policies as a result of changes to the 2014/15 Code of Practice. Policy 8 – Property, Plant and Equipment' has been amended to reflect the Council's approach to accounting for schools. Accounting estimates associated with this change have been revised. Policy 25 – Carbon Reduction Scheme has also been amended to reflect

Category	Short Description	Detailed Description	Comments
		<p>estimates</p> <ul style="list-style-type: none"> - the terms of transactions that give rise to accounting estimates changed - accounting policies relating to accounting estimates changed as a result of changes to the requirements of the applicable financial reporting framework or otherwise - regulatory or other changes outside the control of management occurred that may require management to revise or make new accounting estimates - new conditions or events occurred that may give rise to the need for new or revised accounting estimates 	that the scheme is entering into its second phase. There are no further changes to the accounting policies from the previous year or any changes to the critical judgements in applying the accounting policies that will affect accounting estimates.
Accounting Policies	REQUIRED Compliance of accounting policies/ practices	<p>Are there any accounting policies / practices used by the entity in preparing its (consolidated) financial statements that are not:</p> <ul style="list-style-type: none"> - in accordance with the applicable financial reporting framework - appropriate for its business - consistent with accounting policies used in the entity's industry? 	All accounting policies are in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom.
Related parties	REQUIRED Policies procedures and controls	What policies procedures and controls has management established for identifying related parties and authorizing approving monitoring accounting for and disclosing related party transactions and arrangements including those outside the normal course of business?	All accounting policies are in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom.
Going concern	REQUIRED Managements assessment of	Has management made an assessment of the entity's ability to continue as a going concern?	The County Council on 26 th February 2015 set the annual budget, capital programme to 2018/19 and Medium Term Financial Strategy

Category	Short Description	Detailed Description	Comments
	the entity's ability to continue as a going concern	<p>If so, what is management's assessment of the entity's ability to continue as a going concern?</p> <p>If not, what is management's basis for the intended use of the going concern assumption?</p>	to 2018/19. This report included the formal assessment by the Section 151 Officer on the robustness of the Budget Estimates and the adequacy of the County Council's reserves in accordance with the 2003 Local Government Act. This indicates the Section 151 Officer has considered that the Authority has been assessed as a going concern.

Inquiries—Those Charged With Governance

Name of Interviewee(s) : Audit Committee

Date(s) of Interview : 10 June 2015

Required Inquiries

Category	Short Description	Detailed Description	Comments
Fraud	REQUIRED Programs and controls to prevent, detect and deter fraud – oversight by those charged with governance	How do those charged with governance provide effective oversight of the entity's programs and controls to prevent, detect and deter fraud, including oversight over internal controls management has established to mitigate fraud risks?	The Corporate Leadership Team and the Audit Committee are consulted on the Annual Internal Audit Plan. Periodic updates against the Plan are provided. An Annual Report on Internal Audit work is provided. Copies of Internal Audit reports are widely disseminated, including to Corporate Directors, Members and the Operational Manager concerned.
Fraud	REQUIRED Management's assessment of fraud risks including the nature, extent and frequency of such assessment	What are your views about fraud risks at the entity?	As with any large and complex organization, the emphasis on reducing fraud risk is continuous. The results of the NFI, internal audit work and reported fraud, through management, employees and whistleblowing show a number of low value fraud areas. These are usually down to weaknesses in internal control which are exploited by employees.
Fraud	REQUIRED Actual, suspected or alleged instances of fraud	Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?	Yes, a range of issues have been identified during the year. These have been investigated in accordance with the Financial Regulations and the Fraud Manual.
Laws and	REQUIRED Compliance	How is the entity complying with the legal and	The Council has a clear line of responsibility and accountability surrounding compliance

Category	Short Description	Detailed Description	Comments
regulations	with legal and regulatory framework	regulatory framework?	<p>with the myriad of National and EU legislation and rules applicable to all upper tier public Local Authorities in England together with other governance arrangements which are set out in the Constitution and Financial Regulations.</p> <p>A number of external bodies, including External Auditors, Ofsted etc. assist in ensuring issues of non-compliance are openly reported to those charged with Governance.</p>

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT

INTERNAL AUDIT ANNUAL REPORT – 2014/15

Purpose of the Report

1. To inform Members of the Head of Internal Audit's Annual Report on the work carried out by Internal Audit in 2014/15, and based on this work, his opinion on the adequacy of the County Council's internal control environment.

Information and Advice

2. The Authority has a statutory responsibility to undertake an adequate and effective internal audit of the County Council's operations. This responsibility is discharged by the Internal Audit Service which has unrestricted access to all activities undertaken by the County Council.
3. The Audit Service worked to the Public Sector Internal Audit Standards during 2014/15. One requirement of the Code is that the Head of Internal Audit should provide an annual written report to those charged with governance. The report must:-
 - a) deliver an annual internal audit opinion that can be used by the organisation to inform its governance statement
 - b) conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
 - c) incorporate the opinion, a summary of the work that supports that opinion, and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
4. The Head of Internal Audit has set out the work completed during 2014/15, provided an analysis of the Audit Opinions reached in individual audits during the year, identified all those reports where the Opinion was that the level of internal control was for limited assurance, and come to a conclusion on the overall system of internal control.
5. The Head of Internal Audit's conclusion is that the **overall system of internal control was good during 2014/15.**
6. The Annual Report also sets out an analysis of the Audit Section's performance during 2014/15 in Table 3. The performance of the Section has been above target during the year, with the number of days completed exceeding the target of 90% of the Audit Plan. In

addition, the response of managers to the recommendations made has continued to be positive, whilst the Customer Satisfaction Score averaged 1.6 (on a scale where 1 is excellent and 5 is poor).

Other Options Considered

7. The Audit Section worked to the Public Sector Internal Audit Standards during 2014/15. This report meets the requirement of the Standards to provide an Annual Report. No other option was considered.

Reason/s for Recommendation/s

8. To set out the Annual Report of the Head of Internal Audit for 2014/15.

Statutory and Policy Implications

9. The Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director – Finance and Procurement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director - Finance and Procurement.
10. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Members note the Head of Internal Audit's Annual Report for 2014/15 and comment accordingly.

Nigel Stevenson
Service Director - Finance and Procurement

For any enquiries about this report please contact:
John Bailey
Head of Internal Audit

Constitutional Comments

11. The report is for noting only

Financial Comments (JMB 30/4/15)

12. There are no direct financial implications arising from this report. The budgeted cost of the Internal Audit Section for 2014/15 was £369k.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

- The Audit Reports set out in Appendix 2 of the Annual Report are available as background papers.

Electoral Division(s) and Member(s) Affected

- All

Internal Audit

Annual Report

2014/15

Purpose of the Report

1. To set out the work carried out by Internal Audit during 2014/15, and based on this work, to provide an opinion on the adequacy of the County Council's internal control environment.

Information and advice

2. The Authority has a statutory responsibility to undertake an adequate and effective internal audit of the County Council's operations. This responsibility is discharged by the Internal Audit Service which has unrestricted access to all activities undertaken by the County Council.
3. The work carried out by Internal Audit involves reviewing and reporting on the control environment established by management to ensure that the Authority's systems and procedures achieve their objectives. In order to identify the key areas to be audited, Internal Audit carries out a risk assessment of the Council's financial and other systems which, following consultation, forms the basis of the annual Audit Plan. Audits during 2014/15 were carried out in accordance with the Public Sector Internal Audit Standards, which define the standards that should be followed to achieve best professional practice.

Summary of Internal Audit Work for 2014/15

4. The audits completed during 2014/15 covered a broad range of the Authority's services, systems and processes, with reviews carried out at establishment, divisional, departmental and corporate levels. The time spent on audit work compared to that planned is shown in Appendix 1. The total time delivered on audit work (1828 days) is above the original plan (1727 days). Performance has been good during the year with a stable workforce and effective progress against the planned work. Audit work has continued to be prioritised by detailed discussions with managers across the Authority. There were 114 audit jobs completed during the year on County Council systems and procedures.
5. Of the 114 County audit jobs, 16 were on areas where the usual audit opinion is not provided, for example on irregularities, grant claims, provision of detailed advice on changes in procedures and work requested by departments. The remainder (98 reports) were issued on the Authority's operations and contained an internal audit opinion on the financial controls and procedures in place, categorised as follows:-

Substantial Assurance – there are no weaknesses or only minor weaknesses

Reasonable Assurance – most of the arrangements for financial management are effective, but some weaknesses have been identified

Limited Assurance – there is an unacceptable level of risk which requires the prompt implementation of the recommendations made to correct the weaknesses identified.

6. A detailed analysis of all the reports issued during 2014/15 is set out in Appendix 2. Table 1 below analyses the opinions given on the individual reports by department.

Table 1: Analysis of Audit Opinions during 2014/15

Department	Opinion on Level of Assurance			Total
	Substantial	Reasonable	Limited	
Children Families and Cultural Services	3	3	1	7
Schools	15	41	3	59
Adult Social Care, Health and Public Protection	5	5	1	11
Environment and Resources	2	10	-	12
Policy, Planning and Corporate Services	2	-	-	2
Public Health	1	-	1	2
Cross Cutting	2	2	1	5
TOTALS	30	61	7	98
Percentage	31%	62%	7%	100%

7. There were 699 individual recommendations for change during the year. The managers of the service are required to formally respond to each recommendation and the vast majority of recommendations (99%) were agreed for implementation.
8. From the table, it can be seen 91 of the 98 areas reviewed during 2014/15 had an opinion that the level of internal control was sufficient (i.e. substantial assurance or reasonable assurance). This equates to 93% of the areas reviewed. There were 7% of areas audited which were categorised as limited assurance. The details of these reports are set out in Appendix 3. These audits revealed weaknesses

requiring urgent action to strengthen the systems and procedures in place. The weaknesses identified covered a diverse range of issues including the need for:

- Training and compliance with Financial Regulations
- Failure to monitor and control central systems
- Failure to adhere to agreed procedures

9. The trend in audit opinions over the last 6 years is shown in the table 2 below.

Table 2: Trend in Audit Opinions over the last 6 years

Year	Number of reports	Substantial Assurance	Reasonable Assurance	Limited Assurance
2009/10	155	21 (13%)	116 (75%)	18 (12%)
2010/11	150	40 (27%)	100 (67%)	10 (7%)
2011/12	133	43 (32%)	76 (57%)	14 (11%)
2012/13	98	29 (30%)	54 (55%)	15 (15%)
2013/14	105	28 (27%)	69 (65%)	8 (8%)
2014/15	98	30 (31%)	61 (62%)	7 (7%)

10. As can be seen from the chart above, the number of limited assurance audit opinions during 2014/15 has decreased compared to the previous year. The Authority has undertaken significant changes during 2011 and 2012, including the introduction of the new Business Management System (BMS), reorganisation of departments, services and organisational structures, with the loss of a number of experienced employees. These changes have increasingly become “business as usual” as the new systems have bedded in and systems of internal control improved and enhanced.
11. The 16 special projects during the year covered a range of issues including:-
- Following up concerns over the operation of Imprest accounts where they have become overdrawn
 - Advice on the implementation of Lean plus reviews
 - Advice on the new pensions system
 - Provision of advice on cheque scams
 - Follow up of information arising from the National Fraud Initiative
 - Carrying out a number of grant audits
 - Work on suspected irregularities and whistleblowing complaints

Annual Governance Statement

12. The Accounts and Audit Regulations 2011 require the Authority to publish an Annual Governance Statement with its Accounts. The Statement focuses on the Authority's system of governance and internal control which facilitates the effective exercise of its functions and the achievement of its objectives. Internal Audit's work contributes to the assurance process detailed in the Annual Governance Statement.
13. The individual audit opinions set out in paragraph 6 combine to form the basis of the overall Internal Audit opinion on the adequacy of the Authority's internal control system. As 93% of the audits undertaken identified that appropriate controls were found to be in place, Internal Audit's overall opinion is that the Authority's system of internal control is good. However, 7% of systems or procedures were found to provide limited assurance. Additional work is carried out on these areas to ensure that agreed improvements are realised, or continuing concerns are reported to the Audit Committee. Follow up audits will be carried out to ensure that agreed recommendations made have been implemented.

Internal Audit Performance Indicators

14. A number of performance measures and indicators are monitored to assist in the delivery of the Section's objectives. Performance against these key indicators was as set out in Table 3 below.

Table 3: Analysis of Performance Indicators 2014/15

Indicator	Target	Outcome
Comply with Public Sector Internal Audit Standards	Substantial compliance	Internal review shows 96% compliance
Completion of Audit Plan:- Number of days Audits completed	90% 90%	106% 96%
Customer Satisfaction score	Under 2	Average 1.6
Recommendations accepted	95% acceptance	99% accepted
Productive time	Over 70%	67% achieved
Net audit cost per £1m turnover for 2014/15	£650	£333
External audit review	Positive	Positive

15. Overall, performance during the year has been in line with target. The number of audit days provided exceeded the planned days due to a stable staffing structure and assistance from a CIPFA trainee during the year. The number of audit jobs completed was slightly below plan.

Overall productivity was below the target of 70%. There are a number of contributing factors to this, including significant additional time spent on staff training for the CIPFA trainee and other staff on new systems and approaches (120 days), development of an automated working papers system to improve the efficiency and effectiveness of the audit process (30 days) and work on considering a shared audit service with other Nottinghamshire authorities (10 days).

16. During the year, the section has continued to use a Customer Satisfaction questionnaire, and has maintained very positive results. The vast majority of recommendations made have been agreed for implementation (99%). A copy of detailed comments made on individual audits is included as appendix 4. Overall the comments are very positive, with appreciation expressed for the professional and approachable manner in which audits are completed. Where concerns are expressed, these are followed up individually with the client.
17. The net audit cost per £1m turnover for 2014/15 was £333, which is significantly below the county council average. The net cost of the audit service was £370k against a budgeted cost of £369k. The net cost in 2015/16 is anticipated to be similar to 2014/15.

Quality Assurance Programme

18. The Public Sector Internal Audit Standards require Internal Audit Sections to develop a Quality Assurance and Improvement Programme to ensure that appropriate quality standards are being applied. An internal review was carried out during the year and the results reported to the Audit Committee in March 2014, together with an Action Plan to address identified weaknesses.
19. An updated Quality Assurance and Improvement Programme has been developed and is attached as Appendix 5, setting out progress against the plan.
20. As a local authority, the County Council does not comply with some of the Standards. The requirement for the Chief Audit Executive (Head of Internal Audit at Nottinghamshire County Council) to report to an organisational level equal or higher than the corporate management team is not met. In practice, the Head of Internal Audit's line manager is the Service Director, Finance and Procurement. In addition, the requirement for the appointment and removal of the Chief Audit Executive to be approved by the Board is not met, as this is dealt with by delegated powers under the Constitution. Following discussions at Corporate Leadership Team, changes have been made to more fully comply, including regular (quarterly) reports to the Chief Executive and Corporate Leadership Team and review of the budget for internal audit by Audit Committee.

Conclusion

21. The work undertaken by Internal Audit during 2014/15 has covered key systems in the Authority and has identified that the controls in the majority of systems and procedures continue to operate satisfactorily. Of the systems reviewed, 7% of systems or procedures were found to provide LIMITED assurance. Action plans have been agreed to address these concerns and follow up audit work will be carried out to ensure that these areas are addressed.

John Bailey CPFA
Head of Internal Audit
Nottinghamshire County Council

Appendix 1

INTERNAL AUDIT ANNUAL PLAN REPORT 2014/15

PERFORMANCE AGAINST PLAN

	Annual Plan Days	Actual Days	Variance Days
Cross cutting work	295	294	-1
Children, Families and Cultural Services	185	187	+2
Schools	410	400	-10
Adult Social Care and Health	233	285	+52
Environment and Resources	419	470	+51
Policy, Planning and Corporate Services	55	72	+17
Public Health	30	21	-9
Contingency	100	99	-1
County Council Total	1,727	1,828	+101
External Contracts	196	254	+58
OVERALL TOTAL	1,923	2,082	+159

APPENDIX 2

INTERNAL AUDIT PLAN 2014/15 Audits Completed 1 April 2014 to 31 March 2015

Audit Report Department and Area audited	Audit Opinion – Level of Assurance	Recommendations made and Risk Rating			Recommendations Agreed		
		High	Medium	Low	High	Medium	Low
Adult Social Care, Health and Public Protection							
In-house Day Service	Reasonable	-	5	4	-	5	4
Safeguarding	Reasonable	1	1	1	1	1	1
Community Capacity Grant	Substantial	-	-	-	-	-	-
Scambusters Grant – Audit Certificate	Substantial	-	-	-	-	-	-
Operation Spinaker – Audit Certificate	Substantial	-	-	-	-	-	-
Emergency Planning	Substantial	-	2	-	-	2	-
Scambusters ICT service	N/A	-	-	-	-	-	-
Demand Forecasting	Reasonable	-	2	2	-	2	2
County Horticulture and Work Training (Brooke Farm)	Substantial	-	-	2	-	-	2
County Enterprise Foods	Reasonable	1	-	1	1	-	1
Frameworkki data quality	Limited	1	1	1	1	1	1
Continuing Healthcare	Reasonable	1	3	2	1	3	2
Sub Total		4	14	13	4	14	13
Children, Families and Cultural Services							
Direct Payments to children and young people	Substantial	-	2	5	-	2	5
Secure Accommodation (Clayfields)	Limited	2	8	2	2	8	2
School Refurbishment Programme	Reasonable	1	2	-	1	2	-
Beeston Youth and Community Centre audit	N/A						
Platt Lane certificate	N/A						
National Water Sports Centre contract	Substantial	-	1	3	-	1	3
SEND top up funding	Substantial	-	-	2	-	-	2
Residential Children's Homes	Reasonable	-	4	6	-	4	6

Youth Club Funds	N/A	1	3	2	1	3	2
Children's Centres – Contract and premises mgmt	Reasonable	-	4	5	-	4	5
Sherwood Energy Village Imprest account	N/A	-	9	-	-	9	-
Sub Total		4	33	25	4	33	25
School Audits	Overall, 15						
Secondary Schools (1 final report issued)	substantial assurance, 41	15	423	75	15	418	74
Primary Schools (58 final reports issued)	reasonable assurance and 3 limited assurance						
Department and Area audited	Audit Opinion – Level of Assurance	Recommendations made and Risk Rating			Recommendations Agreed		
		High	Medium	Low	High	Medium	Low
Environment and Resources							
Property Rents	Reasonable	-	5	2	-	5	2
ICT Access Controls	Reasonable	-	5	2	-	5	2
Building Maintenance	Reasonable	1	9	3	1	9	3
ICT Business Continuity	Reasonable	2	1	-	2	1	-
ICT Network Controls	Reasonable	-	4	1	-	4	1
Carbon Reduction Commitment Certificate	Substantial	-	-	-	-	-	-
Review of Highways resurfacing project	N/A						
Review of Highways tools control	N/A						
School ICT sales advice	N/A						
Guaranteed Minimum Pension advice	N/A						
Lagan Frontline	Reasonable	-	2	1	-	2	1
Internet controls	Reasonable						
New bank contract	N/A						
VAT	Substantial	-	-	2	-	-	2
Public Sector Network (PSN)	Reasonable	-	-	-	-	-	-

Customer Service Centre	Reasonable	1	2	6	1	2	6
Treasury Management	Reasonable	-	3	8	-	3	8
ICT non-purchase orders advice	N/A						
Sub Total		4	31	25	4	31	25
Policy, Planning and Corporate Services							
Grant Aid – follow up	Substantial progress	-	-	3	-	-	3
Notts Economic Development Fund	Substantial	-	-	2	-	-	2
Sub Total		-	-	5	-	-	5
Public Health							
Employees and Budget management	Limited	3	3	-	3	3	-
Public Health Grant	Substantial	-	-	1	-	-	1
Sub Total		3	3	1	3	3	1
Cross Cutting Reviews							
Corporate Procurement – follow up	Limited progress	-	5	3	-	5	3
Pensions Payroll Migration	Substantial	-	-	4	-	-	4
National Fraud Initiative	N/A						
Annual Governance Statement	N/A						
Counter Fraud Strategy	N/A						
Business Continuity follow up	Reasonable	-	4	-	-	4	-
Imprest Accounts follow up	Reasonable	1	1	1	1	1	1
Purchase Cards follow up	Substantial	-	1	1	-	1	1
Advice on review of Financial Regulations	N/A						
Transparency Code	N/A						
Sub Total		1	11	9	1	11	9
TOTAL		31	515	153	31	510	152

Audit Reports issued during 2014/15 which had a “Limited Assurance” Audit Opinion

CFCS 1501 – Secure Accommodation (Clayfields) – August 2014. There are a number of concerns over the financial control of the Centre. Improvements are required over the monitoring of budgets, more effective planning over expenditure, poor separation of duties, poor accounting for cash income and weak controls over assets. Twelve recommendations have been made and agreed to improve these areas.

PHD 1501 – Public Health Employees and Budget Management – July 2014. This review focussed on ensuring that employees transferred in to the Authority in 2013 had been transferred on the correct pay grades and that effective budgets had been set up for Public Health and that these were being managed effectively. Three key concerns were identified. Employee data had not been obtained promptly from the NHS, and some was incorrect. Payroll reports were not being regularly reviewed. There were a number of issues around accessing the Business Management System and provision of training to ensure effective budget monitoring. Six recommendations have been made and agreed.

XC 1501 – Corporate Procurement follow up – September 2014. Although some progress had been made in implementing the recommendations agreed at the previous audit, there were a number of areas still requiring action. In particular, there was further work needed on improving the level of compliant orders, implementation of a revised procurement strategy, development of performance information and improved monitoring of the implementation of purchasing category strategies. Some of the agreed recommendations had been placed on hold at the time of the audit including:

- establishment of a commissioning and commercial board
- initiation of a project to address the corporate risk of supply chain failure

Eight recommendations have been made and agreed to address the concerns.

ASC 1513 – Framework-i Data Quality – February 2015. The key concern was that audit testing identified a number of differences between long term care packages recorded on Framework-i and Abacus. The last review of long term care data was carried out in March 2013 as there have been changes to the responsibility for reconciling the information in the two systems. This is now the responsibility of Adult Care Financial Services. A reconciliation has now been completed and will be carried out annually in January each year.

School Budget Share audits. During the year, there were three schools where a limited assurance audit opinion was provided. The audits of school budget share cover a broad range of areas including governance, expenditure, income, assets and information. Reports are provided to the Headteacher and the Chair of Governors for action.

Comments made by auditees in response to individual audits during 2014/15

1. The auditor was very approachable and made the audit very much a 2 way exercise which meant that we felt very comfortable to ask for advice regarding any areas of uncertainty. It was very helpful to have a summary of which areas were going to be looked at on which day so that we had time to get the necessary paperwork available in advance without having to do it on the spot.
2. Whilst there were some inaccuracies in the first draft of the report, the first feedback meeting enabled these to be picked up and rectified. This was reassuring and gave us confidence in the process. The audit was welcomed as it allowed us to bench mark the progress we have made in developing a DP system that is fit for purpose as well as highlighting where further improvements can be made.
3. The issues raised by the report have been addressed but I do feel that due to the original system configuration and functionality plus the considerable time that has elapsed between going live with FRE and the audit commencing has caused some additional issues in reconciling the data involved and gaining total clarity of the underlying problems.
4. Always find our auditor extremely supportive, helpful and accurate.
5. The auditor provided an excellent service throughout the audit and I will be more than happy to work with him again.
6. We were very impressed throughout the audit from the planning stage through to the final feedback and report, because the Auditor was at all times professional, thorough, knowledgeable and took time to understand our context and to provide detailed explanations as required.
7. There were some issues re: the timing of the audit (nothing to do with the audit process per se), hence I have marked down this element. However, the audit itself was conducted thoroughly and provides a fair, accurate and helpful assessment of the current position.
8. The auditor was a pleasure to work with. He listened and asked appropriate questions. Thank you
9. Managers who had their services audited appreciated the level of understanding of the fit of operational services to the systems we are operating.
10. The auditor was very easy to get on with and whilst I cannot say it was a pleasure to go through it, she made it less stressful than I found previous ones. Would recommend!
11. A personalised general comment would be appreciated to humanise the report and findings, together with an acknowledgment of things done well so that the focus isn't just on the negative.
12. I was initially worried about the audit as I am relatively new in post but all I can say is that I shouldn't have been. The auditor was brilliant. She put me at ease from the start, and although she had a job to do herself she took time to explain any points that she found as she went along and was able to give me tips on how to take things forward. For me, the audit was a really positive experience and I know moving forward the school will benefit greatly by being able to working on the findings.

13. The audit was conducted in a professional manner with clear requests for information which was provided by the PH Contract and Quality Team in a clear format (coded to ease access by the audit team).
14. Much of this audit covered the transition period, and we had identified many of the lessons already through the process.
15. The auditor had a good understanding of the audit area and made some useful comments. Due to the changes to e-mail and the unhelpful archiving regime it took me a while to find some of the information the auditor wanted. The other area of concern is the amount of time we have to dedicate to Audits in the future....although I see how helpful they are, officers will have less time to dedicate to the process in the future. Although my comments are not something Audit can influence I feel as though consideration should be given to this in the future.
16. Although I was not the only person the auditor saw during the audit process, it was always clear, what she needed and was happy to sit with all required parties in order to achieve the required outcome. When needing further information, she was patient (as we had to get some of this from archive) and communicated clearly what information was needed and why. The auditor sat with a number of members of my team including myself and questioned why or how we do certain things. I know there is room for improvement and the report confirmed this.
17. As a new scheme, I am grateful for Audit's input. It afforded us the opportunity to reflect both on the process employed to date and to test out requirements / any changes required for future rounds of the Capital Fund. Not a suggested improvement per se but it might be suggested that as standard practice, Audit be brought in at the planning phase of new projects across the authority, simply to ensure that good / expected practice is referenced at such an early stage.
18. There has been a delay in the department responding to the audit, however the responsibility for this rests entirely with the department.
19. The auditor was diligent, kind, professional and thorough whilst being unobtrusive and discreet.
20. As this was my first school audit it was difficult to know what to expect. I found it very thorough and helpful and the auditor put me at ease and answered any queries I had. The only thing I would comment on is the audit recommendations (high, medium and low) and it would be useful to know how many errors/recommendations you can have to achieve a 'high' rating - for feedback and also for the governors - as you could achieve one mark off a high but look just achieve a medium rating.
21. The whole process went smoothly, the report was completed quickly. The auditor made my first audit experience as stress free as she could and gave good advice. She always welcomed questions (of which I had a few!) and answered them openly. I certainly learned a lot.
22. It was really helpful to look at a mix of residential homes and then have time to look at the recommendations with the auditor. I think this gave another opportunity to both reassure those present, and to take up suggestions for improvement and transparency. The auditor's knowledge and experience of residential is very helpful in understanding some of the challenges we face when trying to provide a home for very vulnerable Children and young people.
23. Our thanks to the auditor for making the audit as bearable as possible.

24. Having been in post for 10 months, and after being dropped in at the deep end with regard to school finance, this Audit came at a perfect time for me. The auditor was helpful and informative and the advice and recommendations give me a clear path to improve our procedures and systems. I have developed a "Post Audit Action Plan" to ensure we implement all the advice notes and recommendations, I also have a clearer vision of the schools priorities with regard to finance following the audit and will better be able to communicate key finance messages to governors, staff and other stakeholders. The auditor herself was great. She is knowledgeable and has an understanding of the challenges facing schools. She was approachable, friendly yet clear with regard to expectations. The report was a little late in arriving but came with an apology and explanation which was fine.
25. The auditor showed a good grasp of a technical and specialist area and demonstrated a pragmatic and realistic approach to making recommendations.
26. The audit was carried out in an appropriate & professional manner.
27. In an ideal world this would be undertaken as a joint audit between NHS and NCC as this is an area of financial process that is driven by an NHS framework/policy
28. Audits can be a stressful time the way that this audit was conducted left you feeling supported. The end game was to ensure that the report delivered a true reflection of how the asset management system was
1. Delivered into the organisation
 2. Managed both by the owners and at local level.
- Prior to the final report being delivered, as a management team we had the opportunity to discuss the findings which added clarity to what I see in the final report as a true reflection of where we are currently with the Red Kite Asset management system. At all times this audit was conducted with professionalism and clarity.

APPENDIX 5

Quality Assurance Improvement Plan

Nottinghamshire County Council Internal Audit Service

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at April 2015
1.	Chief Audit Executive (CAE) should have direct and unrestricted access to senior management and the Board	Access to the Board is not set out in the Internal Audit Charter	Update Charter	Head of Internal Audit	June 2014	Charter updated to include this requirement
2.	CAE should report to level of corporate management team	CAE reports to Service Director	Explain as part of Annual Report	Head of Internal Audit	June 2014	Explained in Annual Report
3.	Reporting and management arrangements in place to preserve the CAE's independence and objectivity	Formal arrangements not in place	Amend Head of Internal Audit's job description to include arrangements for raising concerns	Service Director for Finance and Procurement	June 2014	Job Description updated
4.	The Board approves the internal audit budget and resource plan	The Board does not approve the budget. This is a responsibility of Full Council	Explain arrangements as part of Annual Report	Head of Internal Audit	June 2014	Explained in Annual Report
5.	The Board approves decisions relating to the appointment and removal of the CAE	This responsibility is fulfilled by the Service Director under the Constitution.	Explain arrangements as part of Annual Report	Head of Internal Audit	June 2014	Explained in Annual Report
6.	The Chief Executive should contribute to the performance appraisal of the CAE	No formal contribution from the Chief Executive	Include in future performance appraisal	Service Director for Finance and Procurement	December 2014	Achieved

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at April 2015
7.	Feedback should be sought from the Chair of the Audit Committee for the CAE's performance appraisal	No formal contribution from the Chair	Include in future performance appraisal	Service Director for Finance and Procurement	December 2014	Achieved
9.	The results of the QAIP should be reported to the Board	Not previously reported	Report to Board	Head of Internal Audit	March 2014	Reported in March 2014 and June 2015
10.	The risk-based plan should set out the approach to using other sources of assurance and any work that may be required to place reliance upon those sources	Not formally set out in the risk-based plan	Include section in risk-based plan to cover how sources of assurance are used	Head of Internal Audit	June 2014	Included in the Audit Plan for 2014/15 and 2015/16
11.	The CAE should carry out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance	Not formally developed	Develop assurance mapping for future planning	Head of Internal Audit	March 2015	Achieved – included in audit reports
12.	Engagement results released outside the organisation should include limitations on distribution and use of the results	No caveat is placed on results released outside the organisation	A caveat will be developed to set out the limitations on use of the results	Head of Internal Audit	Immediate	A caveat has been developed to be used when required.
13.	Progress against the QAIP should be set out in the CAE's Annual Report	First year of the QAIP	The Annual Report will include a section on progress against the QAIP	Head of Internal Audit	June 2014	Reported as part of the Annual Report.

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT

DRAFT ANNUAL GOVERNANCE STATEMENT – 2014/15

Purpose of the Report

1. To inform Members of the proposed Annual Governance Statement 2014/15 and to invite Members to consider and approve the Statement prior to its accompanying the Statement of Accounts 2014/15.

Information and Advice

2. The Accounts and Audit (England) Regulations 2011 require the Authority to review the effectiveness of its system of internal control and publish an annual governance statement, prepared in accordance with proper practices in relation to internal control.
3. Using guidance developed by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives, an Annual Governance Statement has been drafted and is attached. The draft Statement was discussed by the Corporate Leadership Team on 5th May 2015 and endorsed by the Chief Executive, Monitoring Officer and Section 151 Officer.
4. As the Statement covers corporate governance and risk management issues, it needs to be referred to Full Council which will be done as part of the approval process for the Statement of Accounts 2014/15.

Other Options Considered

5. The requirement to publish an annual governance statement is set out in the Accounts and Audit Regulations 2011. No other options are available.

Reason/s for Recommendation/s

6. To set out how the Authority has met its' governance responsibilities for 2014/15.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That the Committee endorses the Annual Governance Statement 2014/15 and makes any comments or recommendations which it considers ought to be included in the report which is required to be taken to the next appropriate Council meeting, to accompany the Statement of Accounts 2014/15.

Nigel Stevenson
Service Director (Finance and Procurement)

For any enquiries about this report please contact:

John Bailey
Head of Internal Audit

Constitutional Comments (SLB 11/5/2015)

8. The proposal in the report is within the remit of the Audit Committee.

Financial Comments (JMB 30/4/15)

9. The Statement is required to demonstrate the Authority has a sound system of governance and internal control in place. This is important for the overall control of the Authority's finances as well as other areas of its operation. However, it has no direct financial implications.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

NOTTINGHAMSHIRE COUNTY COUNCIL
ANNUAL GOVERNANCE STATEMENT 2014/15

1. SCOPE OF RESPONSIBILITY

Nottinghamshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. Public money must be safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Localism Act 2011 has, among other things, established a general power of competence for local authorities.

In discharging this overall responsibility, the County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including the arrangements for the management of risk.

This statement meets the requirements of regulation 4 of the Accounts and Audit Regulations (England) 2011 in relation to the publication of an annual governance statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the culture, values and duties of the Authority, supported by the systems and processes put in place to provide assurance that the culture, values and duties are complied with in practice. The Authority uses this framework to direct and control its work and ensure that it engages with, leads, and accounts to the community it serves. The framework enables the Authority to provide assurance over the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services within the existing legal framework.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the County Council for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

The Authority's governance framework comprises many systems and processes including the arrangements for:-

a) Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and services users.

The Council has agreed a new Strategic Plan for the period from 2014 to 2018. The Plan:-

- Provides a clear statement of the Authority's vision, priorities and values, together with a commitment to treat people fairly, provide value for money and to work together with our partners and residents.
- Enables agreed political objectives and statutory requirements to drive the Authority's activities.
- Enables the communication of the Authority's priorities to the community of Nottinghamshire, partner organisations and staff.
- Provides a broad framework of objectives and performance indicators, to ensure effective performance management.

The performance indicators used to monitor its delivery and the key actions undertaken to deliver the priorities are reviewed and refreshed each year to ensure they remain achievable and appropriate.

Each year the Authority approves the annual budget and capital programme which includes an update of the Medium Term Financial Strategy. The Medium Term Financial Strategy is the financial plan which underpins the Strategic Plan.

b) Reviewing the Authority's vision and its implications for the Authority's governance arrangements

The Strategic Plan provides the basis for future corporate and service planning over the period 2014 to 2018. Progress on the Authority's achievements is assessed by the monitoring of agreed key actions and meeting performance indicator targets. Progress across the whole plan is reported quarterly to the Corporate Leadership Team to enable performance to be managed. The Corporate Leadership Team also review performance risks on a monthly basis. The Authority has developed a strategic management framework which sets out in detail the individual factors that are required to manage performance and how they work together in the Authority. The framework has been developed and approved by the Corporate Leadership Team and

reported to Policy Committee and a supporting Annual Delivery Plan was approved on 2nd April 2014.

- c) **Measuring the quality of services for users, ensuring that they are delivered in accordance with the Authority's objectives and ensuring that they represent the best use of resources.**

The Authority carried out extensive budget consultations in preparing the 2014/15 and 2015/16 budgets. A Citizens Panel, 'Nottinghamshire Listens', made up of approximately 6,000 people is in place and has been used to engage with citizens throughout the County on a wide range of issues. Progress towards delivering the Strategic Plan's priorities and objectives is monitored quarterly and reported to Policy Committee.

- d) **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

The Head of Paid Service is responsible for reporting to Full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers.

The Monitoring Officer is responsible for maintaining the Constitution, ensuring it is available for inspection and making minor changes as a result of any restructuring. The Monitoring Officer is also responsible for ensuring the lawfulness and fairness of decision making; this includes responsibility, after consulting with the Head of Paid Service and Chief Finance Officer, to report to Full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. The Monitoring Officer is responsible for contributing to the promotion and maintenance of high standards of conduct.

The Constitution sets out how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. There was a significant change in the Authority's constitution in 2012, with a move to a committee system of decision making. The Authority established service committees for each of the key areas of service, in addition to an overarching Policy Committee and Full Council. The Constitution is under continuous review and a number of changes have been made during 2014/15 to keep it relevant; the most recent changes became effective in March 2015.

- e) **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff.**

Codes of Conduct, for both Members and staff, are contained within the Constitution together with the Code on Member and Officer Relationships. The Constitution is posted on the Council's website. In

January 2014, a new Conduct Committee was approved by Full Council with terms of reference and a Procedure for Dealing with Conduct Allegations agreed in February 2014. The Procedure commits the Council to promoting and maintaining high standards of conduct by all Councillors and Co-opted Members.

- f) **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.**

The Monitoring Officer is responsible for keeping the Constitution under review and reporting any proposed amendments to Council. The most recent review was in March 2015. The Authority's Risk Register is reviewed at each of the five meetings a year of the Risk, Safety and Emergency Management Board to determine whether additional steps are required to mitigate key risks.

- g) **Ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of The Chief Financial Officer in Local Government**

The Statement sets out the five principles that need to be met, to ensure that the Chief Financial Officer can carry out the role effectively. The principles are that the Chief Financial Officer:-

- Is a key member of the Leadership Team
- Must be actively involved in all material business decisions
- Must lead the promotion and delivery of good financial management
- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

The Chief Financial Officer for the Authority is the Service Director – Finance and Procurement. This post reports to the Corporate Director for Environment and Resources who is a member of the Leadership Team. The Chief Financial Officer is also a member of the Leadership Team, ensuring involvement in material business decisions. The Authority have set up the Business Support Centre which manages financial transactions on behalf of the Authority, including payroll, pensions and income transactions. As the Business Support Centre does not report to the Chief Financial Officer, controls have been established to ensure that the Chief Financial Officer can secure the promotion and delivery of good financial management in these areas. The Chief Financial Officer is professionally qualified. A regular report on the Council's financial position is made to the Finance and Property Committee.

h) Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.

A self-assessment of compliance with the new Public Sector Internal Audit Standards was completed during 2013/14 and the results reported to the Audit Committee. A Quality Assurance and Improvement Programme has been agreed to address the identified issues. The core functions relate to the review of Internal and External Audit work, the effectiveness of the Authority's control environment, the review of the annual assurance statement and the review of the financial statements. These functions are covered by the Audit Committee.

i) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Monitoring Officer is responsible, after consultation, for reporting to the relevant committee or Council if it is considered that any proposal, decision or omission would give rise to unlawfulness. In addition, Constitutional Comments are contained in reports to Council and Committees to advise on compliance with the policy framework and the Constitution. The Service Director - Finance and Procurement also has a responsibility to highlight any proposal, decision or course of action which will involve any unlawful expenditure. The External Auditors also carry out an external audit of the Council's accounts.

j) Whistle-blowing and receiving and investigating complaints from the public.

The Authority's Whistleblowing Policy was reviewed by Policy Committee in December 2013 and revised to reflect changes in legislation. The Authority's complaints procedure is well established and is monitored by the Policy Committee. The Policy Committee receives an annual report on the discharge of the Authority's duties under the Whistleblowing Policy.

k) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

During 2014/15 the member development programme continued to respond to changing national and local policy. Elections were held in May 2013 resulting in a number of new Members being elected. A comprehensive induction programme was completed to provide information and briefings on a range of issues to new and returning Members. All officers, including senior officers, are subject to annual Performance and Development Reviews. These reviews specifically identify and monitor development and training needs in relation to the individual employee's role. The Performance and Development

Reviews also sets out a detailed Competency Framework which sets out the observable skill levels and behaviours required of every employee at each tier of the organisation.

l) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

There is a steady move towards more digital communications which is more cost effective and targeted than other traditional print models. While this trend is expected to continue over the coming years, it is important to not exclude anyone so there is likely to remain a mixed approach for the foreseeable future. An ambitious and wide-ranging digital transformation project, called Digital First, is currently under way and is due to deliver a customer focussed, transactional website in September 2015 along with a new approach to social media and more effective employee engagement tools. Where possible, better value for money products have been developed such as the Life magazines that target all residents, families and the retired community. These sit alongside and are complemented by the electronic channels such as the authority's email subscription service, Emailme, which now has more than 100,000 subscriptions. All of these improvements have helped to deliver some of the biggest budget consultations in the Authority's history. Last year there were more than 17,000 responses to the budget consultation.

m) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements.

The Authority works in partnership with a number of bodies. Formal, joint governance arrangements are in full compliance with public administration rules.

4. REVIEW OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority (Head of Paid Service, Monitoring Officer and Chief Financial Officer) who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the External Auditor and other review agencies and inspectorates.

Throughout 2014/15, the Authority has maintained and reviewed the effectiveness of the governance framework. In particular:-

- a) The County Council has received and considered a number of reports, including:-
- Statement of Accounts 2013/14
 - Treasury Management
 - Strategic Plan for 2014/2018
 - Conduct Issues
 - Budget Report 2015/16 and Medium Term Financial Strategy 2015/16 to 2018/19
 - Pay Policy Statement for 2014/15
 - Amendments to the Constitution
- b) Policy Committee has considered and approved a number of reports in its role as the committee responsible for policy development and approval, including:-
- Annual Delivery Plan 2014/15
 - Redefining your Council – A framework for transformation
 - Redefining your Council – Consultation outcome
 - Local Government transparency code
 - Annual Delivery Plan 2014/15 quarterly progress reports
 - Transformation Programme progress update
 - Budget Consultation 2015/16
 - Redefining your Council – Transformation and spending proposals 2015/16 to 2017/18
 - Findings from the Nottinghamshire Annual Residents Satisfaction Survey 2014
 - Digital Transformation progress update
 - Outcomes from the complaints process – April 2014 to December 2014
- c) The Audit Committee have considered a wide variety of issues including:-
- Internal Audit Annual Plan 2014/15
 - Statement of Accounts 2013/14
 - Annual Governance Statement
 - Statement on conformance with Public Sector Internal Audit Standards
 - Revised Counter-Fraud and Counter-Corruption Policy
 - Internal Audit Annual Report
 - Statement of Accounts 2014/15 – Accounting Policies
 - KPMG External Audit Plan 2014/15
- d) Internal Audit has undertaken planned reviews of internal control procedures across all departments and across a range of functions in the Authority. Each review contains an opinion on the internal controls

in place and Internal Audit's overall opinion of the Authority's system of internal control, based on the audits completed in 2014/15, is that it is good.

- e) External Audit's report to those charged with governance (Audit Committee) for 2013/14 stated that the Auditor issued an unqualified audit opinion on the County Council's 2013/14 accounts. No material audit adjustments within the financial statements were identified. The Authority's organisational control environment was deemed effective overall, and they did not identify any significant weaknesses in controls over key financial systems. They undertook a review of the work of internal audit. Their review did not identify any significant issues and they were able to rely on internal audit work where this was relevant to their work. The Auditor also concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

5. SIGNIFICANT GOVERNANCE ISSUES

The Authority continues to face significant financial challenges. Local authorities are struggling with falling Government grants while facing increased demand for services as well as other cost pressures from inflation and new legislation.

In response to the financial outlook, a new transformation framework, ***Redefining Your Council***, was established in July 2014. The framework seeks different ways of delivering services by looking first at innovative and creative solutions. A comprehensive review has been carried out into every aspect of Council activity with a particular focus on high-cost services.

An evaluation of the first phase of Redefining Your Council will be undertaken to assess progress and initiate plans for the next phase of transformation and develop further proposals. The Council's Medium Term Financial Strategy shows that the Council can deliver a balanced budget in 2015/16, however further savings of £25.7 million will be required from 2016/17 to 2018/19.

Against this backdrop, there are a number of other key governance issues that need to be addressed:-

- a) The Council will continue its transformation into a smaller organisation with a greater diversity of delivery arrangements with the potential for greater risk. Alternative Service Delivery Models are under consideration in a number of areas, including Highways, Libraries and Support Services.
- b) Changes to national policy such as the Care Bill, which comes into effect in 2015/16

- c) Following the County Council elections in 2013 the Authority had a Labour majority. Over the last two years there have been several changes in the membership of the County Council Labour Group which have resulted in the Authority having no overall control. The places allocated on committees to groups and to the 4 elected members who are not in a group has been reassessed on three occasions to ensure it complies with the requirements of political proportionality.
- d) The Council is currently undergoing a Boundary review by the Local Government Boundary Commission. Throughout the review a cross party member reference group has worked with officers on the Council's submission and make recommendations to Full Council and Policy Committee on those submissions.
- e) Social care provision is increasingly being integrated with health care provision. Work is underway to manage this effectively.

The Council has adopted a robust approach to addressing these financial, demographic, technological and legislative challenges.

The Audit Committee reviewed the governance framework detailed in this statement at their meeting on 10 June 2015. We are aware of the steps that are being and will be taken to address the above significant governance issues and we are satisfied that these are appropriate. We will monitor their implementation during the course of 2015/16 and beyond.

Signed:.....

LEADER

Signed:.....

CHIEF EXECUTIVE

REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT**FINANCIAL REGULATIONS WAIVERS 2014/15****Purpose of the Report**

1. To inform the audit committee about breaches of the Council's Financial Regulations from 1st April 2014 to the 31st March 2015.
2. To inform Members about requests to waive the Financial Regulations (waivers) in the same period (1st April 2014 - 31st March 2015).

Information and Advice

3. The Council's Financial Regulations set out the procedures and standards for financial management and control that must be followed by officers. Compliance with the Regulations helps to ensure that:
 - There are robust systems of financial management and control
 - The finances of the Council are safeguarded from unnecessary risk
 - The Council achieves value for money in its procurement of goods and services
4. The Council may only contract with external parties within the legal framework for local Authority procurement i.e. in accordance with the UK Public Contracts Regulations 2015, the Council's Contract Procedure Rules and, also, the European Treaty principles of transparency, equal treatment, non-discrimination, proportionality and mutual recognition.
5. There are occasions where it is not practical or possible to procure contracts in accordance with the standard contract procedures. In such instances officers may request a waiver to the rules. The approval of such waivers ensures compliance with the Contract Procedure Rules. The waiver process acts as a peer challenge to such requests to ensure they have a valid reason for approval.
6. Waivers of Financial Regulations are normal activity whereby individual directorates request Section 151 Officer (S151) approval to vary procedures (with a good supporting reason) e.g. request to not obtain at least three written quotes because the number of suppliers is limited. Waiver requests must be considered by S151 who will determine whether they can be approved or not. The S151 may refer any request for a waiver to the Group Manager Legal for approval.

7. Waiver requests over the value of £25k (the threshold from when tenders must be sought) have to be approved by the Group Manager for Legal Services
8. Waivers cannot be sought if they would result in a breach of European or domestic legislation or due to insufficient planning
9. Section 9.3 of the Financial Regulations contains rules for the selection of suppliers including the number of quotations that must be sought (up to a certain level of contract value) after which a tender must be run. Section 9.5.1.1 specifies five categories of exception where the rules for obtaining quotations or running tenders can be suspended. (see Appendix 1)
10. Financial Regulations contain a requirement for the Group Manager - Procurement to annually report all breaches and waivers of the Regulations to Members of the Audit Committee.
11. The tables below summarise the number of waivers granted in 2014/15 compared to the previous year by directorate and value, and the reasons for those waivers

Directorate	2014-2015		2013-2014	
	Number	Total Value	Number	Total Value
Environment & Resources	13	£430,025	11	£961,096
Adult Social Care, Health & Public Protection	6	£262,277	3	£112,760
Children, Families & Cultural Services	7	£422,752	14	£1,496,424
Policy Planning & Corporate Services	4	£131,403	3	£87,709
Public Health	1	£36,608	4	£26,157,036
TOTAL	31	£1,283,065	35	£28,815,025

	Reasons for waivers						TOTAL
	1. Valid extension of contract	2. Call off from a contract	3. Repairs to existing machinery/software	4. Protection of life or Property	5. Corporate Director decision	6. Request to suspend under 1.7 of the regs *	
Number of waivers	2	1	2	2	21	3	31
Value of waivers	£31,850	£167,340	£44,000	£177,000	£773,875	£89,000	£1,283,065

*1.7 The Section 151 Officer, after consulting with the Group Manager for Legal Services, may vary, waive or suspend any regulation. Requests to waive Financial Regulations should be submitted in accordance with the approved waiver request procedure.

12. A more detailed summary of the waivers is attached at Appendix 2. The Committee are asked to consider and comment upon any of the waivers.
13. The total number of waivers is lower than last year and continues the downward trend from a peak of 103 in 2008-2009. The number of high value waivers has also reduced.
14. The largest number of high value waivers was for E&R with a slight increase from last financial year. Whilst the number and value of the waivers received from CFCS has significantly reduced.
15. Significant category management work is underway with the directorates to develop procurement category strategies that will aid the continued reduction of waiver requests

Other Options Considered

16. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Reason/s for Recommendation/s

17. To set out any breaches of the Council's Financial Regulations and any requests to waive the Financial Regulations during 2014/15

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Members of the Audit Committee note the Financial Regulations Waivers 2014/15 and the continued progress in keeping waivers to a minimum.

Nigel Stevenson
Service Director – Finance & Procurement

For any enquiries about this report please contact:
Clare Winter – Group Manager Procurement

Constitutional Comments

19. The proposal in this report is within the remit of the Audit Committee.

Financial Comments (NS 07/05/2015)

20. There are no specific financial implications arising from the report. However, the Financial Waivers process itself is an important element of the Council's Financial Regulations, which exist to ensure that public money is safeguarded and that decisions taken by Council officers are lawful and provide value for money for local taxpayers.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

i) Exceptions to the Requirement to Seek Quotations and Tenders.

Section 9.3 of the Financial Regulations contains rules for the selection of suppliers including the number of quotations that must be sought (up to a certain level of contract value) after which a tender must be run. Section 9.5.1.1 specifies five categories of exception where the rules for obtaining quotations or running tenders can be suspended. These five categories are:-

- i. The work to be executed or the goods or materials to be supplied constitute the first valid extension of an existing contract, which has been procured through a Best Value exercise, provided that such an extension has received the necessary budget approval; and does not exceed the value of the original contract or the next value threshold. Contracts must not be extended where the total value will exceed the EU Threshold.
- ii. The Council is buying from a contract entered into following a proper tendering exercise by a consortium, collaboration, or similar central procurement body, of which the Council is a member and which the Council is authorised to buy from or through.
- iii. The work to be executed or the goods or materials to be supplied consist of repairs to, or parts for, existing proprietary machinery, where such repairs or parts are specific to that machinery OR upgrades to existing software packages.
- iv. Works, supplies or services are urgently needed for the immediate protection of life or property, or to maintain the immediate functioning of a public service for which the Council is responsible. In such cases the contract must only last as long as is reasonably necessary to deal with the specific emergency.
- v. The Corporate Director decides that special circumstances make it appropriate and beneficial to negotiate with a single firm or that a single tender be invited. This will include occasions when it can be established that there is only a single source available or where the Corporate Director or his/her designate can demonstrate that best value for the Authority can be better achieved by not tendering.

Ref	Subject	Value	Directorate	REASON FOR DECISION	CONDITIONS
FR145	Language for Life training for Early Years This training has been developed collaboratively in Notts between NCC and Health (nottshc.nhs) representatives to ensure the EY workforce have the skills they require to meet this need.	£14,600	E&R	If Language for Life training was not provided the quality of the communication environments for our most vulnerable 2 year olds will be put at risk.	Work is undertaken to explore a longer term contractual arrangement in line with financial regulations
FR146	Contract extension for appropriate adult for the purposes of accompanying a vulnerable adult or child at a police interview regarding their involvement or suspected involvement in a criminal offence or when that person is charged with an offence.	£23,215	ASCH&PP	Time needed to identify alternative funding sources	Any procurement required is completed before the end of this waiver.
FR147	Vat and welfare services - GT Tax Advise	£6,000	E&R	The justification for use of a single-source is because of the approach suggested to be taken and Grant Thornton's idea for potential savings as no-one else has come forward with this proposal before.	Any future requirements go through a compliant procurement process
FR150	Extraction of Image documents and related index from the AXIS Pension Administration System - Edale Consulting	£15,000	E&R	Due to the timescales need to transfer the pensions system across from Heywoods to Civica, it is acknowledged that using Edale Consulting Ltd have specialist knowledge	Any future requirements go through a compliant procurement process
FR151	The Children & Families Act, 2014, is set to come into force from September 2014. There are statutory duties on both Local Authorities and the NHS to work together to commission and deliver services for children and young people with special educational needs and disabilities	£60,000	CFCS	The waiver is required until March 2015 to ensure both pathways are successfully implemented. It would be detrimental to the care children and young people are receiving to stop the work at this stage.	Work completed/handed over before end of funding so no liability for the Council

FR152	SEN Reforms Two contracts which need to be established in order to implement the new statutory reforms for children and young people with special educational needs (SEN) which will become law across England in September 2014. Advice & Information & Nottinghamshire Partnership Hub	£80,000	CFCS	In both projects, there are special circumstances relating to the highly specialist nature of the work.. Given the time constraints and the duty placed on local authorities to implement the new SEN reforms by September 2014	Any future requirements go through a compliant procurement process
FR153	Proposal to seek to engage in a 12 month contract with OpenObjects for provision of online Information and Advice System, in line with new Care Act requirement	£40,000	ASCH&PP	The need to act quickly and an immature market at present means alternatives are not viable.	Full tender is to be completed by the end of 2016
FR154	Actuarial services contract for pension services	£30,000	E&R	To allow time for a compliant procurement process to take place.	Compliant contract to be in place by February 2015
FR155	Risual are a preferred Microsoft partner and have been recommended as the best partner to assist with a number of engagements focussed primarily on the secure use of Windows tablet devices and the scalable deployment and management of a windows mobile estate	£14,000	E&R	Proposal is justified on the grounds that this organisation is Microsoft approved and will be Babel to deliver the required outcomes more quickly than other potential providers. Furthermore, contract value is not particularly material and any potential savings from an alternative provider are likely to be relatively minor	Any future requirements go through a compliant framework agreement
FR156	Waste Management Revised Project Plan - This waiver is linked to the waiver from Autumn 2012. The Revised Project Plan was anticipated to take 6 months from Veolia's submission, which was initially in October 2012	£25,000	E&R	This new waiver continues and looks to conclude the work being undertaken. Going to the market to re-procure this additional work would remove the consistency in the approach to delivery of this piece of work	No further extensions will be granted
FR158	The University of Nottingham development programme for experienced (2yrs post qualified) Children's Social Workers, has been established as major part of the Councils recruitment and retention strategy for qualified Social Workers which will be launched in the autumn.	£87,000	CFCS	On the basis of an alternative approach not delivering the training in the planned timescales, then yes.	Assuming any initiative is successful then future requirements must go through a compliant procurement process.
FR159	Upgrade NCC's existing Figtree core system to incorporate web development technology	£18,000	E&R	It does not make economic sense to procure an alternative given this is a system upgrade.	The caveat that the business will need to complete the RMADS prior to implementation

FR160	Screening report of minerals local plan additional assessment of sand and gravel sites. Habitats Regulation Assessment Screening Report	£1,850	PPCS	<ul style="list-style-type: none"> It provides consistency of approach using the company that has undertaken the original works to a satisfactory standard and within costs. This was originally unforeseen section of works and is an extension of the original work tasked. The work is required as part of a statutory planning policy (HRA) 	No further extensions will be approved without a procurement exercise
FR162	Extension of current bailiffs contract from Nov 14 to March 15 to allow the conclusion of the tender process	£90,000	E&R	New tender is currently live for this process extension allowed to facilitate the conclusion of the tender and provide service continuity	The system and approach does need to be reviewed before the end of the contract term.
FR166	LibraryLink software for CAMS (Countryside Access Management system) upgrade The missing element is the ability to attach photos of assets and other documents such as legal records relating directly to an asset to record, for example, their suitability, life, location, ease of use, inspections	£6,085	E&R	Provides a full rounded service provision to the CAMS System – ICT Approved	Should market conditions change around the supply of this system then this market should be further explored
FR167	Web advertising pilot - with CAN media	£60,000	PPCS	Approval given for the pilot scheme which is an income generation and will not exceed the EU thresholds. 12 months scheme	That the new service is commissioned and mobilised by Summer 2015 and there are no further extension requirements
FR169	Financial waiver for continuation for the use of Pharm Outcomes	£36,608	PH	Approved so as to align contractual arrangements (5 years) cost is minimal and running new tender process that could result in numerous systems being deployed would only add cost.	The contract has grown from £50k to £172k assurance needs to be provided about how the contract and risks will be managed going forward to assure us that there will be no further extension requests, and that the project will be delivered on time and within the financial envelope.
FR170	OT assessment back log to be managed and reduced by an external partner - Access Independent	£122,500	ASCH&PP	Given the importance of this from a user perspective, providing that the relationship with the provider is managed by Paul and his team then I agree that we should approve this proposal on this occasion with further work to be carried out in relation to any future provision.	That any new requirements in the future are tendered and involve the category manager.

FR171	Licenses for "Community Care Inform" an online comprehensive data source which provides access to reliable and up-to-date practice related information to help professionals working with children and young people.	£51,752	CFCS	To provide continued support to social workers in their field of service provision for another 2 years	That a longer term solution is agreed to include compliant contractual relationships This will be explored in 2015 with the category manager and the team.
FR172	Crimson Case Management Software - The solution sought is to purchase licences so that crimson may be used by NCC Trading Standards	£15,000	ASCH&PP	This has been signed off by ICT and is the software that is used by the regional trading standards team. Makes sense to continue to use the same software that is used by partnering agencies the other options have been explored Altia	No further extensions will be approved for this service as it is expected to have been reviewed and re-procured by April 2016.
FR173	Historic Environment Record upgrade.	£45,000	PPCS	This will provide a uniform approach and ensure that costs are maintained and managed. IT are fully on board and supportive of the project. There are only 2 commercial suppliers of this system and the alternative has been explored and discounted.	That the department are responsible for any risks associated with the project, and that future requirements are discussed with the Category Manager so that a future waiver for this work is not requested
FR174	Deaf Floating Support Service - Extension of an existing expired contract to September 15 to allow for the service to be redesigned and commissioned	£43,562	ASCH&PP	This is an extension to an existing service, the market was explored in late 2013, one bid was received but was over the financial envelope and therefore it was rejected. A decision has been taken to review the services and commission the provision in a new way by Summer 2015.	That under no circumstances will any future requests to use non-contracted suppliers be granted. That any future needs are planned in advance and either the appropriate framework is accessed or a full tender process is undertaken in line with the Financial Regulations.
FR175	Blue Bird Low Floor Vehicles permission by the Department of Transport to use £168,000 of the BSOG money to support the purchase of these two additional vehicles to be used on integrated local bus and ASCH routes.	£167,340	E&R	We purchased 6 x vehicles under an ESPO framework we only received one bid from the exercise, initially we wanted to future proof this contract with an allowance for future purchases. The framework would not allow for this. Whilst a mini completion could be conducted it is unlikely to deliver an alternative result to the previous outcome and the same provider is likely to be the only interested party.	There is a minute risk that the alternative provider may question the purchase, although this is unlikely. If such a challenge arises the department will need to respond to this. Future purchases are to be discussed with the category manager prior to arrangements being put in place.

FR176	Broadband project D2N2 Local Enterprise Partnership Growth Deal. Additional funding to enable an increase in the level of available access above the current 95% target.	£24,553	PPCS	The contract is under the EU threshold and the services to be provided build upon a good deal of work already undertaken. The work is required to meet important timescales for a regionally significant roll out of infrastructure. The continued delivery of the superfast Phase 2 Better broadband for Nottinghamshire programme needs not to be interrupted	The contract has grown from £50k to £172k assurance needs to be provided about how the contract and risks will be managed going forward to assure us that there will be no further extension requests, and that the project will be delivered on time and within the financial envelope.
FR177	Mobile Elevating Platform Recycling of a MEWP opposed to new purchase cost avoidance £26k	£26,000	E&R	In order to recycle equipment from an old vehicle to a new one avoiding a cost of £26k	Recommend that we allow the waiver on this occasion. The supplier is part of the EM Law Share Framework, future requests should seek additional quotations from other legal providers on the framework.
FR179	Contract extension for a 55+ Service funded by Grants - General, the budget is held by Adult Deaf & Visual Impairment Service	£18,000	ASCH&PP	Continuity of service provision whilst the whole Deaf Service is reviewed during 2015 to enable options & recommendations for future service requirements and funding.	1. Contract to run from 1 April 2015 to 31 March 2016 based on current tendered rates in the existing advocacy services (or better if reduction can be negotiated) 2. The pilot must ensure that sufficient information is gathered about the volume of services required to cater for these additional requirements and the nature and extent of the services so that the specification for a new procurement for all advocacy services to take place in Autumn 2015 is appropriately specified and drafted. 3. New contract for all advocacy services to be procured for the contract to commence by 1 April 2016
FR180	The Spark Arts for Children - Provision of live theatre in libraries	£77,000	CFCS	The funding award has been secured following collaboration with the contractor which is seen as pivotal for the delivery of the services. Grant funding must be delivered within the terms of the grant and contractor has been instrumental in developing the proposals for implementation. Contractor is recognised and experienced provider in this area.	That the department are responsible for any risks associated with the project, and that future requirements are discussed with the Category Manager so that a future waiver for this work is not requested.

FR181	Market Evaluation - An independent valuation of the land is required in order to Report that the purchase to be agreed with the social housing provider is either on the basis of fair market value or if this makes the scheme unaffordable is less than best price - Innes	£3,000	E&R	To ensure that the capital grant of £65k is not lost, to ensure that the supported living project is not affected. The complexity of the commission and in this instance the brief is very ambiguous, and having worked with Innes England on previous occasions they are able to meet our requirements with this vague information.	That under no circumstances will any future requests to use non-contracted suppliers be granted. That any future needs are planned in advance and either the appropriate framework is accessed or a full tender process is undertaken in line with the Financial Regulations.
FR182	Specialised braille equipment for schools from Humanware	£37,000	CFCS	There is a limited market for the provision of this type of specialist equipment there is one alternative provider in the market who offer a similar (although not as advanced) product but at a higher cost. At present the service is incurring costs through the use of external agencies to produce the educational materials. This investment would reduce this need.	There is a minute risk that the alternative provider may question the purchase, although this is unlikely. If such a challenge arises the department will need to respond to this. Future purchases are to be discussed with the category manager prior to arrangements being put in place.
FR184	Browne Jacobson - Collation of Information Relating to Abuse Claims	£15,000	E&R	<ul style="list-style-type: none"> The information is highly sensitive and should be restricted the narrowest possible audience Browne Jacobson have handled the cases so will already have the background knowledge. Browne Jacobson's will already have the case files. 	Recommend that we allow the waiver on this occasion. The supplier is part of the EM Law Share Framework; future requests should seek additional quotations from other legal providers on the framework.
FR185	Family Action - IRIS SEND Policy and Provision - CFCS	£30,000	CFCS	The only justification is that statutory responsibilities have to continue and that the procurement team are engaged in the tendering work that will take place.	1. The contract may only be extended for 9 months

**REPORT OF CORPORATE DIRECTOR, POLICY, PLANNING AND
CORPORATE SERVICES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme for 2015/16.

Information and Advice

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chairman and Vice-Chairman, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

6. To assist the committee in preparing its work programme.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are

described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That the committee's work programme be noted, and consideration be given to any changes which the committee wishes to make.

Jayne Francis-Ward
Corporate Director, Policy, Planning and Corporate Services

For any enquiries about this report please contact: Sarah Ashton x 73962

Constitutional Comments (HD)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (NS)

9. There are no financial implications arising directly from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

AUDIT COMMITTEE - WORK PROGRAMME

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>For Decision or Information</u>	<u>Lead Officer</u>	<u>Report Author</u>
2 September 2015				
External Audit Annual Governance Reports	To receive for information, and comment, the External Auditor's Annual Governance Reports on the County Council and Pension Fund, prior to these being forwarded to Full Council for approval	Information	Nigel Stevenson	Glen Bicknell / External Auditor
Review of Financial Regulations	To review and update the Financial Regulations	Decision	Nigel Stevenson	Glen Bicknell
Briefing - ICT	Information given to Members to help them understand the Audit process	Information	John Bailey	John Bailey
Internal Audit Shared Service proposal	To supply information on a proposal to join a consortium of Nottinghamshire local authorities to provide internal audit.	Information	Nigel Stevenson	Nigel Stevenson
2 December 2015				
Internal Audit Progress report for 2015/16	To provide details of internal audit work completed to the end of September 2015	Information	John Bailey	John Bailey
External Audit – Annual Audit Letter 2014/15	KPMG summarises the findings from work carried out by the external auditors over the last financial year (2014/15)	Information	Nigel Stevenson	Glen Bicknell / External Auditor
Briefing – Subject TBA	Information given to Members to help them understand the Audit process	Information	John Bailey	John Bailey
16 March 2016				
Statement of Accounts 2015/16 – Accounting Policies	To outline proposed changes to the accounting policies used for the Authority's Statement of Accounts for 2015/16 for review and approval	Decision	Nigel Stevenson	Glen Bicknell
Internal Audit Plan for 2016/17	Report from the Head of Internal Audit providing details of the planned work for 2015/16	Information	John Bailey	John Bailey

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>For Decision or Information</u>	<u>Lead Officer</u>	<u>Report Author</u>
External Audit Plan 2015/16	To provide information on the External Auditors' Audit Plan for their 2015/16 Audit.	Information	Nigel Stevenson	Glen Bicknell / External Auditor
Certification of Grants and Returns 2014/15	To provide information on the External Auditors' Annual Report 2014/15 on the certification of Grants and Returns	Information	Nigel Stevenson	Glen Bicknell / External Auditor
Briefing – Subject TBA	Information given to Members to help them understand the Audit process	Information	John Bailey	John Bailey
8 June 2016				
Annual External Audit Fees	To inform Members of proposed external audit fees for 2016/17	Information	Nigel Stevenson	Glen Bicknell / External Auditor
Mandatory Inquiries	To provide information on the External Auditors' requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations as part of their audit.	Decision	Nigel Stevenson	Nigel Stevenson
Internal Audit Report 2015/16	Report of the Head of Internal Audit providing an internal audit opinion on the Authority's level of internal control during 2015/16	Information	John Bailey	John Bailey
Financial Regulations Waivers 2015/16	Inform Members of any braches of / and waivers of the Council's Financial Regulations	Information	Clare Winter	Clare Winter
Draft Annual Governance Statement 2015/16	Review and comment on the draft Annual Governance Statement prior to being forwarded on to Full Council to accompany the Statement of Accounts	Decision	John Bailey	John Bailey
Briefing – Subject TBA	Information given to Members to help them understand the Audit process	Information	John Bailey	John Bailey